

FRANCHISE DISCLOSURE DOCUMENT

ASI Sign Systems, Inc., a Delaware corporation
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ASI Sign Systems, Inc. offers a franchise to establish and operate a sign business using the ASI System. The business will offer products and services including interior and exterior architectural sign solutions, industrial safety signs, point of purchase signs, directional and identification signs, and digital and electronic wayfinding solutions and display signs.

The total investment necessary to begin operation of an ASI franchise is \$308,500 to \$328,500. This includes \$50,000 to \$70,000 that must be paid to us or our affiliate. If you own an existing sign business, your investment may be less.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Director of Franchising, Selwyn Josset, at the address or telephone number above.

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

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

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How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

Competition from 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 Exhibits A and B.

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

Special Risks to Consider About *This Franchise*

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

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

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

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

To simplify the language in this disclosure document, “ASI” means ASI Sign Systems, Inc., the franchisor. “You” means the person who buys the franchise. ASI is a Delaware corporation that was incorporated on January 19, 1988. ASI does business as “ASI” and “ASI Signage Innovations.” It does not do business under any other names. ASI formerly did business as ASI-Modulex and ASI Sign Systems. ASI’s principal place of business is 8181 Jetstar Drive, Suite 100, Irving, Texas 75063.

ASI’s agents for service of process are disclosed in Exhibit B.

ASI’s Business

ASI currently offers franchises using the ASI System (the “System”) which offers you the techniques, know-how, information, equipment, computer software, training, materials, supplies, and business and marketing formats that will enable you to market signs; to obtain from qualified sources finished signs and other products, materials, and consumable supplies; and to effectively conduct a sign business as a franchised dealer/producer. The System also includes the right to use, in appropriate ways, certain proprietary marks of ASI (listed in Item 13), to use proprietary computer software, and to market and sell certain signs for which patents have been granted and have been licensed to ASI. ASI operates, directly or through subsidiaries, sign businesses similar to the type that you will operate.

Parents, Predecessors and Affiliates

Wolfe Capital Partners LLC (“Wolfe”) is the parent of ASI. Wolfe’s principal place of business is 8181 Jetstar Drive, Suite 100, Irving, Texas 75063. ASI was a wholly owned subsidiary of Modulex Inc. until Wolfe entered into an agreement with Modulex Inc. on May 2, 2008, whereby Wolfe acquired the outstanding stock of ASI. Modulex Inc. is a wholly-owned subsidiary of MODULEX A/S of Denmark, a subsidiary of Kirkbi A/S, a division of the LEGO Group.

Pursuant to an agreement entered into on January 22, 1988 (the “TIP Agreement”), as amended, between ASI and TIP Marketing Inc., a Delaware corporation formerly known as ASI Marketing Inc. (“TIP”), ASI acquired on February 4, 1988 substantially all of the assets of TIP, including the assignment of all existing franchise contracts, the name “ASI Sign Systems,” goodwill, trademarks, patent rights and other assets relating to the System.

ASI is the successor in interest to TIP’s franchise business pursuant to the terms of the TIP Agreement, and ASI has been offering new franchises since May 1988. From 1992 until about June 1993, ASI operated a franchise in Santa Monica, California. From May of 1998 until July of 2000, an affiliate of ASI owned and operated a franchise in Nashville, Tennessee of the type being franchised. In July of 1999, Modulex Inc. purchased a franchise in New York, New York, which it sold in about October of 2004, and in May of 2001 Modulex Inc. purchased an additional franchise in Atlanta, Georgia, which it sold in or about October of 2004. Neither ASI nor TIP, nor any of TIP’s predecessors, has ever offered franchises in other lines of business.

ASI has no other affiliates required to be disclosed in this Item 1.

The Franchise

ASI grants franchises giving franchisees the license and right to operate a sign business using the System. The terms of the grant of this license are embodied in an agreement between ASI and the franchisee, a copy of which is attached to this disclosure document (the “Franchise Agreement”).

The market for the products and services offered by ASI franchises is well developed and competitive. ASI’s products and services are sold to a large variety of customers, including commercial businesses and the government, either by you directly or through specifiers such as architects and designers. The market for the System is international in scope and includes interior and exterior architectural sign solutions, industrial safety, point of purchase, directional, identification, digital and electronic wayfinding solutions, and display signs. The sales are not seasonal. You will be in competition with other ASI franchised businesses, ASI’s Global Branding Services Division, ASI’s Global Services Group (“GSG”), national and regional chains, and small, localized businesses that offer similar products and services.

Your business will be subject to federal, state, and local laws and regulations (including zoning requirements) that are applicable to businesses generally, such as the Americans with Disabilities Act and the Occupational Safety and Health Act. Your business may be subject to various state and local laws and ordinances pertaining to signage. However, ASI is not aware of any regulations unique and specific to the industry in which your franchise business will operate.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: James Wolfe

James Wolfe has served as ASI’s Chief Executive Officer in Dallas, Texas since May 2008. From April 2012 until April 2023, Mr. Wolfe also served as President of ASI in Dallas, Texas. He is also the sole owner of Wolfe Capital Partners, LLC since its inception in May 2007. Mr. Wolfe served as Managing Partner of Red River Ventures from 2002 to May 2008.

President: William Silas Bass

William Silas Bass has served as ASI’s President in Dallas, Texas since April 2023. From April 2017 until April 2023, Mr. Bass served as ASI’s Director of Global Branded Services in Dallas, Texas.

Vice President of Affiliate Services: Selwyn Josset

Selwyn Josset has served as ASI’s Vice President of Affiliate Services in Dallas, Texas since May 2012. From January 2009 until May 2012, Mr. Josset served as ASI’s Director of Franchising.

**ITEM 3
LITIGATION**

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

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

You must pay an initial franchise fee (the “Initial Franchise Fee”) comprising a License Fee (the “License Fee”) and a Territory Fee (the “Territory Fee”), both of which shall be due and payable upon execution of the Franchise Agreement. The License Fee is \$45,000 and is for the right and license to operate a franchise, the initial training and support, and includes the software licenses set forth in Article VII of the Franchise Agreement. In addition, you must pay a Territory Fee between \$5,000 and \$25,000 based on the size of the franchise territory listed in Exhibit A to the Franchise Agreement. The Territory Fee is \$500 for each 100,000 in population, or portion thereof, included in the franchise territory, based on the latest census information available from the U.S. Census Bureau, or if not available from the U.S. Census Bureau, from the latest official census data available, up to a maximum of \$25,000.

ASI has, in some cases, granted a rebate against the License Fee if the prospective franchisee is already familiar with the System and therefore no training is required by ASI. ASI has also significantly reduced, or waived, the License fee and Territory Fee for existing franchisees acquiring additional franchises. After you pay the Initial Franchise Fee, it is non-refundable under all circumstances unless ASI, in its good faith judgment, determines during the course of your training program, or within 15 days after the completion of your training, that you have not satisfactorily demonstrated the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a sign business in accordance with the standards and procedures of the System and as a franchisee of ASI. In that event the Franchise Agreement will be canceled and the Initial Franchise Fee refunded.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Service Fee	Flat fee of \$3,250 per month per franchise territory.	The last day of each calendar month following the month in which the service fee was incurred.	Franchise territory means the “Area” as described in Exhibit A of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Information Technology	Franchisees who elect to use the i2 CRM will be required to maintain the i2 CRM software provided by Mothernode, Inc., and will pay a fee of \$80 per month per user for access to the software. (Note 1)	As agreed to with Mothernode, Inc.	This fee is payable to Mothernode, Inc. (See Note 1)
Email Accounts	\$6.00 per month per e-mail account.	The last day of each calendar month for the preceding month.	Provision, use, and maintenance of asisignage.com e-mail accounts.
Online Order System (OOS) and Global Account Management (GAM)	Franchisees who elect to use our OOS or GAM system, or both of them, must pay a monthly fee of \$250. Franchisees who use our OOS also must pay a monthly fee of \$5.00 per customer account managed on OOS.	The last day of each calendar month following the month in which the fee was incurred.	The use of OOS and GAM by franchisees is optional.
Transfer	\$10,000 to reimburse ASI for its costs and expenses in connection with the transfer unless such costs exceed \$15,000, in which case the fee would be the actual costs up to a maximum of \$20,000.	Before consummation of transfer.	This includes the costs of investigating and approving the transferee and legal fees for the preparation of all documents necessary to effectuate the transfer.
On-Going Training	\$250 per trainee for on-going Sign 101 training conducted at ASI Corporate office or at Franchisee location. There is no fee if Franchisee attends training in an online forum.	As incurred.	60 day notice should be given by you to Director of Training in order to schedule a Sign 101 training session. You must pay travel and living expenses for yourself and any of your personnel attending the training.
Additional Training Fee and Expenses	Varies.	As incurred.	ASI reserves the right to offer additional training courses where attendance may be mandatory and there may be an additional fee. You must also pay travel and living expenses for yourself and any of your personnel attending the training.

Type of Fee	Amount	Due Date	Remarks
AIA-CEU Certification Program	<p>A flat fee of \$500 plus a fee of \$50 per candidate will be assessed to hold a session to train and certify individuals for AIA CEU presentations. The total fee will be split equally amongst the trainees. There is no fee if the Franchisee attends the training in an online forum.</p> <p>For all subsequent AIA Presentations conducted by your certified staff, a flat fee of \$10 per will be charged for each certificate issued and submission made to the AIA for CEU for participants.</p>	<p>As incurred.</p> <p>As incurred.</p>	<p>This fee includes submission of credentials of successful trainees to the AIA. This program is optional. If such training occurs at the ASI Corporate offices, you must pay travel and living expenses for yourself and any of your personnel attending the training. If the training occurs at your location, you must pay all the travel and living expenses of the Corporate Trainer conducting the training.</p> <p>This program is optional.</p>
Indemnification	Cost of liability plus reasonable attorneys' fees and costs.	Upon demand.	You must indemnify and hold harmless ASI and certain other indemnified parties from losses and damages resulting from the operation of your business.
Insurance	Cost of insurance policies.	As incurred.	You are required to maintain in full force throughout the term such insurance coverages as are specified in the Franchise Agreement. If you fail to do so, we can procure the insurance policies and obtain reimbursement from you.
Renewal	Equal to the lesser of \$5,000 and the actual out of pocket costs incurred by ASI for the renewal. If you are renewing multiple franchises at the same time, the fee for each additional franchise renewal is \$1,500.	At the end of the initial 5 year term, if all renewal conditions, including payment of the renewal fee, have been satisfied, you will be able to renew the franchise for an additional term of 5 years.	You are required to purchase or license any software, machinery, equipment, or inventory at 100% of the normal price charged to new franchises if you do not already possess them and ASI deems such items essential to the operation of the System at the time of renewal.

Type of Fee	Amount	Due Date	Remarks
National, Global, and Government Account Sales	ASI reserves the right, through its Global Branding Services (“GBS”) division and Government Services Group (“GSG”) Initiative to engage potential clients whose scope of work is submitted via certain government contracts or is of a global or national nature which work is either too large or too complex for a local franchise to successfully complete.	Will vary subject to agreement with you on a case by case basis.	In all such cases, ASI will communicate the sales opportunity to you in the territory concerned prior to engaging the prospective client. For sales via the GSG Initiative, you will have an opportunity to participate in such sales on the terms and conditions in the GSG Initiative Amendment to the Franchise Agreement. For other sales opportunities, ASI may agree to the payment of a commission to the franchise in whose territory the opportunity exists in the event that the opportunity successfully results in an order.
Interest Charges	1.5% per month, but will not exceed the maximum rate allowed under applicable law.	Interest will begin accruing when any fees or payments are not received by ASI within 10 days after the due date. Interest is payable on demand.	Interest calculated from the due date until the date received.
Late Charges	5% of the past due amount.	Late Charges may be applied if any fees or payments are not received by ASI within 10 days after the due date. Late charges are payable on demand.	

Type of Fee	Amount	Due Date	Remarks
Audits	ASI will pay for an audit conducted not more than once per fiscal year, but you will reimburse ASI for the cost of any audit in which you underreported Gross Sales by 5% or more. (Note 2)	15 days after notice from ASI.	The Franchise Agreement requires you to periodically submit to ASI certain reports and financial statements in certain formats. ASI has the right to audit your reports, financial statements and financial books and records. If the audit discloses an understatement of 5% or more of your Gross Sales for any 12 month period, you are required to reimburse ASI for the fair and reasonable cost of the audit disclosing the understatement, including the charges of any independent accountant hired by ASI and the travel expenses, room and board, and compensation of ASI's independent accountant and employees necessary to conduct such audit, and ASI may conduct another audit in the same fiscal year. You will also pay all fees found due and owing to ASI, plus interest at the maximum rate permitted by law.

The above table lists the fees or other costs which you must pay to ASI, or which ASI may impose or collect on behalf of a third party, in whole or in part. None of these fees are refundable under any circumstances. All fees are uniformly imposed and are collected by, and payable to, ASI, unless otherwise indicated. ASI reserves the right to require franchisees to pay monthly fees via ACH transfer, credit card, and other electronic payment methods.

Note 1

If you elect to use the i2™ system, an Information Technology fee for access to the i2™ system will be paid to Mothernode, Inc. in the amount of \$80 per month per user. Mothernode, Inc. is the developer of the i2™ system. James Wolfe, CEO of ASI Sign Systems, Inc., is a majority shareholder in Mothernode, Inc.

Note 2

Gross Sales means total sales, whether for cash or credit, made by you from your business, including sales of merchandise and services of any kind, installation, maintenance, and design services, less: (i) your revenues derived from sales tax, shipping, crating, reimbursement of permit fees, and sales to other ASI franchisees; and (ii) refunds, returns, and rebates by you.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
License Fee	\$45,000	Lump Sum	Signing of Franchise Agreement (Note 1)	Franchisor
Territory Fee	\$5,000 to \$25,000	Lump Sum	Signing of Franchise Agreement (Note 1)	Franchisor
Office Equipment, Computers, Other Hardware and Software	\$52,000 (Note 2)	As Incurred	As Incurred	Suppliers
Furniture	\$25,000 (Note 3)	As Incurred	As Incurred	Suppliers
Real Estate	\$37,000 (Note 4)	As Arranged	As Required by Lease	Landlord
Additional Funds – 6 Months	\$120,000 (Note 5)	As Incurred	As Incurred	Employees, Suppliers
Training Cost	\$12,000 (Note 6)	As Incurred	As Incurred	Franchisor
Initial Marketing Program	\$12,500 (Note 7)	As Incurred	Within 30 days of opening	Suppliers
Total	\$308,500-\$328,500			

NOTES:

Note 1: You are required to pay the Initial Franchise Fee comprising the License Fee and the Territory Fee. The License Fee is \$45,000 and is for the right and license to operate a franchise, the initial training and support, and includes the software licenses set forth in Article VII of the Franchise Agreement. In addition, you must pay a Territory Fee based on the size of the franchise territory listed in Exhibit A to the Franchise Agreement. The Territory Fee is \$500 for each 100,000 in population, or portion thereof, based on the latest census information available from the U.S. Census Bureau, or if not available from the U.S. Census Bureau, from the latest official census data available, included in the franchise territory up to a maximum of \$25,000. The Initial Franchise Fee and Territory Fee are payable upon the signing of the Franchise Agreement. However, in certain circumstances, ASI makes available a financing package, described in Item 10 of this disclosure document, under which you may pay 50% of the Initial Franchise Fee portion upon the execution of the Franchise Agreement, with the balance paid over a two year period. Assuming an interest rate of 13.25% per annum (see Item 10), your quarterly payments, including

interest, for the financed portion, which ranges between \$25,000 - \$35,000, would range between \$3,575 and \$5,005.

The Initial Franchise Fee is non-refundable under all circumstances, unless ASI, in its good faith judgment, determines during the course of your training program, or within 15 days after the completion of your initial training, that you do not have the personal characteristics necessary or desirable to successfully operate a sign business in accordance with the standards and procedures of the System.

Note 2: You must purchase certain office equipment, computer equipment, and software listed in detail on Exhibit B-1 to the Franchise Agreement at a cost of approximately \$52,000 which you are expected to purchase from outside vendors to the extent you do not already own such equipment and software.

Note 3: You must purchase furniture for your offices estimated at \$25,000.

Note 4: You must operate suitable premises approved by ASI. Typical locations will be in commercial or light industrial areas. Approximately 2,500 square feet of space is adequate for franchise operations, and the estimate of \$37,000 for six months' rent is based on 3,500 square feet at \$30 per square foot in annual rent. Rental obligations will vary depending on factors such as size, condition, and location of premises. Costs for some leasehold improvements are included in the estimate of operating capital required for the first six months of operation (Note 5).

Note 5: The estimate of operating capital required is \$120,000 for the first six months of operation, and includes the cost of wages for employees, utilities, security deposits, equipment, leasehold improvements, insurance, and a source of cash on hand.

Note 6: Initial training is provided at no charge to you. In all cases, travel and living expenses for you and your personnel attending training must be borne and paid for by you. Travel and living expenses for the initial training are estimated to be \$6,000 per person. ASI strongly recommends that you and another principal employee attend all training sessions. Additional training programs are offered over the term of the franchise and some may be mandatory

Note 7: You must carry out a specific Initial Marketing Program as detailed in the Operations Manuals. This Initial Marketing Program must be completed within one month after you begin operations, but in no event later than 210 days after the signing of the Franchise Agreement. See Item 11.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

ASI will offer to provide to you the OOS and GAM software licenses described in Article VII of the Franchise Agreement and Item 6 of this disclosure document. You must purchase certain computer equipment and software listed in detail on Exhibit B-1 to the Franchise Agreement, which you are expected to purchase from outside vendors to the extent that you do not already own such equipment and software.

The i2™ custom software is provided to franchisees upon payment of the License Fee described in Items 5 and 7. Our Chief Executive Officer, James Wolfe, owns a majority interest in Mothernode, Inc. (“Mothernode”), which is the sole designated supplier of the i2™ custom software that franchisees may elect to use. There are no other approved suppliers in which any of ASI’s officers own an interest.

You have no obligation to purchase or lease products or services from ASI or a designee of ASI; however, ASI does offer to sell to its franchisees letterhead, business cards, other stationery products, access to the OOS and GAM software, and promotional items meeting ASI Brand Guidelines requirements; ASI’s designee Mothernode offers to sell ongoing access to the i2™ software.

To maintain the high standards of quality associated with the System, you must purchase all stock products, made-to-order products, and consumable supplies (“Products”) necessary for use in the supply of all items identified with the System (excluding installation or design services) or proprietary marks of ASI from “Acceptable Suppliers” as listed on Exhibit C to the Franchise Agreement, which ASI may modify. Acceptable Suppliers are those that offer products and services that meet or exceed the quality and service standards for the System.

If you desire to purchase from other than Acceptable Suppliers, you or the proposed supplier must submit a written request to ASI for the proposed supplier to become an Acceptable Supplier. ASI will then investigate the business capabilities of the prospective supplier, and the products or supplies for which approval is sought. Prospective products and supplies must demonstrate to the continuing reasonable satisfaction of ASI that it has the ability to meet ASI’s current standards and specifications, including fair and ethical business practices. We are not required to make more detailed criteria for designating or approving Acceptable Suppliers available to you. ASI reserves the right to limit the number of Acceptable Suppliers and to withhold approval of suppliers it deems to be significant competitors.

ASI has the right to require a prospective supplier, at the supplier’s expense, to furnish to ASI representative samples of its products along with any other information and data ASI may reasonably require to assure that the supplier’s products comply with the above standards. Approval is revocable if the products, supplies, or services fall below the standards on which approval was granted. You will be notified in writing upon the approval or the revocation of Acceptable Suppliers. There is no time limit provided in the Franchise Agreement within which ASI is required to complete its review of a proposed supplier, however, ASI typically accepts or rejects proposed suppliers within 90 days after the receipt of all pertinent data, product samples and other information necessary to evaluate the particular supplier.

Products not meeting ASI’s standards of quality, performance, and aesthetic characteristics may be supplied by you on projects where specifications so require and have been prepared independently of your control, such as competitively bid supply contracts, but such products may not bear ASI’s trademark or be represented as ASI products.

ASI negotiates purchase agreements with suppliers (including price terms) for the benefit of franchisees and to promote the overall interests of the System and our interests as the Franchisor. We are not required to negotiate purchase arrangements. We do not provide material benefits to a

franchisee based on a franchisee’s use of designated or approved sources; however, a franchisee who does not use such sources may be in breach of the Franchise Agreement. ASI has entered into special “Alliance Partnership” agreements with certain Acceptable Suppliers listed on Exhibit C of the Franchise Agreement.

Neither ASI nor its affiliates has derived any revenue from purchases made by franchisees from Acceptable Suppliers or Alliance Partnership, but ASI reserves the right to enter into arrangements in the future that would result in ASI deriving revenues. If ASI were to derive such revenues, the fee payable to ASI from such arrangements would not be more than 5% of such supplier’s gross sales to ASI franchisees.

Required purchases from approved or designated suppliers will represent approximately 60% to 90% of your overall purchases in establishing your business, and approximately 60% to 90% of your overall purchases in operating your business.

ASI has no purchasing or distribution cooperatives.

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.

FRANCHISEE’S OBLIGATIONS

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1.1	Items 6 and 11
b. Pre-opening purchases/leases	2.1(d), 3.7	Item 8
c. Site development and other pre-opening requirements	1.1, 3.4	Items 6, 7, 11, and 12
d. Initial and ongoing training	2.1(a), 2.2(f)	Item 11
e. Opening	1.2(a), 2.1, 3.2	Item 11
f. Fees	1.3, 1.5, 1.6, 3.10, 3.11	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	3.14, 2.1(c)	Item 11
h. Trademarks and proprietary information	3.9, 4.1	Items 13 and 14
i. Restrictions on products/services offered	3.7, 3.8	Item 16
j. Warranty and customer service requirements	Not Applicable	
k. Territorial development and sales quotas	1.3(c)	Item 5
l. Ongoing product/service purchases	3.7, 3.8	Item 8
m. Maintenance, appearance, and remodeling requirements	3.3, 3.4	Item 11
n. Insurance	3.6	Items 6 and 8
o. Advertising	3.2 and Exhibit B-3	Items 6 and 11
p. Indemnification	3.6	Item 6
q. Owner’s participation/management/staffing	3.5	Items 11 and 15

Obligation	Section in Franchise Agreement	Disclosure Document Item
r. Records/reports	1.4, 3.11	Item 6
s. Inspections/audits	1.4, 3.11	Items 6 and 11
t. Transfer	3.10, 6.5, 8.9	Item 17
u. Renewal	1.2	Item 17
v. Post-termination obligations	6.3	Item 17
w. Non-competition covenants	3.11	Item 17
x. Dispute Resolution	8.1	Item 17

ITEM 10 FINANCING

The Initial Franchise Fee, which comprises the License Fee and the Territory Fee, is payable upon execution of the Franchise Agreement, the form of which is attached as Exhibit E. In certain circumstances, ASI makes available a financing package and, if you choose to obtain financing through ASI, the Initial Franchise Fee is payable as follows: 50% of the Initial Franchise Fee is due and payable upon execution of the Franchise Agreement, and the balance is payable pursuant to a secured promissory note, substantially in the form attached to the Franchise Agreement as Exhibit G (the “Note”), bearing interest at a rate equal to 5% above the rate charged by JPMorgan Chase, Dallas, Texas, to its most credit worthy commercial customers on the date of the execution of the Note. (Franchise Agreement Section 1.3(b) and Note Paragraph 1) On June 1, 2023, JPMorgan Chase’s “prime rate” was equivalent to an annual percentage rate (APR) of 8.25%. The Note is fully amortized and payable in 8 equal quarterly installments, with the first payment due 90 days after the execution of the Note. (Franchise Agreement Section 1.3(b) and Note Paragraph 2) The principal balance of the Note may be prepaid at any time without any prepayment penalties. (Note Paragraph 2) The Note will be secured by the franchise, a collateral assignment of your interest in the Franchise Agreement, and all equipment, machinery, fixtures, supplies, and inventory located at or pertaining to the franchise. (Security Agreement Section 2) A form of security agreement is attached to the Franchise Agreement as Exhibit F. The security interest created under the security agreement also guarantees all of your obligations under the Franchise Agreement, together with any future advances of monies that the Franchisor may give you for your business locations.

Under the terms of the Note, you agree that you waive, and are therefore not entitled to receive, any notice except as specifically provided for in the Note. (Note Paragraph 6) Under the terms of the Security Agreement, you waive any right to, and therefore may not, force ASI to sue or take other legal action against any person, or sue or take other legal action against any property or take payment out of any collateral, or pursue any other remedy in ASI’s power. You also waive, and are therefore not entitled to raise against ASI in the event that ASI sues you to collect on the Note or to enforce its rights under the Security Agreement, (i) any defense of disability, (ii) any defense of any other person or (iii) any defense that any other person who was liable to ASI on the same obligation is no longer liable to ASI. (Security Agreement Section 10)

If you default under the Note, ASI may declare the remaining principal balance immediately payable, plus ASI’s costs and out-of-pocket expenses (including reasonable fees and disbursements of counsel) to collect. (Note Paragraph 4(b) and Security Agreement Sections 7

and 8) In addition, under the terms of the Security Agreement, ASI may foreclose on the collateral securing the Note (Security Agreement Section 7), and either sell it (Security Agreement Section 7) or retain it in satisfaction of your debt to ASI (Security Agreement Section 7). If you fail to meet your payment obligations to ASI, ASI may also terminate your Franchise Agreement. (Franchise Agreement Section 6.1(B))

ASI has no past practice, and no present intention, to sell, assign, or discount to a third party, any note, contract, or other instrument executed by you.

If you arrange your own financing elsewhere, ASI will not receive any payments from any person offering financing or arranging for financing, and ASI will not guarantee any notes, leases or other obligations incurred by you.

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

Except as listed below, ASI is not required to provide you with any assistance.

Before you open your business, ASI will provide you with the following:

1. Designate your Territory (Franchise Agreement - Section 1.1(b) and Exhibit A).
2. Provide you and your selected personnel with training (Franchise Agreement - Section 2.1(a)).
3. Provide you on-line access to Operations Manuals. The Operations Manuals are confidential and remain the property of ASI. ASI may modify these manuals, but the modifications will not be an unreasonable economic burden to you, nor alter your rights and obligations under the Franchise Agreement (Franchise Agreement - Section 2.1(c)).
4. Make available to you a representative of ASI to provide opening assistance before you start operations under the System (Franchise Agreement - Section 2.1(b)).

During the operation of your business, ASI will provide you with the following:

1. Furnish you with information regarding improvements, revisions, and additions to the System, including with regard to new product or process developments and notices of revisions to the on-line Operations Manuals and Acceptable Supplier list (Franchise Agreement - Sections 2.2(a)).
2. Provide you with assistance and counsel with regard to new product and process developments and improvements concerning the operation and management of your sign business according to the system (Franchise Agreement - Section 2.2(b)).
3. Market and promote the products and services available through ASI and from the franchisees. (Franchise Agreement – Section 2.2(c)).

4. Sell you revised and current brochures of services and products available through ASI (Franchise Agreement - Section 2.2(e)).

5. Provide reasonable administrative support to a Franchise Advisory Council (Franchise Agreement - Section 2.2(g)).

6. Make available to you revisions to the current list of Franchisor approved and recommended manufacturers and suppliers (Franchise Agreement - Section 2.2(d)).

7. Offer additional training courses at a location to be determined. Attendance at such courses may be mandatory and there may be an additional charge. In all cases, you must pay for all travel and living expenses for yourself and any of your personnel attending training (Franchise Agreement -Section 2.2(h)).

ASI is contractually obligated to provide advertising and/or other marketing and promotion. As of the date of this disclosure document, there is no policy in effect with regard to the manner, form, scope, or timing of advertising, marketing, or promotion, either before or after the opening of the franchised business. You may place your own advertising, if it has been approved by ASI as to form and content prior to placement, and you must use only the name ASI for your business. In the past, ASI has placed advertisements in nationally circulated publications, conducted public relations campaigns, and participated in trade shows.

There is no franchisee advertising council that advises ASI on advertising policies. ASI does not have any contractual right to require purchasing cooperatives to be formed, changed, dissolved or merged. There are no local or regional advertising cooperatives. ASI does not have the contractual right to require your participation in any advertising cooperatives.

You are required to own or purchase a computer system and certain software from outside vendors for the operation of your business, which is in addition to the software provided by ASI as part of the initial License Fee. The estimated cost of the computer system, including laptop, printer, software, and copier, is \$52,000.

The software that is provided as part of the initial Licensee Fee is i2™ custom software (business management software, including contact manager, pricing, quote preparation, order entry, and production management) and is provided by ASI's designee, Mothernode, Inc. The monthly fee for ongoing access to the i2™ custom software is \$80 per month per user. If you elect to use an alternative customer relations management system or enterprise resource software in accordance with the terms of the Franchise Agreement, you may have additional startup costs as determined by the vendor you select.

ASI's Operations Manuals are maintained on-line and are made available to franchisees. Prospective franchisees are invited to inspect the on-line Operations Manuals in ASI's headquarters before purchasing a franchise. The current Table of Contents of the Operations Manuals is attached as Exhibit C to this disclosure document.

You are not specifically required by the Franchise Agreement to upgrade your computer system hardware or software or incur any additional hardware or software costs. There are no optional or required maintenance, upgrading, or support contracts. However, ASI does have the

right to modify the Operations Manuals, which may mean that you must purchase additional hardware and/or software to meet the new requirements, but ASI may not require you to make any additional purchases that would be an unreasonable economic burden on you. If you renew your Franchise Agreement, you will have to upgrade your computer hardware and software to the then current requirements for new franchisees if your operation does not already meet those standards.

ASI will have independent access to information or data electronically collected by you. There are no contractual limitations on ASI’s rights to access this information, but ASI may not use this information to gain a competitive advantage over you while you are an ASI franchisee.

The franchise is granted for a specific location only, selected by you. Before you begin operations, you must submit your proposed location to ASI for approval. There is no time specified in the Franchise Agreement for ASI to respond to your proposed location, but ASI’s policy is to decide on the suitability of a location within 30 days from the date on which you notify ASI of the proposed location. In reviewing your proposed location, ASI considers factors such as the suitability of the location and the facility for conducting your business operations, accessibility to your market, and zoning regulations. There is no provision in the Franchise Agreement for refunding the Initial Franchise Fee if you do not propose a location acceptable to ASI.

Not enough franchises have been granted to permit ASI to approximate, from experience, the length of time between the signing of the Franchise Agreement or the payment of any consideration for the franchise and the opening of your business. The Franchise Agreement provides, however, that you agree to initiate operations under the franchise within 180 days following execution of the agreement. Factors affecting the length of time include obtaining a site, completing appropriate renovations, obtaining needed financing, installing equipment, and completing required training.

ASI will provide you with a minimum of 12 days of training at ASI’s principal offices, and/or at another location as ASI may reasonably designate before you start operations. The format will include classroom instruction, web based sessions, self-paced activities, practical application and on-the-job practice. The key objectives of the training program are:

1. To provide you with basic skills in marketing, sales, order processing, assembly signage business operations, and administration.
2. To prepare you to secure new business, service reorder business, and establish yourself as a source in your area for quality sign products, service, and information.

The following is a summary of our Initial Training Program, which is spread over a three week period. Sometimes, more or less hours of training will be provided on a particular day to accommodate schedules of instructors and participants.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Sign 101	32		Dallas, TX or online
ASI Exterior Training	6		Dallas, TX or online

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Fundamentals of Sales Training	12		Dallas, TX or online
Project Management Basics	20		Dallas, TX or online
Software training	40		Dallas, TX or online
Total Hours	110		

You, or your designated personnel acceptable to ASI, must complete the above training programs to the satisfaction of ASI between the time the Franchise is granted and the time you start operations, which may not exceed 180 days after the agreement is signed, and preferably at least 30 days before you start business. However, if in ASI's opinion you already possess the experience, knowledge, and skills to run a sign business, ASI may, at its discretion, modify your training to include subjects only pertinent to ASI and not the signage business in general.

The initial training is provided at no additional charge. You must pay for all travel and living expenses for yourself and any of your personnel attending training.

In order to receive the grant of a franchise, you, or your personnel designated by you and approved by ASI, must successfully complete the training program, subject to the modification above pertaining to franchisees who already have knowledge and experience in the signage business. If during the course of the training program, or within 15 days thereafter, ASI concludes that you (or your designated personnel) have not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a sign business in accordance with the standards and procedures of the System, ASI may cancel the Franchise Agreement and all rights thereunder, but ASI must refund your initial payment.

ASI may offer additional training courses at a location or locations to be determined. Attendance at such courses may be mandatory and there may be an additional charge for such training. You must pay for all transportation and living expenses regarding such training.

The training is conducted by personnel of ASI's training department under the supervision of Elizabeth Kelly. Ms. Kelly has conducted this training for ASI for 6 years. She has been ASI's Director of Corporate Education Services since May 2017. Prior to joining ASI, Ms. Kelly was responsible for training and safety at Royal Caribbean Cruise Line from 2000-2014. Training may be supplemented by instruction from ASI franchisees. The franchisees we may use will have at least seven years' experience operating an ASI business and will provide instruction on operational aspects of the business only. Training materials will consist of the Operations Manuals, Corporate Brand Guidelines and Acceptable Suppliers list.

In addition to the Initial Training, ASI will provide you with assistance in developing and implementing a sales and marketing strategy. The elements of this strategy include:

Type of Activity	Date of Activity
Marketing and sales review	A date will be determined no later than a month after the signing of the Franchise Agreement to outline a local marketing and sales strategy.
Market Planning	Development of marketing and sales strategy to successfully target and penetrate market area.
Program review	Outline activities plan that includes direct marketing and sales programs supported by ASI. Identify applicable programs and outline how to participate in the programs.
Market Analysis	Discovery of current market penetration and identification of core market segments and stakeholders within the marketplace.

You are required to conduct an Initial Marketing Program, which must be completed within 1 month of commencing operations or within 7 months of signing the Franchise Agreement, whichever is sooner. (Franchise Agreement – Section 3.2 and Exhibit B-3). Under the Initial Marketing Program, you will conduct an e-mail campaign advising key persons in the architectural signage market of the fact that you have become an ASI franchisee. Also, with the assistance of ASI’s marketing department and using ASI’s Marketing on Demand software, ASI will create an appropriate postcard size mailing piece that will be part of a focused direct mailing campaign. ASI will also craft, with your input, press releases and public relations articles for submission to local media and business journals. As part of the Initial Marketing Program, ASI will, together with your personnel, plan and facilitate at your location a Grand Opening. All Initial Marketing Program initiatives will directly guide all recipients to your ASI website at www.asisignage.com.

In addition, ASI will provide an ASI staff member for up to 10 days at your business location to provide start up assistance and for the purpose of ensuring that all equipment is in working order, preparing you and appropriate employees to start operations, and to reinforce the Initial Training. That staff member will also assist you in your territory in conducting an intensive local sales campaign.

Note: Franchisor reserves the right to fulfill the training, start up and support obligations outlined above by providing various combinations of staff members and actual days of support; for example, one (1) staff member for ten (10) days, or two (2) staff members for five (5) days.

**ITEM 12
TERRITORY**

You have the right to operate a sign business according to the System within a territory (the “Territory”) as designated by state and/or county boundaries on Exhibit A to the Franchise Agreement for a period of 5 years starting on the date of execution of the Franchise Agreement. You may not change the location of the franchise location without ASI’s prior written consent. During this time period, ASI will not establish or license any person or entity, including ASI or its affiliates, to establish or operate a sign business in accordance with the System in this Territory.

However, ASI has the right to make sales in the Territory through its Global Branding Services Division and Government Services Group Initiative.

There are no restrictions on your right to sell products outside of your Territory, nor on any other franchisee's right to sell products in your Territory. ASI provides administrative support to the Franchise Advisory Council ("FAC"), which helps franchisees resolve any disputes regarding inter-territory sales.

Continuation of your territorial rights will not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit ASI to modify or alter your territorial rights.

ASI may enter into agreements with Acceptable Suppliers where such Acceptable Suppliers will not sell certain products within a franchisee's Territory (which, for this purpose, may include an expanded geographic area to be determined by ASI) except to licensed franchisees so long as certain minimum national and/or Territory sales quotas are met. If such quotas are not met, these suppliers may market their products through persons who are not licensed ASI franchisees, but these suppliers may not use the ASI trademarks on such products.

You will be apprised of any such quotas at least 60 days before the implementation of such a quota.


Neither ASI nor any of its affiliates is restricted by the Franchise Agreement from establishing other franchises, company-owned outlets or other channels of distribution to sell products and services similar to yours under a different trademark. In addition, ASI reserves the right to sell and distribute its products through alternative, non-franchisee, distribution channels, including the Internet, catalog sales, telemarketing or other direct marketing, retailers, retail office product distributors, and contract furniture distributors, which may be located in your Territory. Neither ASI nor any of its affiliates currently operate or franchise, or have present plans to operate or franchise, a business under a different trademark that sells goods and services similar to those being offered by ASI franchisees.

Except as described above, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that ASI owns, or from other channels of distribution or competitive brands that ASI controls.


ITEM 13 TRADEMARKS

ASI owns the exclusive right in the United States, Canada, Australia, and the United Kingdom to use the following registered trademarks, service marks, trade names, and logotypes, which were registered on the Principal or Supplemental register of the United States Patent and Trademark Office on the dates indicated:

UNITED STATES TRADEMARKS

NAME/DESCRIPTION	REGISTRATION NUMBER	REGISTRATION DATE
SignPlan	1,365,038 - Supplemental Register	October 8, 1985 (Renewed August 19, 2015)
	4,179,764 - Principal Register	July 24, 2012 (Renewed January 28, 2023)

ASI also has the non-exclusive right in the United States to use the following registered trademarks, which was registered on the Principal Register of the United States Patent and Trademark Office on the date indicated:

	REGISTRATION NUMBER	REGISTER DATE
JIGSAW	5,483,394	June 5, 2018
SIGNAGE INNOVATIONS	4,639,521	November 18, 2014
ASI	4,630,931	November 4, 2014
	4,571,112	July 22, 2014

All required affidavits for these trademarks have been filed by ASI.

There are no agreements currently in effect that significantly limit the rights of ASI to use or license the use of the above marks or symbols in any manner material to you.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state, or court, nor any pending infringement, opposition, or cancellation proceeding nor any pending material litigation involving the Trademarks.

You are required to promptly notify ASI of any unauthorized use that may come to your attention and agree to cooperate with ASI in preventing such unauthorized use at the request and expense of ASI. ASI, in its sole discretion, may undertake the defense or prosecution of any related litigation. ASI is not contractually obligated to indemnify you for damages or expenses incurred, or to participate in your defense in any action involving a name, mark, or commercial symbol licensed by ASI to you. If ASI does not take any action, then you will have to undertake to protect yourself at your own expense.

The right to use the names, marks, and commercial symbols above, as well as other current or future trademarks owned by ASI, is given to you in the manner and to the extent authorized by ASI and only to the extent necessary to carry out the purposes of the Franchise Agreement. You will be given online access to a Corporate Brand Guidelines to insure continuity and uniformity in the use of ASI's names, marks, and commercial symbols. If you must discontinue or modify the use of any name, mark, or symbol licensed by ASI, by virtue of any legal proceeding or settlement with a third party, the Franchise Agreement provides you with no specific rights or remedies.

You must use all names, marks, and trade dress in full compliance with the criteria in the Corporate Brand Guidelines and it may be modified by ASI. ASI may also modify the name under which you conduct business, and will allow you a reasonable period of time to make the required changes, at your cost, to your signage, sample displays, letterhead, billhead, quote statements, and other correspondence. You may not use any of ASI's names or marks as part of a corporate name. You must file a fictitious business name statement under the name "ASI" and must use that name in the operation and promotion of its franchised sign business. However, as set forth in ASI's Corporate Brand Guidelines, you must enter into contracts under your actual corporate name and include in all contracts a conspicuous statement that your business is an individually owned and operated business, and you must comply with local law regarding the required disclosure of your actual corporate name.

ASI does not know of any superior prior rights or infringing uses that would materially affect your use of ASI's Trademarks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

ASI does not own any right in, or to, any patents or registered copyrights that are material to the franchise.

ASI owns all proprietary rights in and to the System, including, but not limited to, supplier and material lists, customer information, training and operations manuals, promotion and marketing aids, business forms and accounting procedures, informational bulletins, and equipment, supply, and inventory lists. These rights are confidential and are trade secrets of ASI. Pursuant to the Franchise Agreement, you agree to maintain the confidentiality of the entire System, including the Operations Manuals, and to use such method, procedures and information only in conjunction with the operation of the franchise.

ASI may develop and obtain copyrights to product catalogs and promotional literature and make these items available to you for use in the operation of the franchise at a price to be determined by ASI.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Although not required, ASI recommends that you personally participate in the actual, direct, on-premises supervision of the business. The Franchise Agreement requires that a qualified person, approved by ASI, and who has satisfactorily completed the required training, devote full time and effort to the active management and operation of the franchise. Managers must maintain all confidentiality requirements described in Item 14 and elsewhere in this disclosure document

and the Franchise Agreement. There is no requirement that any of your managers have an equity interest in the franchised business or that any manager enter into any type of agreement with you.

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

You are limited to offering for sale goods and services in keeping with the character, uniformity and quality associated with the name “ASI” (see Item 9, above), and the Franchise Agreement requires you to offer and sell our approved marketed products and services. ASI has the right to change the types of authorized goods and services that the franchisee sells to the public. There is no limit to ASI’s rights to make such changes. The Franchise Agreement gives ASI the right to modify the Operations Manuals, which could result in further restrictions on the goods and services sold by your franchise business. You are not restricted as to the customers to whom goods and services may be sold with the exception that you may not sell equipment, components or consumable supplies that are the subject of ASI’s patented or proprietary processes to any other sign company or competitor of ASI.

In addition, any contract or schedule maintained by ASI must be adhered to by the franchisee in order to keep in good standing. If unauthorized use, extension, pricing or product discrepancies are provided by franchisee, without ASI’s authorization, further action may be taken to ensure ASI contracts or schedules are not jeopardized.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise term	Section 1.2	Term is for 5 years from the date of the Franchise Agreement.
b. Renewal or extension of the term	Section 1.2	You may have the option to renew the franchise for an additional term of 5 years if all of the required conditions have been fulfilled.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 1.2	You must: give written notice to ASI of your desire to renew no less than 180 days prior to the expiration of the Franchise Agreement, and the Franchise Agreement has not otherwise been terminated; materially comply with all terms and obligations of your Franchise Agreement; execute a general release; execute a renewal agreement, which may have materially different terms than your initial Franchise Agreement; pay a renewal fee of up to \$5,000; purchase or license all software, machinery, equipment, and inventory that ASI requires; and meet certain Gross Sales targets stated in your Franchise Agreement; and ASI must then be offering franchises to new franchisees.
d. Termination by you	Section 6.2	The Franchise Agreement gives you no rights to terminate the franchise. However, you may have certain rights to terminate the Franchise Agreement pursuant to state law.
e. Termination by ASI without “cause”	None	ASI has no right to terminate your Franchise Agreement without cause.
f. Termination by ASI with “cause”	Section 6.1	ASI may, upon written notice, immediately terminate the Franchise Agreement upon the occurrence of certain events. See 17(g) and (h) below.
g. “Cause” defined - curable defaults	Sections 6.1(a)(6) through 6.1(a)(19); and 6.1(b)	<p>You have 15 days to cure if you: abandon the franchise or become incapacitated; sell, assign, or transfer the franchise; sell, transfer, or pledge any capital stock; issue any capital stock or security redeemable or convertible into capital stock; damage or knowingly jeopardize the goodwill of ASI’s proprietary marks; fail to maintain the confidentiality of the System; fail to maintain an independent contractor relationship with ASI; make any material misrepresentations relating to the acquisition or operation of the franchise business, or engage in conduct that reflects unfavorably upon the operation or reputation of the franchise business or the System; fail to perform or complete any of the terms, conditions, covenants, or agreements contained in the Franchise Agreement; or breach any of the terms of any agreement between you and ASI.</p> <p>You have 30 days to cure if you: fail to make timely payments of taxes or other fees; fail to comply with any federal, state, or local law or regulation; fail to pay any franchise fees or other amounts due to ASI; or relocate the franchise without the prior written consent of ASI.</p>

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections 6.1(a)(1) through 6.1(a)(5); and 6.1(b)	Non-curable defaults include: bankruptcy or insolvency; seizure or foreclosure by a government official; felony conviction or any other criminal misconduct; receipt of a notice from ASI of ASI's intent to terminate your Franchise Agreement because of 2 events of default within a 12 month period; or failure to carry insurance coverage required by the Franchise Agreement.
i. Your obligations on termination/non-renewal	Section 6.3	Upon termination or expiration of the Franchise Agreement for any reason, you will immediately cease to be an authorized ASI franchisee, and you have certain obligations, including but not limited to: cease using any and all of ASI's proprietary marks and the System in its entirety; pay any and all amounts due to ASI and any of its affiliates; perform all obligations that expressly or implicitly continue after the termination of the Franchise Agreement; offer to sell to ASI at prices stated in the Franchise Agreement all or any portion of the proprietary equipment and supplies suitable for use with the System; assign to ASI all your rights, titles and interest in and to any business telephone numbers and deliver to ASI all customer lists whether printed or digital, and customer files and working papers whether printed or digital; and return to ASI any proprietary materials.
j. Assignment of Contract by ASI	Section 8.9	The Franchise Agreement does not restrict ASI's authority to assign its interest in the franchise. However, no assignment may be made except to an assignee who, in the good faith judgment of ASI, is willing and able to assume ASI's obligations under the Franchise Agreement. If ASI assigns its interests in your Franchise Agreement, the assignee, and not ASI, will become obligated to perform all of ASI's duties under the Franchise Agreement and to provide all goods and services financed by ASI.
k. "Transfer" by you – defined	Section 3.9 Section 8.8 Section 6.1(a)(7) Section 6.1(b)	Pursuant to the Franchise Agreement, you may not sell or transfer the franchise or any interest therein without first obtaining the written consent of ASI. Any attempt by you to sell or transfer without ASI's consent gives ASI the right to terminate your Franchise Agreement.
l. ASI approval of your transfer	Section 3.9	ASI's consent may not be unreasonably withheld.

Provision	Section in Franchise Agreement	Summary
m. Conditions for ASI approval of transfer	Section 3.9	If you request to transfer your franchise, you must pay to ASI a fee of \$10,000 to cover ASI's costs for the transfer, including the costs of investigating and approving the transferee and legal fees for preparation of documents necessary to effectuate the transfer, unless such costs exceed \$15,000, in which case you must pay the actual cost up to a maximum of \$20,000. The Franchise Agreement requires you to provide to ASI copies of the purchase agreement and such other agreements and documentation as ASI requests. The Franchise Agreement also requires you to execute a general release of claims in favor of ASI as a condition to the transfer of the Franchise Agreement.
n. ASI's right of first refusal to acquire franchisee's business	Section 6.3(d)	If your Franchise Agreement is terminated, you must offer to sell to ASI all proprietary equipment at the prices listed on Exhibit D to the Franchise Agreement.
o. ASI's option to purchase franchisee's business	Section 6.3(d)	If the Franchise Agreement is terminated, ASI may, but is not required to, buy your proprietary equipment at the prices listed on Exhibit D to the Franchise Agreement, but you have 30 days to sell such equipment to another franchisee at a higher price.
p. Death or disability of franchisee	Section 6.5	Upon your death, insanity, or appointment of a conservator or guardian of your estate, or of your general partners or all of your officers, ASI will consent to an assignment of your rights to your personal representative, conservator, or guardian on an interim basis.
q. Non-competition covenants during the term of the franchise	Section 3.11	Neither you nor any of your partners, agents, officers, directors, shareholders or affiliates may compete with ASI, directly or indirectly, in the manufacturing, sale or distribution of sign or display products, or providing sign consulting services, of any kind, in any manner, in any market, except through the franchise, either directly or indirectly, as either proprietor, employee, agent, consultant, director, officer, partner, or stockholder (other than as a stockholder of a corporation listed on the national securities exchange or whose stock is regularly traded on the over-the-counter market unless you at any time own, directly or indirectly, in excess of 5% of the outstanding stock of any class of any such corporation) of any company other than an ASI franchise without the prior written consent of ASI.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 3.11	If the Franchise Agreement is assigned with ASI's consent to another person not affiliated with you, then you are no longer prohibited by the Franchise Agreement from lawfully competing with ASI.
s. Modification of the agreement	Section 8.6	The Franchise Agreement may be amended or modified, in whole or in part, only by a written agreement executed by you and ASI. ASI may, however, add to and revise the Operations Manuals and Corporate Brand Guidelines, as well as the System, to reflect changes, additions, and improvements to suggested and required operating procedures, policies, standards, and specifications. Such changes may be made without your approval, and you are required to adhere to them.
t. Integration/merger clause	Section 8.13	The Franchise Agreement, together with its Exhibits and any amendments or addendums executed in accordance with §8.6 of the Franchise Agreement, contains all of the agreements of the parties relating to the Franchise. Nothing in the Franchise Agreement or in any related agreement between ASI and you is intended to disclaim the representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 8.1	Prior to initiating any litigation the parties must participate in confidential and non-binding mediation in accordance with CPR Procedure for Resolution of Franchise Disputes and §8.1 of the Franchise Agreement. Both parties retain the right to seek prejudgment and preliminary injunctive relief in court if applicable.
v. Choice of forum	Section 8.1	Subject to applicable state law, mediation will take place in the closest metropolitan center (i.e., not less than a population of 200,000) to your Franchise Business location unless otherwise agreed by you and ASI. Subject to applicable state law, litigation must be in the state courts in Dallas, Texas or United States District Court for the Northern District of the State of Texas sitting in the city of Dallas.
w. Choice of law	Section 8.1	Subject to applicable state law, Texas State Law applies.

**ITEM 18
PUBLIC FIGURES**

ASI does not use any public figure to promote its franchises.

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.

During 2021 and 2022, ASI had 15 franchised outlets that were open and in operation during the entire year (the “Franchised Outlets”). All of the Franchised Outlets have been in operation for at least 5 years. The total annual Gross Sales reported by the Franchised Outlets in 2021 and 2022 were \$35,602,000 and \$40,768,000, respectively. The distribution of annual Gross Sales by each Franchised Outlet is broken down as follows:

Gross Sales	Number of Franchised Outlets in 2021*	Number of Franchised Outlets in 2022*
\$0-\$500,000	4	3
\$500,001- \$1,000,000	0	2
\$1,000,001-\$1,500,000	1	1
\$1,500,001-\$2,000,000	3	1
\$2,000,001-\$2,500,000	1	2
\$2,500,001-\$3,000,000	1	2
\$3,000,001-\$3,500,000	3	1
\$3,500,001-\$4,000,000	0	0
\$4,000,001-\$4,500,000	1	0
\$4,500,001-\$5,000,000	0	0
\$5,000,000+	1	3

*4 franchisees owned multiple Franchised Outlets and reported only aggregate sales to ASI. ASI has apportioned the aggregate sales of these franchisees into individual Franchised Outlets based on the best information available to ASI.

“Gross Sales” is defined as total sales, whether for cash or credit, made by you which result from your business, including but not limited to sales of merchandise and services of any kind, and installation, maintenance and design services in connection therewith, less (i) your revenues derived from sales tax, shipping, crating, reimbursement of permit fees, and sales to other franchisees of ours; (ii) refunds, returns, and rebates by you; and (iii) bad debts that have been written off and allowed by the United States Internal Revenue Service as a bad debt write off. Any commissions we pay to you under the terms of the GSG Initiative Amendment (Exhibit H to the Franchise Agreement) are not included in the definition of Gross Sales.

The average Gross Sales of the Franchised Outlets were \$2,373,513 in 2021. Six (6) of the Franchised Outlets (40%) met or exceeded the average Gross Sales. Also in 2021, the median

Gross Sales of Franchised Outlets was \$1,958,606. The Franchised Outlet with the highest 2021 Gross Sales had Gross Sales of \$9,476,110. The Franchised Outlet with the lowest 2021 Gross Sales had Gross Sales of \$55,071.

The average Gross Sales of the Franchised Outlets were \$2,717,904 in 2022. Six (6) of the Franchised Outlets (40%) met or exceeded the average Gross Sales. In 2022, the median Gross Sales of the Franchised Outlets were \$2,194,963. The Franchised Outlet with the highest 2022 Gross Sales had Gross Sales of \$10,142,688. The Franchised Outlet with the lowest 2022 Gross Sales had Gross Sales of \$44,279.

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 data, which is historical and may not reflect the actual results of any franchisee's future operations, ASI does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of an ASI franchise. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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

You are responsible for developing your own business plan for your ASI franchise, including capital budgets, financial statements, projections and other appropriate factors, and you are encouraged to consult with your own accounting, business and legal advisors in doing so. The business plan should make necessary allowances for economic downturns, periods of inflation and unemployment, and other negative economic influences. ASI strongly encourages you to submit a business plan to ASI for its review on an annual basis. However, ASI will not review any business plan until after the Franchise Agreement has been executed.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table 20.1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2020 TO 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	15	15	0
	2021	15	15	0
	2022	15	15	0
Company-Owned	2020	9	9	0
	2021	9	9	0
	2022	9	9	0
Total Outlets	2020	24	24	0
	2021	24	24	0
	2022	24	24	0

**Table 20.2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 TO 2022**

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

**Table 20.3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2020 TO 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
AZ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CO	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
FL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
GA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OH	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
WI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2022	1	0	0	0	0	0	1
Total	2020	15	0	0	0	0	0	15
	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	0	15

Table 20.4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CA	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
MO	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
NC	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
NY	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
TX	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
Total	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
	2022	9	0	0	0	0	9

The following table gives the projected number of new franchised and company-owned outlets during the one-year period January 1, 2023 through December 31, 2023.

Table 20.5
PROJECTED OPENINGS
THROUGH DECEMBER 31, 2023

State	Franchise Agreement Signed But Unit Not Yet Open (As of 12/31/2022)	Projected New Franchised Units Opening in Fiscal Year 2023	Projected New Company-Owned Units in Fiscal Year 2023
Total	0	0	0

Attached as Exhibit F is a list of the names, addresses, and telephone numbers of all operational franchises and all of their outlets as of December 31, 2022. Exhibit F also lists the name, location, and last known telephone number of each franchise that was transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased doing business with ASI during the most recent fiscal year. Exhibit F also lists the locations of our company-owned offices.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business. ASI is not aware of any trademark specific franchisee associations that are associated with the ASI system.

ITEM 21
FINANCIAL STATEMENTS

A copy of ASI's Audited Financial Statements for the fiscal years ending December 31, 2020, December 31, 2021, and December 31, 2022 are presented in Exhibit D of this disclosure document.

ITEM 22
CONTRACTS

A copy of ASI's current form of Franchise Agreement is attached to this disclosure document as Exhibit E. The following instruments and agreements are attached as exhibits to the Franchise Agreement:

- Form of Guaranty – Exhibit E of Franchise Agreement
- Form of Security Agreement – Exhibit F of Franchise Agreement
- Form of Note – Exhibit G of Franchise Agreement
- Form of i2™ Software License Agreement – Exhibit I of Franchise Agreement

**ITEM 23
RECEIPTS**

A receipt in duplicate is attached to this disclosure document as Exhibit I. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to ASI, 8181 Jetstar Drive, Suite 100, Irving, Texas 75063.

* * * * *

**EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT**

LIST OF STATE ADMINISTRATORS

(See attached.)

California

Department of Financial Protection and
Innovation
320 West 4th Street
Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677

Florida

Department of Agriculture & Consumer
Services
Division of Consumer Services
2005 Apalachee Pkwy.
Tallahassee, Florida 32399-6500
(850)-922-2966 or (850) 488-2221

Hawaii

Department of Commerce and Consumer
Affairs
Business Registration Division
335 Merchant Street, Room 204
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana

Securities Commissioner
Secretary of State
Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
Frankfort, Kentucky 40601

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-0368

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Department of Commerce
85 7th Place East
Suite 280
St. Paul, Minnesota 55101-2198
(651) 296-6328

Nebraska

Department of Banking and Finance
Commerce Court 1200 N. Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
(402) 471-3445

New York

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8222

North Dakota

North Dakota Securities Department
State Capitol – 14th Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Division of Securities
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9527

South Dakota

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

Texas

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

Virginia

State Corporation Commission
Division of Securities and Retail
Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Franchise Administrator
Securities and Franchise Registration
Wisconsin Securities Commission
345 W. Washington Ave, 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

**EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT**

LIST OF AGENTS FOR SERVICE OF PROCESS

(See attached.)

California

Commissioner of Financial Protection and
Innovation
Department of Financial Protection and
Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7505 or (866) 275-2677

Hawaii

Commissioner of Securities
Department of Commerce and Consumer
Affairs
335 Merchant Street, Room 204
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana

Secretary of State
Administrative Offices of the Secretary of
State
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-0368

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

Nebraska

Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68508

New York

Secretary of State
New York Dept. of State
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 14th Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Division of Securities
Department of Business Regulation
John O. Pastore Center, Complex Building
69-1
1511 Pontiac Avenue
Cranston, RI 02920
(401) 462-9527

South Dakota

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

Texas

Statutory Document Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Washington

Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Wisconsin Commissioner of Securities
P.O. Box 1768
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 261-9555

**EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT**

OPERATIONS MANUAL TABLE OF CONTENTS

Subject	Number of Pages
Cover Page	1
Index	1
Corporate Education	15
IT	17
Marketing	11
Project Management	19
Product Services (including Preferred Vendors and Alliance Partners)	19
Sales	46
Global Branding Services	10
Total	139

**EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

(See attached.)

**ASI SIGN SYSTEMS, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**Years Ended December 31, 2022 and 2021
with Report of Independent Auditors**

**ASI SIGN SYSTEMS, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

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Audited Consolidated Financial Statements:	
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Notes to Consolidated Financial Statements	8

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
ASI Sign Systems, Inc. and subsidiaries

Opinion

We have audited the consolidated financial statements of ASI Sign Systems, Inc. and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders’ equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 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 (“GAAP”).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Plano, Texas
June 23, 2023

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2022	2021
Assets		
Current assets:		
Cash	\$ 857,678	\$ 162,895
Accounts receivable, less allowance for doubtful accounts of \$187,649 and \$187,822, respectively	8,228,707	6,920,446
Employee advances	40,200	35,696
Prepaid expenses and other current assets	1,198,803	492,894
Contract costs	1,224,981	740,683
Total current assets	11,550,369	8,352,614
Receivable from Rodney's Sign Co. (Note M)	3,483,519	3,510,878
Right of use asset - operating leases	1,039,467	-
Owner advances	891,694	753,549
Property and equipment, net	839,993	679,467
Goodwill, net	544,251	750,175
Intangible assets, net	55,553	78,690
Deferred financing costs, net	-	27,073
Deferred income taxes, net	-	485,581
Total assets	\$ 18,404,846	\$ 14,638,027

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)

	December 31,	
	2022	2021
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,201,561	\$ 1,123,071
Accrued expenses	2,823,033	2,676,375
Customer deposits	1,704,665	412,619
Line of credit	4,249,825	4,246,392
Current portion of operating lease liabilities	314,054	-
Current portion of finance lease obligations	292,075	114,402
Current portion of notes payable, net of deferred financing costs	261,577	842,532
Current portion of notes payable, related parties	210,000	425,000
Total current liabilities	12,056,790	9,840,391
Long-term liabilities:		
Notes payable, net of current portion	1,999,900	1,999,900
Operating lease liabilities, net of current portion	769,755	-
Finance lease obligations, net of current portion	34,804	155,987
Notes payable, related parties, net of current portion	425,000	-
Total liabilities	15,286,249	11,996,278
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, Series A, \$0.001 par value, 860,000 shares authorized, 400,000 shares issued and outstanding	400	400
Preferred stock, Series B, \$0.001 par value, 140,000 shares authorized, 140,000 shares issued and outstanding	140	140
Preferred stock, Series C, \$0.001 par value, 45,000 shares authorized, 45,000 shares issued and outstanding	45	45
Common stock, \$0.001 par value, 1,000,000 shares authorized, 700,000 shares issued and outstanding	700	700
Additional paid-in capital	2,982,801	2,982,801
Retained earnings (deficit)	134,511	(342,337)
Total stockholders' equity	3,118,597	2,641,749
Total liabilities and stockholders' equity	\$ 18,404,846	\$ 14,638,027

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2022	2021
Revenues:		
Direct sales of products	\$ 21,974,874	\$ 19,157,470
Product installations	2,007,544	1,938,185
Service and marketing fees from franchisees	460,400	469,352
Total revenues	24,442,818	21,565,007
Cost of products sold	14,751,477	13,236,437
Gross profit	9,691,341	8,328,570
Compensation and benefits expense	7,365,830	6,562,171
Selling, general, and administrative expenses	3,348,241	3,039,189
Loss from operations	(1,022,730)	(1,272,790)
Other income (expense):		
Other income	2,485,280	1,642,677
Interest expense	(470,152)	(626,344)
Other income	2,015,128	1,016,333
Income (loss) before income tax expense (benefit)	992,398	(256,457)
Income tax expense (benefit)	515,550	(335,121)
Net income	\$ 476,848	\$ 78,664

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2022 and 2021

	Series A		Preferred Stock		Series B		Series C		Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Consolidated Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2020	400,000	\$ 400	140,000	\$ 140	45,000	\$ 45	700,000	\$ 700	700,000	\$ 700	\$ 2,982,801	\$ (421,001)	\$ 2,563,085
Net income	-	-	-	-	-	-	-	-	-	-	-	78,664	78,664
Balance at December 31, 2021	400,000	400	140,000	140	45,000	45	700,000	700	700,000	700	2,982,801	(342,337)	2,641,749
Net income	-	-	-	-	-	-	-	-	-	-	-	476,848	476,848
Balance at December 31, 2022	400,000	\$ 400	140,000	\$ 140	45,000	\$ 45	700,000	\$ 700	700,000	\$ 700	\$ 2,982,801	\$ 134,511	\$ 3,118,597

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
Operating Activities		
Net income	\$ 476,848	\$ 78,664
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	325,667	177,767
Amortization of goodwill and intangible assets	229,061	229,059
Debt issuance costs included in interest expense	27,073	80,503
Deferred income taxes	485,581	(373,985)
Paid-in-kind interest expense	-	60,861
Non-cash lease expense	524,945	-
Gain on PPP loan forgiveness	-	(1,642,677)
Changes in operating assets and liabilities:		
Accounts receivable	(1,308,261)	(794,316)
Owner advances	(138,145)	10,000
Employee advances	(4,504)	(3,841)
Prepaid expense and other current assets	(705,909)	335,330
Contract costs	(484,298)	131,899
Customer deposits	1,292,046	9,937
Operating lease liability	(532,466)	-
Accounts payable and accrued expenses	1,277,011	259,073
Net cash provided by (used in) operating activities	1,464,649	(1,441,726)
Investing Activities		
Purchases of property and equipment	(284,693)	(256,625)
Receivable from Rodney's Sign Co.	27,359	(768,300)
Net cash used in investing activities	(257,334)	(1,024,925)
Financing Activities		
Proceeds from line of credit	10,000	380,000
Payments on line of credit	(6,567)	(335,000)
Payments of deferred financing costs	-	(27,073)
Proceeds from notes payable	196,577	3,642,577
Payments of finance leases	(145,010)	(98,490)
Payments on notes payable	(567,532)	(2,022,290)
Net cash provided by (used in) financing activities	(512,532)	1,539,724
Net increase (decrease) in cash	694,783	(926,927)
Cash at beginning of year	162,895	1,089,822
Cash at end of year	\$ 857,678	\$ 162,895
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 394,877	\$ 572,824
Cash paid during the year for income taxes	\$ 50,193	\$ 30,535
Non-cash Activities		
Property and equipment financed through finance/capital lease	\$ 201,500	\$ 221,428
Impact of adoption of ASC 842, <i>Leases</i>	\$ 1,521,607	\$ -

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 and 2021

A. Nature of Business

ASI Sign Systems, Inc. and subsidiaries (collectively the “Company” or “ASI”) was incorporated in Delaware in 1988 to provide architectural sign products and services. ASI grants franchisees the license and right to operate an architectural sign business using the ASI brand and provides the support services specified in the franchise agreements. The Company operates as a franchisor for eleven franchisees operating in nineteen markets across the United States of America. As of December 31, 2022, the Company also owns and operates four franchises throughout the United States. The Company’s corporate office is located in Irving, Texas.

B. Summary of Significant Accounting Policies

A summary of the Company’s significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting

The accounts are maintained, and the consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ASI Sign Systems, Inc. (“Corporate”) and its wholly-owned subsidiaries ASI-New York, Inc. (“New York”); Environmental Signage Solutions, Inc. (“Dallas”); Architectural Signing Associates, Inc. (“St. Louis”); and ASI-Houston, Inc (“Houston”).

All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no such investments at December 31, 2022 and 2021. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses related to amounts in excess of FDIC limits.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Liquidity

The Company has assessed its ability to continue as a going concern for at least twelve months from the date these consolidated financial statements were issued. The following information reflects the results of management's assessment of the Company's ability to continue as a going concern:

As of December 31, 2022, the Company had a working capital deficit of approximately \$506,000 of which approximately \$4,250,000 related to the Company's line of credit which was refinanced in May 2023 to a long term note payable (See Note O). The Company also generated net income for the year ended December 31, 2022, of approximately \$477,000 and realized cashflows from operations in the amount of \$1,465,000 for the year then ended. Management believes as a result of the debt extension and cash flows from operations the Company will continue as a going concern for at least one year from the issuance of these consolidated financial statements.

Accounts Receivable

Accounts receivable include uncollateralized receivables from the ASI franchisees as well as receivables from direct sales customers of the Company. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Management considers accounts receivable to be past due 45 days after billing and provides an allowance for uncollectible receivables based on historical write offs and current past due accounts. Management writes off accounts receivable when all attempts to collect have been unsuccessful.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of normal repairs and maintenance is charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Capitalized software development costs	3-10 years
Computer equipment and software	3-10 years
Furniture and fixtures	3-7 years
Office equipment	5 years
Machinery and equipment	3-7 years
Vehicles	3 years
Leasehold improvements	10 years *

* Shorter of the estimated useful life of 10 years or the remaining lease term.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets, determined by discounting future net cash flows at an appropriate discount rate. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell. No asset impairment was recognized for the years ended December 31, 2022 and 2021.

Intangible Assets

Intangible assets consist of trademarks and contract acquisition costs which are amortized using the straight-line method.

Goodwill

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations.

In January 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-02, *Intangibles — Goodwill and Other*, whereby a nonpublic entity can elect to apply an accounting alternative to amortize goodwill over a period of 10 years or over a shorter period if appropriate. Upon adoption of the accounting alternative, an entity is required to make an accounting policy election to test goodwill for impairment at the entity level or the reporting unit level. Goodwill would be tested for impairment only if an event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be below its carrying amount, referred to as a triggering event.

The Company also applies GAAP under which an entity is not required to monitor for goodwill impairment triggering events throughout the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired.

Upon the occurrence of a triggering event, an entity may assess qualitative factors to determine whether it is more likely than not that the fair value of the entity (or reporting unit) is less than its carrying amount, and whether a quantitative impairment test is necessary.

If a quantitative impairment test is necessary, the entity would determine the fair value of the entity (or reporting unit) and compare the fair value to the carrying amount. The amount of impairment, if any, would be measured by the excess of the carrying amount over the fair value. The Company elected to test goodwill for impairment at the entity level and uses a useful life of ten years. Amortization expense for the years ended December 31, 2022 and 2021, was \$205,924 and \$205,924, respectively. There was no impairment during the years ended December 31, 2022 and 2021.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Goodwill – continued

Based on the current carrying amount of goodwill subject to amortization, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2023	\$ 205,924
2024	205,924
2025	96,437
2026	9,183
2027	9,183
Thereafter	<u>17,600</u>
	<u>\$ 544,251</u>

Revenue Recognition

Contracts

The Company follows ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), Accounting Standards Codification (“ASC”) 606. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The ASC defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP.

The Company derives its revenues primarily from the design, manufacture, and installation of signage. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and services.

The Company also provides services to franchisees through franchising agreements. Revenue from new and renewal franchise agreements is recognized when substantially all significant start-up services to be provided by the Company have been performed. Revenues from service and marketing fees due from franchisees are recognized as the services are provided by the Company to the franchisees.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Performance Obligations – continued

The Company uses point in time recognition for the majority of the work it performs. The Company often performs work at the Company's own facilities, where control does not continuously transfer to the customer as work progresses. Revenues for signs which are designed and manufactured at an ASI facility are recognized upon the point in time in which they are (i) delivered to a project location controlled by the customer and (ii) the Company has the right to bill the customer for any costs incurred. Installation of the signage is treated as a separate performance obligation and is recognized upon completion of the sign installation and inspection and approval of the work by the customer or its general contractor.

Contract costs include all direct material, labor and indirect costs related to contract performance. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs. Such costs are often reimbursed through payments from customers related to work performed (but not completed) and are nonrefundable. The cumulative amount of those payments is not expected, at all times throughout the contract, to at least correspond to the amount that would be necessary to compensate the Company for performance completed to date. At various times during construction of signage, the cumulative amount of consideration paid by the customer might be less than the selling price of the partially completed sign at that time. Consequently, the entity does not have a right to payment for performance completed to date.

Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are recognized in connection with sales revenue and are expensed as fulfillment costs after the customer obtains control of the goods.

Contract Assets and Liabilities

Contract costs represent contracts in progress, and include costs incurred on the Company's contracts to manufacture signage. The costs included in contracts in progress are raw materials, labor, and overhead, and are deferred until control of the sign transfers to the customer and revenue is recognized.

Contract liabilities represent customer deposits received prior to the satisfaction of performance obligations. Contract liabilities are recognized as revenue once the corresponding performance obligations are satisfied based on the contract with the customer.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Contract Assets and Liabilities – continued

Contract assets and contract liabilities were as follows as of December 31, 2022:

Contracts costs	\$ 1,224,981
Customer deposits	\$ 1,704,665

Contract assets and contract liabilities were as follows as of December 31, 2021:

Contracts costs	\$ 740,683
Customer deposits	\$ 412,619

Contract assets and contract liabilities were as follows as of December 31, 2020:

Contracts costs	\$ 872,582
Customer deposits	\$ 398,265

Accounts receivable were \$6,126,130 as of December 31, 2020.

Advertising

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022 and 2021, totaled approximately \$116,000 and \$50,000, respectively.

Income Taxes

Under GAAP there are two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Income Taxes – continued

Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to the management's judgment. The Company believes it has no such uncertain positions.

Fair Value of Financial Instruments

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair values of accounts receivable contract costs, accounts payable, accrued expenses and customer deposits approximate the carrying amounts due to the relatively short maturity of these instruments. None of the financial instruments are held for trading purposes. The carrying values of the line of credit, notes payable, lease liabilities and capital lease obligations approximate fair value since these instruments bear market rates of interest. Assets due from and liabilities due to related parties may not be at fair value as they were entered into with related parties.

Adoption of New Accounting Standards

In February 2016, the FASB issued guidance under ASC 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted this standard effective January 1, 2022, using the modified retrospective approach. In transitioning to ASC 842, the Company elected to use the practical expedient package available at the time of implementation and did elect to use hindsight. These elections have been applied consistently to all leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption). The Company also adopted a practical expedient and did not separate nonlease components from lease components and instead considered nonlease components associated with lease components as a single lease component. As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022, a ROU asset of approximately \$1.5 million and a lease liability of approximately \$1.6 million.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Adoption of New Accounting Standards – continued

The adoption resulted in a derecognition of deferred rent of approximately \$52,000 that was previously included in accrued expenses. The standard did not materially impact our statements of operations and had no impact on cash flows. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

C. Property and Equipment

Major classifications of property and equipment are summarized below as of December 31:

	2022	2021
Capitalized software development costs	\$ 131,438	\$ 131,438
Computer equipment and software	824,367	437,702
Furniture and fixtures	182,440	348,527
Office equipment	47,548	47,548
Machinery and equipment	1,355,918	1,412,113
Vehicles	42,880	15,988
Leasehold improvements	149,576	149,576
Total property and equipment	2,734,167	2,542,892
Less accumulated depreciation	(1,894,174)	(1,863,425)
	\$ 839,993	\$ 679,467

D. Intangible Assets

Definite lived intangible assets consisted of the following as of December 31:

	2022	2021
Trademark	\$ 5,475	\$ 5,475
Contract acquisition costs	115,682	115,682
Total intangible assets	121,157	121,157
Less accumulated amortization	(95,604)	(72,467)
	\$ 25,553	\$ 48,690

Amortization expense for the years ended December 31, 2022 and 2021, was approximately \$23,000 and \$23,000, respectively. Based on the current carrying amount of definite lived intangible assets subject to amortization, the estimated 2023 amortization expense is \$25,553.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

D. Intangible Assets – continued

At December 31, 2022 and 2021, the Company also had \$30,000 in territory rights which are considered indefinite lived assets not subject to amortization.

E. Line of Credit

In November 2019, the Company obtained a revolving line of credit facility with a financial institution that provides for borrowings up to \$4,250,000. The line of credit, which had \$4,250,366 outstanding at December 31, 2022, accrued interest at 7.39%, and matured March 31, 2023. As discussed in Note O, this was refinanced with a note payable in May 2023.

As of December 31, 2022, the outstanding line of credit was collateralized by substantially all assets of the ASI, is guaranteed by the majority shareholder of ASI.

F. Notes Payable

In November 2019, the Company entered into a \$750,000 note payable in conjunction with the line of credit. The note bears interest at 3.05%, is collateralized by the assets of the Company, and is guaranteed by the majority shareholder of ASI. The was fully paid off during the year ending December 31, 2022.

In July 2015, the Company entered into a \$2,000,000 note payable in order to fund the purchase of St. Louis. The note bears interest at a variable rate based on certain financial ratios. In November 2019, the Company converted \$125,000 in PIK interest into a note bearing interest of 13%, of which 3% of the accrued interest is allowable to be paid in kind (“PIK”), and compounded to the note balance annually. The notes are collateralized by the assets of the Company, are guaranteed by the majority shareholder of ASI. The outstanding balance at December 31, 2022, of \$261,577 was fully paid off in January 2023.

On December 27, 2020, the U.S. federal government enacted the Hard-Hit Small Businesses, Nonprofits, and Venues Act (“Economic Aid Act” or “EAA”), which included provision for the Second Draw Paycheck Protection Program (“PPP2”) administered by the SBA. The PPP2 allows qualifying businesses to borrow up to \$2 million calculated based on qualifying payroll costs and other criteria as prescribed in the EAA. PPP loans bear a fixed interest rate of 1% over a two-year term, are guaranteed by the federal government, and do not require collateral. Payments of principal and interest are deferred until 16 months from the date of the loan, and prepayments may be made at any time without penalty. The loan may be forgiven, in part of whole, if the proceeds are used to retain and pay employees and for other qualifying expenditures. The Company applied for and received a PPP2 loan in the amount of \$1,642,677 on February 26, 2021. This loan was forgiven during 2021 and the Company has recorded a gain of \$1,642,677 that is included in other income on the accompanying consolidated statements of operations for the year ended December 31, 2021.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

F. Notes Payable – continued

In October 2021, the Company also applied for and received an Economic Injury Disaster Loan in the amount of \$500,000. The Company applied for an additional \$1,500,000 modifying the original loan balance to \$2,000,000. The loan has a 30-year term with no payments due in the first two years and bears interest at 3.75%. The loan is collateralized by all tangible and intangible personal property of the Company.

The Company capitalizes costs incurred in connection with borrowings or establishment of credit facilities. These costs are netted against the non-current portion of the related notes payable on the consolidated balance sheets and are amortized as an adjustment to interest expense over the life of the notes payable. In the case of early debt principal repayments, the Company adjusts the value of the corresponding deferred financing costs with a charge to interest expense and similarly adjusts the future amortization expense.

Future maturities of long-term debt including the line of credit and related party debt at December 31, 2022, are as follows:

2023	\$ 4,721,402
2024	496,424
2025	71,424
2026	71,424
2027	71,424
Thereafter	<u>1,714,204</u>
Long term debt	<u>\$ 7,146,302</u>

See Note O for discussion of new debt used to retire the line of credit in May 2023.

G. Notes Payable, Related Parties

On July 31, 2015, ASI entered into unsecured note agreements payable to the sellers of St. Louis for a total of \$300,000. The sellers are current stockholders of ASI. The notes bear interest at a rate of 6%. Interest is computed and paid on a quarterly basis on the first day of January, April, July, and October throughout the term of the notes. The principal amount of the notes together with any accrued and unpaid interest is due on June 30, 2024. The balance of the notes totaled \$300,000 as of December 31, 2022.

In November 2019, the Company entered into an unsecured note agreement payable to an employee of the Company for a total of \$125,000. The note bears interest at a rate of 13%. The principal amount of the note together with and accrued and unpaid interest is due on June 30, 2024. The balance of the note was \$125,000 as of December 31, 2022.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

G. Notes Payable, Related Parties – continued

In 2021 the Company had an unsecured \$30,000 note bearing interest at 6% due June 2022 that was related to a non-compete note to a seller issued as part of a 2019 business combination. In August of 2022, the note payable was purchased from the third party by a related party of the Company. The debt is callable on demand. The Company believes the note will not become due for at least 12 months from the date of these consolidated financial statements, however as it is callable it is classified a current liability.

In 2022, the Company entered into an unsecured \$180,000 note payable due to a related party. The note bears 0% interest and is due on demand. The Company believes the note will not become due for at least 12 months from the date of these consolidated financial statements, however as it is due on demand it is classified a current liability.

H. Income Taxes

The components of the income tax provision are as follows for the year ended December 31:

	2022	2021
Current	\$ 29,857	\$ 34,995
Deferred	485,693	(370,116)
Total income tax expense (benefit)	\$ 515,550	\$ (335,121)

Deferred tax assets and liabilities consist of the following as of December 31:

	2022	2021
Deferred tax assets:		
Allowance for doubtful accounts	\$ 39,406	\$ 39,443
Net operating losses	183,614	36,137
Employee Retention Credit	-	482,988
Operating lease liability	296,244	-
Accrued expenses	44,781	48,661
	564,045	607,229
Deferred tax liabilities:		
Property and equipment	(79,577)	(105,758)
Intangible assets	(23,077)	(15,890)
Right of use asset - operating leases	(218,288)	-
	(320,942)	(121,648)
Deferred tax allowance	(243,103)	-
Net deferred tax assets (liabilities)	\$ -	\$ 485,581

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

H. Income Taxes – continued

The Company records a valuation allowance, when necessary, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all of the evidence, both positive and negative, management recorded a valuation allowance related to deferred tax assets as a result of continuing loss from operations. The Company will continue assess the realizability of the deferred tax asset balances. Tax expense and benefit differ from statutory rates primarily as a result of the tax impact of government assistance tax treatment and recording a valuation allowance.

I. Commitments and Contingencies

Litigation

The Company is involved in various suits and claims arising in the normal course of business. In management's opinion, the ultimate outcome of these items will not have a material adverse effect on the Company's consolidated results of operations or financial position.

Major Customers

There were no customer concentrations related to accounts receivable at December 31, 2022. The Company had two customers that accounted for 26% of accounts receivable at December 31, 2021. There were no customer concentrations related to revenue during the year ended December 31, 2022. The Company has one customer that accounted for 10% of revenue during the year ended December 31, 2021.

J. Leases

A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and finance lease right-of-use assets (collectively "ROU assets") represent the Company's right to use an underlying asset for the lease term. Operating lease liabilities and finance lease liabilities (collectively, "lease liabilities") represent the Company's obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

The Company has leases for its office spaces and certain equipment. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company has lease extension terms for our office spaces that have either been extended or are likely to be extended. The terms used to calculate the ROU assets and lease liabilities for these properties include the renewal options that the Company is reasonably certain to exercise.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

J. Leases – continued

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes its secured borrowing rate. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company’s lease agreements do not contain significant residual value guarantees, restrictions or covenants.

Total operating lease costs were approximately \$668,000 for the year ended December 31, 2022. Short-term lease costs, for leases with terms of less than 12 months, during 2022 were approximately \$59,000. Variable lease costs included in operating lease costs were approximately \$84,000 during 2022. Operating lease expense is primarily included in selling, general and administrative expenses.

Maturities of lease liabilities as of December 31, 2022 are as follows:

	Finance Leases	Operating Leases
2023	\$ 292,075	\$ 314,054
2024	53,797	267,040
2025	20,876	274,351
2026	2,827	241,461
2027	-	57,571
Thereafter	-	-
Total lease payments	369,575	1,154,377
Less present value discount	(42,696)	(70,568)
Lease liabilities	\$ 326,879	\$ 1,083,809

Weighted average lease term and discount rate as of December 31, 2022 are as follows:

	2022
Weighted average remaining lease term (years)	
Operating leases	3.91
Financing leases	1.44
Weighted average discount rate	
Operating leases	3.28%
Financing leases	18.35%

ROU assets obtained in exchange for lease liabilities during the year ended December 31, 2022 are as follows:

Finance leases	\$ 201,500
----------------	------------

Rent expense for the year ended December 31, 2021, was approximately \$626,000.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

K. Stockholders' Equity

Common Stock

Common stock shares issued and outstanding have voting power and entitle the holders to one vote per share at all stockholder meetings. These shares have a par value of \$0.001.

Series A Preferred Stock

Series A preferred stock has no conversion rights, no voting rights, and unless otherwise declared by the Board of Directors, holders of Series A preferred stock are not entitled to receive dividends. These shares have a par value of \$0.001.

In the event of any liquidation, dissolution, or winding down of the Company, the holders of the Series A preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders, an amount equal to \$1.00 per share.

Series B Preferred Stock

Series B preferred stock has the same voting rights as the common stockholders and accumulates dividends in arrears, whether or not declared, at the rate of 8% per annum. These shares have a par value of \$0.001.

Each share of Series B preferred stock may be converted, at the option of the holder, at any time after the date of issuance of such share, into fully paid and non-assessable shares of common stock based on the conversion rate, initially set at 0.555 shares of common stock for each share of Series B preferred stock. Conversion rights are adjusted proportionately for dilutive issuances, stock splits, stock dividends, and recapitalizations. In July 2011, the conversion rate was adjusted to 0.7778 shares of common stock for each Series B preferred share.

In the event of any liquidation, dissolution or winding down of the Company, the holders of the Series B preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders and Series A preferred stockholders, an amount equal to \$10 per share plus accrued but unpaid dividends.

Series C Preferred Stock

Series C preferred stock will rank equally to the Class A shares for dividends and redemption upon liquidation, but shall be subordinate in all such respects to the Class B shares. Series C will accumulate dividends, whether or not declared, at the rate of 8% per annum. These shares have a par value of \$0.001.

Each share of Series C preferred stock may be converted, at the option of the holder, into shares of common stock based upon a conversion rate (initially equal to 0.555 shares of Common Stock for each share of Class C stock).

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

K. Stockholders' Equity – continued

Series C Preferred Stock

The dividends for Series B and Series C preferred stock are cumulative and are payable when and if declared by the Board of Directors. The Company accrued no dividends for the years ended December 31, 2022 and 2021.

During 2022 and 2021, the Company did not declare or pay any dividends on preferred stock. At December 31, 2022, the Company had approximately \$667,000 in unrecorded dividends due in arrears in the event of a dissolution, and had accrued \$173,333 from prior declarations within accrued expenses on the consolidated balance sheets.

L. Employee Benefit Plan

The Company sponsors a defined contribution plan with a 401(k) feature (the “Plan”) covering substantially all employees. Contributions to the Plan are made by the Company on a discretionary basis. The Company incurred costs of approximately \$135,000 and \$117,000 related to Plan expenses and employer contributions for the years ended December 31, 2022 and 2021, respectively. This is included in compensation and benefits expense on the consolidated statements of operations.

M. Related Party Transactions

During 2022 and 2021, the Company received information technology (“IT”) services provided by an entity under common control. During the years ended December 31, 2022 and 2021, ASI paid the related party approximately \$247,000 and \$250,000, respectively, for IT services, and \$0 and \$71,000 for rented workspace, respectively.

At December 31, 2022 and 2021, ASI has notes payable to related parties of approximately \$635,000 (see Note G).

At December 31, 2022 and 2021, ASI had advances of approximately \$892,000 and \$753,000, respectively, due from the Company’s Chief Executive Officer (“CEO”), which are classified as long term due to their deferred payment terms, are collateralized by shares in the Company and bear no interest. At December 31, 2022 and 2021, the Company also has other employee advances due in the amount of approximately \$40,000 and \$36,000, respectively.

The Company’s CEO acquired a significant equity interest in Rodney’s in August 2018. The entity is intended to operate as a significant ASI franchise and represents a significant future resource to the Company in the Southeastern United States via its relationship to the CEO, whom also owns the majority of ASI. The Company has provided funding to Rodney’s for compensation and other administrative expenses since its acquisition and has facilitated vendor relationships on behalf of Rodney’s.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

M. Related Party Transactions – continued

At December 31, 2022 and 2021, the Company had receivables due from Rodney's totaling approximately \$3,484,000 and \$3,511,000, respectively, for working capital advances. This amount is in the form of an unsecured note payable to the Company of approximately \$1,251,000 and the remainder is comprised of a payable.

During the years ended December 31, 2022 and 2021, the Company made purchases from Rodney's totaling approximately \$199,000 and \$97,000, respectively.

The note has a stated interest rate of 6% which is currently not being recorded by the Company. The Company intends to leverage its relationship with Rodney's for future growth and expansion, and has provided these advances on a long-term borrowing basis as such they are classified as non-current on the consolidated balance sheet. Repayment of these balances is dependent on the future cash flows of Rodney's. If it is unable to generate sufficient profits, a risk of non-payment exists for the Company.

In May 2022, a related party, Mothernode, lent the Company \$180,000. The note is unsecured and has a 0% interest rate. Amounts under this loan are included in current notes payable, related parties.

In August of 2022, the CEO purchased the \$30,000 LA Non-Compete loan from Peter Rasmussin. Amounts under this loan are included in current notes payable, related parties.

N. Employee Retention Credit

The employee retention credit ("ERC"), as originally enacted on March 27, 2020, by the Coronavirus Aid, Relief, and Economic Security Act, is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. The Taxpayer Certainty and Disaster Tax Relief Act (the "Relief Act"), enacted on December 27, 2020, amended, and extended the ERC. The Relief Act extended and enhanced the ERC for qualified wages paid after December 31, 2020 through June 30, 2021. Under the Relief Act, eligible employers may claim a refundable tax credit against certain employment taxes equal to 70% of the qualified wages an eligible employer pays to employees after December 31, 2020 through June 30, 2021. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period because of the coronavirus outbreak.

The Company qualified for federal government assistance through the ERC provisions and as such applied for the credits in 2022. The Company qualified for approximately \$2,300,000 which was recorded as other income in 2022. Approximately \$630,000 of the \$2,300,000 is included in prepaid and other current assets at December 31, 2022. This remaining balance was received in January 2023.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

O. Subsequent Events

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through June 23, 2023, the date the consolidated financial statements were available for issuance.

In May 2023, the Company entered into a debt agreement with a principal balance of \$5,000,000 and used part of the proceeds to pay off its line of credit. The remaining balance will be used for working capital purposes. The debt bears an interest rate of 12.5% and is due June 30, 2025.

**ASI SIGN SYSTEMS, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**Years Ended December 31, 2020 and 2019
with Report of Independent Auditors**

**ASI SIGN SYSTEMS, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS**

Years Ended December 31, 2020 and 2019

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
ASI Sign Systems, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of ASI Sign Systems, Inc. and subsidiaries (the "Company") which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in conformity with GAAP.



Plano, Texas
April 29, 2021

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash	\$ 1,089,822	\$ 665,917
Accounts receivable, less allowance for doubtful accounts of \$308,717 and \$246,262, respectively	6,126,130	7,030,537
Employee advances	31,855	38,888
Prepaid expenses and other current assets	754,406	136,243
Contract costs	872,582	853,953
Total current assets	8,874,795	8,725,538
Receivable from Rodney's Sign Co. (Note M)	2,742,578	2,074,227
Owner advances	763,549	749,705
Property and equipment, net	456,579	547,882
Goodwill, net	956,097	1,162,786
Intangible assets, net	101,827	124,793
Deferred financing costs, net	55,503	100,914
Deferred income taxes, net	111,596	-
Total assets	\$ 14,062,524	\$ 13,485,845

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)

	December 31,	
	2020	2019
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,583,146	\$ 1,986,049
Accrued expenses	1,965,224	2,120,084
Other payable	-	45,000
Line of credit	4,201,392	-
Current portion of capital lease obligations	52,386	30,921
Current portion of notes payable, net of deferred financing costs	2,778,961	180,000
Current portion of notes payable, related parties	425,000	-
Total current liabilities	11,006,109	4,362,054
Long-term liabilities:		
Notes payable, net of current portion and deferred financing costs	-	2,718,558
Capital lease obligations, net of current portion	95,065	95,679
Notes payable, related parties, net of current portion	-	425,000
Line of credit	-	4,036,392
Customer deposits	398,265	505,274
Deferred income tax liability, net	-	19,703
Total liabilities	11,499,439	12,162,660
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, Series A, \$0.001 par value, 860,000 shares authorized, 400,000 shares issued and outstanding	400	400
Preferred stock, Series B, \$0.001 par value, 140,000 shares authorized, 140,000 shares issued and outstanding	140	140
Preferred stock, Series C, \$0.001 par value, 45,000 shares authorized, 45,000 shares issued and outstanding	45	45
Common stock, \$0.001 par value, 1,000,000 shares authorized, 700,000 shares issued and outstanding	700	700
Additional paid-in capital	2,982,801	2,982,801
Accumulated deficit	(421,001)	(1,660,901)
Total stockholders' equity	2,563,085	1,323,185
Total liabilities and stockholders' equity	\$ 14,062,524	\$ 13,485,845

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2020	2019
	<u> </u>	<u> </u>
Revenues:		
Direct sales of products	\$ 19,948,301	\$ 21,621,927
Product installations	2,205,571	3,742,133
Service and marketing fees from franchisees	474,125	498,161
Total revenues	<u>22,627,997</u>	<u>25,862,221</u>
Cost of products sold	<u>12,875,273</u>	<u>14,935,650</u>
Gross profit	9,752,724	10,926,571
Compensation and benefits expense	6,642,508	6,520,438
Selling, general, and administrative expenses	<u>2,995,640</u>	<u>3,437,836</u>
Income from operations	114,576	968,297
Other income (expense):		
Other income	1,728,188	-
Interest expense	<u>(660,652)</u>	<u>(693,831)</u>
Other income (expense)	1,067,536	(693,831)
Income before income tax (benefit) expense	1,182,112	274,466
Income tax (benefit) expense	<u>(57,788)</u>	<u>125,245</u>
Net income	<u><u>\$ 1,239,900</u></u>	<u><u>\$ 149,221</u></u>

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2020 and 2019

	Preferred Stock						Common Stock	Additional Paid-in-Capital	Accumulated Deficit	Consolidated Stockholders' Equity
	Series A	Series B	Series C	Shares	Amount	Shares				
Balance at December 31, 2018	400,000	\$ 400	140,000	\$ 140	45,000	\$ 45	700,000	\$ 700	\$ (1,657,876)	\$ 1,326,210
Prior period adjustment	-	-	-	-	-	-	-	-	(152,246)	(152,246)
Net income	-	-	-	-	-	-	-	-	149,221	149,221
Balance at December 31, 2019	400,000	\$ 400	140,000	\$ 140	45,000	\$ 45	700,000	\$ 700	\$ (1,660,901)	\$ 1,323,185
Net income	-	-	-	-	-	-	-	-	1,239,900	1,239,900
Balance at December 31, 2020	400,000	\$ 400	140,000	\$ 140	45,000	\$ 45	700,000	\$ 700	\$ (421,001)	\$ 2,563,085

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
Operating Activities		
Net income	\$ 1,239,900	\$ 149,221
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	202,518	343,160
Amortization of goodwill and intangible assets	232,791	224,326
Debt issuance costs included in interest expense	88,481	59,769
Deferred income taxes	(131,299)	181,947
Bad debt expense	105,520	134,201
Paid in kind interest expense	71,019	61,436
Gain on contingent consideration	(45,000)	-
Gain on PPP loan expected forgiveness	(1,673,878)	-
Changes in operating assets and liabilities:		
Accounts receivable	798,887	(249,228)
Receivable from Rodney's Sign Co.	(668,351)	(1,323,197)
Owner advances	(13,844)	(16,856)
Employee advances	7,033	(7,631)
Prepaid expense and other current assets	(618,163)	100,896
Contract costs	(18,629)	(7,631)
Customer deposits	(107,009)	(235,085)
Accounts payable and accrued expenses	(557,763)	81,360
Net cash used in operating activities	<u>(1,087,787)</u>	<u>(503,312)</u>
Investing Activities		
Purchases of property and equipment	(79,999)	(32,861)
Purchases of intangibles	(3,136)	(39,584)
Acquisition of business, net of cash acquired	-	(50,000)
Net cash used in investing activities	<u>(83,135)</u>	<u>(122,445)</u>
Financing Activities		
Proceeds from line of credit	875,000	4,036,392
Payments on line of credit	(710,000)	(4,483,654)
Payments of deferred financing costs	(15,795)	(165,751)
Proceeds from notes payable	1,673,878	1,000,000
Payments of capital leases	(10,365)	(16,674)
Payments on notes payable	(217,891)	(12,500)
Net cash provided by financing activities	<u>1,594,827</u>	<u>357,813</u>
Net increase (decrease) in cash	423,905	(267,944)
Cash at beginning of year	<u>665,917</u>	<u>933,861</u>
Cash at end of year	<u>\$ 1,089,822</u>	<u>\$ 665,917</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 614,498</u>	<u>\$ 797,418</u>
Cash paid during the year for income taxes	<u>\$ 48,075</u>	<u>\$ 50,000</u>
Non-cash activities		
Equipment transferred to related party	<u>\$ -</u>	<u>\$ 5,897</u>
Property and equipment financed through capital lease	<u>\$ 31,216</u>	<u>\$ 46,165</u>

See accompanying notes to consolidated financial statements.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

A. Nature of Business

ASI Sign Systems, Inc. and subsidiaries (collectively the “Company” or “ASI”) was incorporated in Delaware in 1988 to provide architectural sign products and services. ASI grants franchisees the license and right to operate an architectural sign business using the ASI brand and provides the support services specified in the franchise agreements. The Company operates as a franchisor for eleven franchisees operating in nineteen markets across the United States of America. As of December 31, 2020, the Company also owns and operates four franchises throughout the United States. The Company’s corporate office is located in Irving, Texas.

B. Summary of Significant Accounting Policies

A summary of the Company’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The accounts are maintained and the financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

Principles of Consolidation

The accompanying financial statements include the accounts of ASI Sign Systems, Inc. (“Corporate”) and its wholly-owned subsidiaries ASI-New York, Inc. (“New York”); Environmental Signage Solutions, Inc. (“Dallas”); Architectural Signing Associates, Inc. (“St. Louis”); and ASI-Houston, Inc (“Houston”).

All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no such investments at December 31, 2020. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses related to amounts in excess of FDIC limits.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Liquidity

The Company has assessed its ability to continue as a going concern for at least twelve months from the date these financial statements were issued. The following information reflects the results of management's assessment of the Company's ability to continue as a going concern.

As of December 31, 2020, the Company had a working capital deficit of approximately \$2,131,000 and for the year ended December 31, 2020, generated net income of approximately \$1,240,000. Cashflows used in operations were approximately \$1,088,000. As discussed in Notes F and G, the Company's line of credit and notes payable mature in November 2021. The Company expects to be able to renew the line of credit and extend the due date of the note payable. Management believes that cash flows from operations and availability from the Company's line of credit will fund operations for at least one year from the issuance of these financial statements.

Accounts Receivable

Accounts receivable include uncollateralized receivables from the ASI franchisees as well as receivables from direct sales customers of the Company. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Management considers accounts receivable to be past due 45 days after billing and provides an allowance for uncollectible receivables based on historical write offs and current past due accounts. Management writes off accounts receivable when all attempts to collect have been unsuccessful.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of normal repairs and maintenance is charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Capitalized software development costs	3-10 years
Computer equipment and software	3-10 years
Furniture and fixtures	3-7 years
Office equipment	5 years
Machinery and equipment	3-7 years
Vehicles	3 years
Leasehold improvements	10 years *

* Shorter of the estimated useful life of 10 years or the remaining lease term.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Capitalized Software Development Costs

The Company capitalizes costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary project planning and the post-implementation stages of software development are expensed as incurred.

Capitalized development costs are amortized using the straight-line method over the estimated economic life of the product. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. For the years ended December 31, 2020 and 2019, the Company did not capitalize any software development costs.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets, determined by discounting future net cash flows at an appropriate discount rate. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell. No asset impairment was recognized for the years ended December 31, 2020 and 2019.

Intangible Assets

Intangible assets consist of customer lists and trademarks, which are amortized using the straight-line method over five years, contract acquisition costs which are amortized over the associated contract terms, and non-compete agreements (fully amortized as of January 1, 2020). As of December 31, 2020 and 2019, intangible assets, net of accumulated amortization, were approximately \$102,000 and \$125,000, respectively.

Goodwill

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations.

In January 2014 the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-02, *Intangibles — Goodwill and Other*, whereby a nonpublic entity can elect to apply an accounting alternative to amortize goodwill over a period of 10 years or over a shorter period if appropriate. Upon adoption of the accounting alternative, an entity is required to make an accounting policy election to test goodwill for impairment at the entity level or the reporting unit level. Goodwill would be tested for impairment only if an event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be below its carrying amount, referred to as a triggering event.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Goodwill – continued

In March 2021, the FASB issued ASU 2021-03 *Intangibles – Goodwill and Other, Accounting Alternative for Evaluating Triggering Events*, which provides private companies with an accounting alternative to perform the goodwill impairment triggering event evaluation as of the end of the reporting period. An entity that elects this alternative is not required to monitor for goodwill impairment triggering events throughout the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. The Company has evaluated the impact of this ASU and has adopted this guidance as of January 1, 2020.

Upon the occurrence of a triggering event, an entity may assess qualitative factors to determine whether it is more likely than not that the fair value of the entity (or reporting unit) is less than its carrying amount, and whether a quantitative impairment test is necessary.

If a quantitative impairment test is necessary, the entity would determine the fair value of the entity (or reporting unit) and compare the fair value to the carrying amount. The amount of impairment, if any, would be measured by the excess of the carrying amount over the fair value. The Company elected to test goodwill for impairment at the entity level and uses a useful life of ten years. Amortization expense for the years ended December 31, 2020 and 2019, was approximately \$207,000 and \$197,000, respectively. There was no impairment during the years ended December 31, 2020 and 2019.

Based on the current carrying amount of goodwill subject to amortization, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2021	205,924
2022	205,924
2023	205,924
2024	205,924
2025	96,436
Thereafter	<u>35,965</u>
	<u><u>\$ 956,097</u></u>

Revenue Recognition

Contracts

On January 1, 2019, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), Accounting Standards Codification (“ASC”) 606 which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Contracts – continued

The new revenue guidance defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP. The Company adopted this guidance using the modified retrospective approach effective January 1, 2019, to open contracts. The adoption of the standard did not have a material impact on the amounts reported in the financial statements, and the Company has determined that there will be no cumulative effect adjustment to retained earnings.

The Company derives its revenues primarily from the design, manufacture, and installation of signage. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and services.

The Company also provides services to franchisees through franchising agreements. Revenue from new and renewal franchise agreements is recognized when substantially all significant start-up services to be provided by the Company have been performed. Revenues from service and marketing fees due from franchisees are recognized as the services are provided by the Company to the franchisees.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

The Company uses point in time recognition for the majority of the work it performs. The Company often performs work at the Company's own facilities, where control does not continuously transfer to the customer as work progresses. Revenues for signs which are designed and manufactured at an ASI facility are recognized upon the point in time in which they are (i) delivered to a project location controlled by the customer and (ii) the Company has the right to bill the customer for any costs incurred. Installation of the signage is treated as a separate performance obligation and is recognized upon completion of the sign installation and inspection and approval of the work by the customer or its general contractor.

Contract costs include all direct material, labor and indirect costs related to contract performance. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs. Such costs are often reimbursed through payments from customers related to work performed (but not completed) and are nonrefundable. The cumulative amount of those payments is not expected, at all times throughout the contract, to at least correspond to the amount that would be necessary to compensate the Company for performance completed to date. At various times during construction of signage, the cumulative amount of consideration paid by the customer might be less than the selling price of the partially completed sign at that time. Consequently, the entity does not have a right to payment for performance completed to date.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Revenue Recognition – continued

Performance Obligations – continued

Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are recognized in connection with sales revenue and are expensed as fulfillment costs after the customer obtains control of the goods.

Contract Assets and Liabilities

Contract costs represent contracts in progress, and include costs incurred on the Company's contracts to manufacture signage. The costs included in contracts in progress are raw materials, labor, and overhead, and are deferred until control of the sign transfers to the customer and revenue is recognized. Contract liabilities represent customer deposits received prior to the satisfaction of performance obligations. Contract liabilities are recognized as revenue once the corresponding performance obligations are satisfied based on the contract with the customer.

Contract assets and contract liabilities were as follows as of December 31, 2020:

Contracts costs	\$ 872,582
Customer deposits	\$ 398,265

Contract assets and contract liabilities were as follows as of December 31, 2019:

Contracts costs	\$ 853,953
Customer deposits	\$ 505,274

Advertising

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2020 and 2019, totaled approximately \$53,000 and \$45,000, respectively.

Income Taxes

Under GAAP there are two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

B. Summary of Significant Accounting Policies – continued

Income Taxes – continued

Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to the management's judgment. The Company believes it has no such uncertain positions.

Fair Value of Financial Instruments

The Company calculates the fair value of its assets and liabilities which qualify as financial instruments and includes this additional information in the notes to the financial statements when the fair value is different than the carrying value of those financial instruments. The estimated fair values of accounts receivable contracts in progress, accounts payable and accrued expenses approximate the carrying amounts due to the relatively short maturity of these instruments. None of the financial instruments are held for trading purposes. The carrying values of the line of credit, notes payable, and capital lease obligations approximate fair value since these instruments bear market rates of interest.

Variable Interest Entities

During 2019, the Company early adopted ASU No. 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*. Under the new standard, a private company could make an accounting policy election to not apply variable interest entity guidance to legal entities under common control (including common control leasing arrangements) when certain criteria are met. This accounting policy election must be applied by a private company to all current and future legal entities under common control that meet the criteria for applying the alternative. A private company will be required to continue to apply other consolidation guidance, specifically, the voting interest entity guidance. Additionally, a private company electing the alternative is required to provide detailed disclosures about its involvement with, and exposure to, the legal entity under common control. The Company adopted this guidance using the prospective approach on January 1, 2019. The adoption of the standard resulted in the presentation and disclosure of the Company's receivable from Rodney's Sign Co. ("Rodney's") which is an entity under common control that was consolidated as a variable interest entity prior to adoption. See Note M for further discussion.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

C. Business Combinations

On November 30, 2019, the Company purchased certain leasehold rights and assets from Caldane Corporation for the operation of an ASI franchise in Los Angeles. Transaction costs in connection with the acquisition were nominal and were expensed when incurred. The goodwill arising from the acquisition consists largely of synergies and economies of scale expected from the assets acquired of Caldane. The goodwill resulting from the transaction is deductible for tax purposes.

As part of the business combination, the Company entered into a contingent payment arrangement with the seller in the amount of \$45,000 that is payable subject to the acquired franchise generating at least \$450,000 in revenue during the 12 months immediately following the acquisition. The liability bears interest at zero percent and was classified as other payable on the balance sheet at December 31, 2019. In 2020, the Company determined that the threshold would not be reached, and the Company recognized a gain of \$45,000 that is included in other income on the accompanying consolidated statements of operations for the year ended December 31, 2020. Also, the Company entered into a non-compete note with the seller in the amount of \$30,000 that bears interest at 6%. The non-compete note principal balance along with any accrued and unpaid interest is due on November 30, 2021.

The following table summarizes the consideration paid and the amount of the assets acquired, and liabilities assumed at the acquisition date:

Consideration	
Cash consideration	\$ 50,000
Contingent payment	45,000
Non-compete note	<u>30,000</u>
Total consideration	<u>\$ 125,000</u>
Recognized amounts of identifiable net assets	
Inventory	\$ 1,150
Property and equipment	32,020
Goodwill	<u>91,830</u>
Net identifiable assets and goodwill recorded	<u>\$ 125,000</u>

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

D. Property and Equipment

Major classifications of property and equipment are summarized below as of December 31:

	2020	2019
Capitalized software development costs	\$ 131,438	\$ 1,517,285
Computer equipment and software	123,198	490,508
Furniture and fixtures	348,527	341,617
Office equipment	47,548	62,183
Machinery and equipment	1,297,898	1,222,547
Vehicles	118,621	127,622
Leasehold improvements	161,671	127,069
Total property and equipment	2,228,901	3,888,831
Less accumulated depreciation	(1,772,322)	(3,340,949)
	\$ 456,579	\$ 547,882

Depreciation expense for the years ended December 31, 2020 and 2019, was approximately \$203,000 and \$343,000, respectively.

E. Intangible Assets

Definite lived intangible assets consisted of the following as of December 31:

	2020	2019
Non-compete agreement	\$ -	\$ 497,000
Trademark	5,475	5,475
Contract acquisition costs	115,682	112,546
Customer lists	-	1,299,918
Total intangible assets	121,157	1,914,939
Less accumulated amortization	(49,330)	(1,820,146)
	\$ 71,827	\$ 94,793

Amortization expense for the years ended December 31, 2020 and 2019, was approximately \$26,000 and \$28,000, respectively. Based on the current carrying amount of definite lived intangible assets subject to amortization, the estimated amortization expense for each of the succeeding years is as follows:

2021	\$ 23,943
2022	23,942
2023	23,942
	\$ 71,827

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

E. Intangible Assets – continued

At December 31, 2020 and 2019, the Company also had \$30,000 in territory rights which are considered indefinite lived assets not subject to amortization.

F. Lines of Credit

On December 29, 2017, the Company obtained a revolving line of credit facility and note payable (Note G) with a financial institution that provides for borrowings up to \$4,500,000. The line of credit was refinanced in 2019 and was paid in full on November 27, 2019.

In November 2019, the Company obtained a new revolving line of credit facility with a financial institution that provides for borrowings up to \$4,250,000. The line of credit, which had \$4,201,392 outstanding at December 31, 2020, accrues interest at 3.52% and matures November 21, 2021. Costs of \$15,795 and \$105,302 were incurred to open the line of credit in 2020 and 2019, respectively, and are being amortized over the term of the facility.

These deferred costs, net of accumulated amortization, total \$55,503 as of December 31, 2020, and will be amortized over the remaining life of the agreement. As of December 31, 2020, the outstanding line of credit is collateralized by substantially all assets of the ASI, is guaranteed by the majority shareholder of ASI, and had restrictive covenants. At December 31, 2020, the Company was in compliance with all required covenants.

G. Notes Payable

In November 2019, the Company entered into a \$750,000 note payable in conjunction with the line of credit (Note F). The note bears interest at 3.52%, is collateralized by the assets of the Company, and is guaranteed by the majority shareholder of ASI. The note requires monthly payments of \$12,500 up to maturity on November 27, 2021. At December 31, 2020, the outstanding balance is \$587,500. At December 31, 2020, the Company was in compliance with all required covenants.

In July 2015, the Company entered into a \$2,000,000 note payable in order to fund the purchase of St. Louis. The note bears interest at a variable rate based on certain financial ratios. In November 2019, the Company converted \$125,000 in PIK interest into a note bearing interest of 13%, of which 3% of the accrued interest is allowable to be paid in kind (“PIK”), and compounded to the note balance annually. The notes are collateralized by the assets of the Company, are guaranteed by the majority shareholder of ASI, and mature on November 27, 2021. At December 31, 2020, the outstanding balance was \$2,186,462, bearing interest at 13%, which includes the PIK interest. This note has restrictive covenants. At December 31, 2020, the Company was in compliance with all required covenants.

As described in Note C, the Company has as \$30,000 note bearing interest at 6% due November 2021.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

G. Notes Payable – continued

On March 27, 2020, the U.S. federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which included provision for a Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration (“SBA”). The PPP allows qualifying business to borrow up to \$10 million calculated based on qualifying payroll costs. PPP loans bear a fixed interest rate of 1% over a five-year term, are guaranteed by the federal government, and do not require collateral. Payments of principal and interest are deferred until 16 months from the date of the loan, and prepayments may be made at any time without penalty. The loans may be forgiven, in part or whole, if the proceeds are used to retain and pay employees and for other qualifying expenditures. The Company applied for a PPP loan in the amount of \$1,673,878, which was approved by the SBA on April 3, 2020, and funded on April 20, 2020.

The Company has elected to account for the PPP loan in accordance with Accounting Standards Codification Topic 470 – *Debt*. The Company has applied for forgiveness and expects for the full PPP loan amount to be forgiven by the SBA. As such, the Company has recorded a gain of \$1,673,878 that is included in other income on the accompanying consolidated statements of operations for the year ended December 31, 2020.

The Company capitalizes costs incurred in connection with borrowings or establishment of credit facilities. These costs are netted against the non-current portion of the related notes payable on the consolidated balance sheets and are amortized as an adjustment to interest expense over the life of the notes payable. In the case of early debt principal repayments, the Company adjusts the value of the corresponding deferred financing costs with a charge to interest expense and similarly adjusts the future amortization expense. Deferred financing costs, net of amortization, totaled approximately \$25,000 and \$52,000 as of December 31, 2020 and 2019, respectively, and are being amortized over the life of the notes payable. See Note H for discussion of notes payable to related parties.

Future maturities of long-term debt at December 31, 2020, are as follows:

2021	<u>\$ 3,228,962</u>
	3,228,962
Less: Deferred financing costs	<u>(25,001)</u>
Long term debt	<u>\$ 3,203,961</u>

H. Notes Payable, Related Parties

On July 31, 2015, ASI entered into unsecured note agreements payable to the sellers of St. Louis for a total of \$300,000. The sellers are current stockholders of ASI. The notes bear interest at a rate of 6%. Interest is computed and paid on a quarterly basis on the first day of January, April, July, and October throughout the term of the notes. The principal amount of the notes together with any accrued and unpaid interest is due on November 27, 2021. The balance of the notes totaled \$300,000 as of December 31, 2020.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

H. Notes Payable, Related Parties – continued

In November 2019, the Company entered into an unsecured note agreement payable to an employee of the Company for a total of \$125,000. The note bears interest at a rate of 13%. The principal amount of the note together with and accrued and unpaid interest is due on November 27, 2021. The balance of the note was \$125,000 as of December 31, 2020.

I. Income Taxes

The components of the income tax provision are as follows for the year ended December 31:

	2020	2019
Current	\$ 73,513	\$ (56,701)
Deferred	(131,301)	181,946
Total income tax expense (benefit)	\$ (57,788)	\$ 125,245

Deferred tax assets and liabilities consist of the following as of December 31:

	2020	2019
Deferred tax assets:		
Allowance for doubtful accounts	\$ 64,831	\$ 50,951
Net operating losses	79,786	-
Accrued expenses	76,516	67,029
	221,133	117,980
Deferred tax liabilities:		
Property and equipment	(94,273)	(116,543)
Intangible assets	(15,264)	(21,140)
	(109,537)	(137,683)
Net deferred tax assets (liabilities)	\$ 111,596	\$ (19,703)

The Company records a valuation allowance, when necessary, to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all of the evidence, both positive and negative, management determined that no valuation allowance was necessary as of December 31, 2020, to reduce the deferred tax assets to the amount that will more likely than not be realized. At December 31, 2020, the Company has approximately \$380,000 in federal net operating losses with no expiration.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

J. Commitments and Contingencies

Leases

The Company leases certain equipment under non-cancelable operating leases that expire in various years through 2027.

Amortization of capital lease assets is included in depreciation and amortization expense. Capital lease assets of \$140,329 (net of \$42,138 in accumulated depreciation) have been included in property and equipment as of December 31, 2020.

Consolidated future minimum lease payments under capital leases and non-cancelable operating leases are approximately as follows as of December 31, 2020:

	Operating Leases	Capital Leases
2021	\$ 595,000	\$ 61,000
2022	496,000	59,000
2023	273,000	39,000
2024	223,000	5,000
2025	222,000	-
Thereafter	286,000	-
	2,095,000	164,000
Interest	-	(17,000)
Future minimum payments	<u>\$ 2,095,000</u>	<u>\$ 147,000</u>

Rent expense for the years ended December 31, 2020 and 2019, was approximately \$669,000 and \$641,000, respectively. The amounts are included in selling, general and administrative within the consolidated statements of operations.

Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national, and global economies. Although the Company continues to carry out operations, there is still uncertainty around the duration and the related economic impact of the pandemic. Therefore, while management continues to monitor the impact on the Company’s activities, including any transportation delays, potential disruptions in the workforce, or possible demand declines, the future impact on the results of operations and financial position cannot be reasonably estimated at this time.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

K. Stockholders' Equity

Common Stock

Common stock shares issued and outstanding have voting power and entitle the holders to one vote per share at all stockholder meetings. These shares have a par value of \$0.001.

Series A Preferred Stock

Series A preferred stock has no conversion rights, no voting rights, and unless otherwise declared by the Board of Directors, holders of Series A preferred stock are not entitled to receive dividends. These shares have a par value of \$0.001.

In the event of any liquidation, dissolution, or winding down of the Company, the holders of the Series A preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders, an amount equal to \$1.00 per share.

Series B Preferred Stock

Series B preferred stock has the same voting rights as the common stockholders and accumulates dividends in arrears, whether or not declared, at the rate of 8% per annum. These shares have a par value of \$0.001.

Each share of Series B preferred stock may be converted, at the option of the holder, at any time after the date of issuance of such share, into fully paid and non-assessable shares of common stock based on the conversion rate, initially set at 0.555 shares of common stock for each share of Series B preferred stock. Conversion rights are adjusted proportionately for dilutive issuances, stock splits, stock dividends, and recapitalizations. In July 2011, the conversion rate was adjusted to 0.7778 shares of common stock for each Series B preferred share.

In the event of any liquidation, dissolution or winding down of the Company, the holders of the Series B preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders and Series A preferred stockholders, an amount equal to \$10 per share plus accrued but unpaid dividends.

Series C Preferred Stock

Series C preferred stock will rank equally to the Class A shares for dividends and redemption upon liquidation, but shall be subordinate in all such respects to the Class B shares. Series C will accumulate dividends, whether or not declared, at the rate of 8% per annum. These shares have a par value of \$0.001.

Each share of Series C preferred stock may be converted, at the option of the holder, into shares of common stock based upon a conversion rate (initially equal to 0.555 shares of Common Stock for each share of Class C stock).

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

K. Stockholders' Equity – continued

Series C Preferred Stock – continued

The dividends for Series B and Series C preferred stock are cumulative and are payable when and if declared by the Board of Directors. The Company accrued no dividends for the years ended December 31, 2020 and 2019.

During 2020 and 2019, the Company did not declare or pay any dividends on preferred stock. At December 31, 2020 and 2019, the Company had \$296,000 and \$148,000, respectively, in unrecorded dividends due in arrears in the event of a dissolution, and had accrued \$173,333 from prior declarations within accrued expenses on the consolidated balance sheets.

L. Employee Benefit Plan

The Company sponsors a defined contribution plan with a 401(k) feature (the “Plan”) covering substantially all employees. Contributions to the Plan are made by the Company on a discretionary basis. The Company incurred costs of approximately \$144,000 and \$70,000 related to Plan expenses and employer contributions for the years ended December 31, 2020 and 2019, respectively.

M. Related Party Transactions

During 2020 and 2019, the Company received information technology (“IT”) services provided by an entity under common control. The Company has also paid certain operating expenses on behalf of the related entity. During the years ended December 31, 2020 and 2019, ASI paid the related party approximately \$250,000 and \$280,000, respectively, for IT services, and \$31,000 and \$43,000, respectively, for rented workspace.

At December 31, 2020 and 2019, ASI has notes payable to related parties of approximately \$425,000 (see Note H).

At December 31, 2020 and 2019, ASI had advances of approximately \$763,000 and \$750,000, respectively, due from the Company’s Chief Executive Officer (“CEO”), which are classified as long term due to their deferred payment terms, are collateralized by shares in the Company and bear no interest. At December 31, 2020 and 2019, the Company also has other employee advances due in the amount of approximately \$32,000 and \$39,000, respectively.

ASI SIGN SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

M. Related Party Transactions – continued

The Company's Chief Executive Officer ("CEO") acquired a significant equity interest in Rodney's in August 2018. The entity is intended to operate as a significant ASI franchise and represents a significant future resource to the Company in the Southeastern United States via its relationship to the CEO, whom also owns the majority of ASI. The Company has provided funding to Rodney's for compensation and other administrative expenses since its acquisition, and has facilitated vendor relationships on behalf of Rodney's. At December 31, 2020 and 2019, the Company had receivables due from Rodney's totaling approximately \$2,743,000 and \$2,074,000, respectively, for working capital advances. This amount is in the form of an unsecured note payable to the Company of approximately \$1,251,000 and the remainder is comprised of a payable.

During the years ended December 31, 2020 and 2019, the Company made purchases from Rodney's totaling approximately \$301,000 and \$544,000, respectively.

The note has a stated interest rate of 6% which is currently not being recorded by the Company. The Company intends to leverage its relationship with Rodney's for future growth and expansion, and has provided these advances on a long-term borrowing basis as such they are classified as non-current on the consolidated balance sheet. Repayment of these balances is dependent on the future cash flows of Rodney's. If it is unable to generate sufficient profits, a risk of non-payment exists for the Company.

N. Correction of Immaterial Error in Previously Issued Financial Statements

In December 2019, the Company recorded an out of period adjustment to correct an error related to its sales tax liabilities for 2018. The sales tax reported in the consolidated financial statements for 2018 was incorrectly recorded as revenue and should have been recorded as a current liability. The cumulative effect of this error in the 2018 financial statements was an overstatement of revenue and understatement of sales tax liabilities by \$152,000.

The Company concluded that this error was not material to any of the previously issued consolidated financial statements. Accordingly, the Company adjusted retained earnings and sales tax payable as of January 1, 2019, by approximately \$152,000.

O. Subsequent Events

In preparing the financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through April 29, 2021, which is the date the financial statements were available for issuance.

The Company applied for a second PPP loan in the amount of \$1,642,677, which was approved by the SBA and funded on February 22, 2021. The Company used the proceeds of the second PPP loan in accordance with the provisions of the CARES act. The Funds were used to pay for payroll expense, and the Company expects the loan to be forgiven.

EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT
FORM OF FRANCHISE AGREEMENT

(See attached.)

FRANCHISE AGREEMENT

BETWEEN

ASI SIGN SYSTEMS, INC.

(Franchisor)

AND

(Franchisee)

FOR A FRANCHISE IN _____, _____

_____, 2023

(Date)

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EXHIBIT LIST

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EXHIBIT H	Government Services Group (GSG) Initiative Amendment
EXHIBIT I	Mothernode, Inc. Software License Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is made this _____ day of _____, _____ by and between ASI Sign Systems, Inc., a Delaware corporation, having its principal place of business at 8181 Jetstar Drive, Suite 100, Irving, TX 75063 (“Franchisor” or “ASI”), and _____, a _____ corporation (“Franchisee”), and _____ (together, the “Shareholders”) with respect to Sections 3.11, 4.1, 6.3, 6.5, 8.1, 8.8, and 8.11 only as all of the shareholders of Franchisee.

RECITALS

A. Franchisor has developed and acquired certain techniques for merchandising, promoting, marketing, manufacturing and installing signs, and has developed a business operations plan and format for the establishment and operation of franchises.

B. Franchisor’s proprietary names, marks, products, methods and processes, computer software, and ideas, innovations and inventions contained therein, as well as the business operations plan and format, and the merchandising, promotion and marketing techniques, are collectively referred to as the “System.”

C. Franchisor has the right to license the System to franchisees.

D. Franchisee desires to obtain from Franchisor the right, franchise, and license to use the ASI trademarks and the System (the “Franchise”) within a specific geographic area, in accordance with the terms and conditions set forth hereinbelow, and Franchisee acknowledges that an essential condition of this Agreement and the rights granted hereunder require Franchisee to maintain the high standards and quality consistent with the System as set forth hereinbelow.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter set forth, each of which constitutes material consideration of this Agreement, the parties hereby covenant and agree as follows:

ARTICLE I
Location, Term and Fees

1.1 **Grant of License.** Franchisor hereby grants to Franchisee the exclusive right to operate a sign business (the “Franchise Business”) in accordance with the System from one location within the area designated on Exhibit A, attached hereto (the “Area”) as approved by Franchisor.

(a) Subject to the qualifications and limitations stated herein, Franchisee may operate its Franchise Business from one sales location, which shall be located within the Area, such location to be approved by Franchisor, and identified with ASI and any names or marks associated therewith. Additional sales offices may be opened within the Area with Franchisor’s prior written approval, which approval shall not be unreasonably withheld or delayed. This right shall remain exclusive, for so long as Franchisee complies with the terms of this Agreement. Franchisee must obtain the prior written consent of Franchisor if it wishes to relocate any authorized place of business.

(b) During the term of this Agreement, Franchisor shall not establish, operate or license to any other individual, partnership, association, company or corporation the right to establish and operate a sign business in accordance with the System within the Area, designated on Exhibit A, attached hereto.

(c) Notwithstanding the above, Franchisor reserves the right to sell and distribute its products through alternative, non-franchisee, distribution channels, including, but not limited to, internet sales, or catalog retailers and retail office product distributors, which may be located or based in the Area; or through its Global Branding Services Division (“GBS”); or through its Government Services Group (“GSG”) Initiative. With respect to business development in the Area by GBS, Franchisor will initiate direct client contact with a target only where the client, specifier, or influencer is headquartered in the Area after receiving prior approval from Franchisee. GBS and Franchisee will document an understanding of the current and future client interaction in a formal agreement that details the exact terms of the relationship, including, if applicable, the amount and timing of any commissions paid, program duration, the degree of Franchisee involvement, if any, and requirements of GBS to execute manufacturing and/or installation work through Franchisor’s franchise network and any other pertinent or relevant facts. With respect to sales via the GSG Initiative, the GSG Initiative Amendment attached as Exhibit H will govern the terms and conditions of such sales.

1.2 **Term.**

(a) The initial term of this Agreement shall be five (5) years from and after the date hereof, unless sooner terminated in accordance with the provisions hereof. Franchisee hereby agrees to commence operations hereunder no later than ninety (90) days following the execution of this Agreement.

(b) At the end of the initial term specified in Section 1.2(a) above, Franchisor shall grant to Franchisee the right to extend the term of this Agreement for an additional five (5) years provided:

(i) Franchisee gives written notice to Franchisor of Franchisee’s desire to so renew no later than one hundred eighty (180) days prior to the expiration of the term of this Agreement (the “Renewal Date”), and this Agreement has not otherwise been terminated; and

(ii) Franchisee has materially complied with all of the terms, conditions and obligations of this Agreement; and

(iii) Franchisor is offering franchises to new franchisees at the expiration of the term of this Agreement; and

(iv) Franchisee executes no later than the expiration of the term of this Agreement: (A) a general release of claims in favor of Franchisor; and (B) a renewal agreement on the same terms and conditions then being offered to new franchisees; and

(v) Franchisee pays to Franchisor a renewal fee equal to the lesser of Five Thousand Dollars (\$5,000) or the out-of-pocket costs incurred by the Franchisor in connection with the renewal; provided that if Franchisee is renewing other franchise agreements of Franchisee at the same time as this Agreement, the renewal fee for each additional franchise agreement will be One Thousand Five Hundred Dollars (\$1,500); and

(vi) Franchisee purchases or licenses, at prevailing prices, any software, machinery, equipment, and inventory that Franchisor requires franchisees to utilize in the operation of the System; and

(vii) Franchisee must, in four (4) of the five (5) years during the term, meet the Gross Sales requirement for the Franchise Business (without considering Gross Sales from any Aggregated Franchise (as hereinafter defined) as set forth below:

2024: _____
2025: _____
2026: _____
2027: _____
2028: _____

Notwithstanding the above, the actual Gross Sales in the year immediately preceding the Renewal Date must not be less than eighty percent (80%) of the minimum Gross Sales requirement for that year.

Gross Sales is defined as total sales, whether for cash or credit, made by Franchisee which result from Franchisee’s business, including but not limited to sales of merchandise and services of any kind, and installation, maintenance and design services in connection therewith, less (i) Franchisee’s revenues derived from sales tax, shipping, crating, reimbursement of permit fees, and sales to other franchisees of Franchisor; (ii) refunds, returns, and rebates by Franchisee; and (iii) bad debts that have been written off and allowed by the United States Internal Revenue Service as a bad debt write off (“Gross Sales”). Any commissions paid to Franchisee by Franchisor under the terms of the GSG Initiative Amendment shall not be included in the definition of Gross Sales.

1.3 **Fees for Franchise.**

(a) Franchisee hereby agrees to pay to Franchisor an initial franchise fee (the “Initial Franchise Fee”), comprising the following sums:

(i) A license fee of Forty-Five Thousand Dollars (\$45,000) (the “License Fee”) shall be due and payable on the execution of this Agreement. This fee is non-refundable, except as provided in Section 2.1(a) of this Agreement. The License Fee is for the grant of the license and the right to operate a franchise in accordance with the System and for the software licenses set forth in Article VII; plus

(ii) A fee of Five Hundred Dollars (\$500) per each 100,000 population, or portion thereof, included in the Area (the “Territory Fee”), up to a maximum of Twenty-Five Thousand Dollars (\$25,000), shall be due and payable upon the execution of this Agreement. This fee is non-refundable, except as provided in Section 2.1(a) of this Agreement.

(b) Should Franchisee obtain direct financing from Franchisor the initial franchisee fee shall be due and payable as follows: fifty percent (50%) of the Initial Franchise Fee shall be due and payable upon execution of this Agreement, and the balance shall be payable pursuant to a secured promissory note (“Note”) bearing interest at a rate which shall be five percent (5%) above the prime rate. (The prime rate is defined as the rate charged by JPMorgan Chase, Dallas, Texas, to its most credit worthy customers on the date of execution of the Note.) The Note shall be fully amortized and payable in eight (8) equal quarterly installments, with the first payment due ninety (90) days after the execution of the Note. A form of a Note is attached hereto as Exhibit G.

(c) Franchisee agrees to pay to Franchisor or its designee non-refundable monthly fees that are due and payable on the first day of the month following the commencement date and each month thereafter during which the service fee is due, calculated as follows:

(i) Commencing on the date hereof through the end of the term of this Agreement, Franchisee is required to pay a service fee of Three Thousand Two Hundred Fifty Dollars (\$3,250) per month; and

(ii) Commencing on the date hereof through the end of the term of this Agreement, Franchisee is required to pay a fee of Six Dollars (\$6) per month for each asisignage.com e-mail address; and

(iii) If Franchisee elects to use the customer relations management (CRM) and enterprise resource planning (ERP) software offered by Mothernode, Inc., Franchisee is required to enter into an agreement with Mothernode, Inc. for the use of such proprietary i2™ CRM and ERP software and pay a monthly Information Technology services fee to Mothernode, Inc. in connection with such use.

(d) All monthly service fees and monthly information technology service fees shall be paid by ACH transfer to an account designated by Franchisor or by a credit card accepted by Franchisor or its designee.

(e) Franchisee's obligations to Franchisor under this Agreement, including without limitation the payment of service fees and the Note, if applicable, as well as all other obligations of Franchisee to Franchisor, whether now existing or hereafter arising, shall be secured by a security interest in, and a collateral assignment of, Franchisee's interest in and to this Agreement and all Franchisee's equipment, machinery, fixtures, supplies and inventory, wherever located. On the date hereof, Franchisee shall execute and deliver a Security Agreement, substantially in the form set out in Exhibit F, granting such security interest to Franchisor.

1.4 **Books and Records.** Franchisee shall, concurrently with each monthly payment of the service fee, submit to Franchisor an accurate and complete statement of Gross Sales and such information as Franchisor shall reasonably request for the previous month on forms specified, approved or provided by Franchisor. If Franchisee has licensed any other franchised business from Franchisor, Franchisee shall separately report the Gross Sales, and other required information, for each such franchised business.

Within sixty (60) days after the end of each calendar quarter (or other fiscal quarter if Franchisee's fiscal year is other than a calendar year) Franchisee shall furnish to Franchisor a financial statement (which may be internally prepared) in a form reasonably acceptable to Franchisor, certified by Franchisee reflecting the financial results and the financial condition of Franchisee. Franchisor reserves the right to specify a form of financial statement to be used by Franchisee. Said financial statements must include but may not be limited to a balance sheet and a statement of income and must be prepared in accordance with generally accepted accounting principles (GAAP). Within ninety (90) days following Franchisee's fiscal year end, Franchisee shall submit to Franchisor a year-end financial statement prepared in accordance with GAAP by an independent certified public accountant and, within fifteen (15) days after its filing with the Internal Revenue Service, a copy of Franchisee's federal tax return for such financial year. The form of the financial statement shall be determined as follows: for franchisees with annual Gross Sales of less than One Million Dollars (\$1,000,000) a compilation statement may be submitted; for franchisees with annual Gross Sales of One Million Dollars (\$1,000,000) or more, a review or audit statement shall be submitted. In the event that Franchisee is licensed to operate more than one ASI franchise, or has multiple locations or sales offices, Franchisee may, at Franchisee's option, submit consolidated quarterly and annual financial statements; provided, however, that such consolidated statements include a schedule of sales and income by location. Each year-end financial statement shall be accompanied by a certificate by such independent certified public accountant, or the chief financial officer of Franchisee if a review or audit statement is provided, that the Gross Sales reported in such statement are complete and accurate. Franchisee shall maintain appropriate books and records in such a manner as to clearly and accurately reflect Gross Sales. Franchisor and its duly authorized agents shall have the right, at all reasonable hours, to examine the books and records of Franchisee, and shall have free and full access thereto for the purpose of examination or audit, as more fully described in Section 3.10 hereinbelow. Franchisor shall have the right to collect, publish, and disseminate any information obtained from Franchisee for the purpose of establishing representative franchise financial information for marketing and existing franchisee management assistance, provided that when publishing or disseminating such information, except as required by law, Franchisor shall make a good faith effort to present such information in a manner such that Franchisee is not identified with such information.

ARTICLE II
Covenants of Franchisor

2.1 **Initial Franchisor Obligations.** If Franchisee is a new franchisee to the System, prior to Franchisee's commencement of operations pursuant to the System, Franchisor shall provide the following:

(a) **Training.** Franchisor shall provide Franchisee with twelve (12) full days of training at its principal offices, and/or at such other location as Franchisor may reasonably designate (the "Initial Training").

The designated representative of Franchisee, as approved by Franchisor (the "Designee"), shall complete the initial training program to the satisfaction of Franchisor, between the time the Franchise is granted and the time Franchisee commences operations, which shall be a period not to exceed one hundred and eighty (180 days), and preferably at least thirty (30) days prior to the commencement of operations. Franchisor will also provide training for additional representatives of Franchisee's business upon request. In all cases, all travel and living expenses for Franchisee and any of its personnel attending training must be borne and paid for by Franchisee. Franchisor reserves the right to offer additional training courses as described in Section 2.2(f) hereof.

The grant of a franchise is conditioned upon successful completion of the training program by the Designee. If, during the course of the training program or within fifteen (15) days after the completion of the training program, Franchisor concludes that the Designee has not exhibited the aptitude, abilities, or personal characteristics necessary or desirable to successfully operate a business in accordance with the standards and procedures of the System, Franchisor, in its reasonable judgment, may cancel this Agreement and all its rights hereunder, and refund to Franchisee the initial franchise fee that Franchisee had paid to Franchisor.

(b) **Initial Marketing and Sales Support.** In addition to the Initial Training outlined above, Franchisor will furnish one (1) staff member for a minimum of ten (10) days to assist Franchisee in conducting the intensive local sales campaign included in the Initial Marketing Program described in Exhibit B-2. Franchisor will also provide Franchisee assistance in developing and implementing the Initial Marketing Program. Franchisor reserves the right to fulfill the training, start up and support obligations outlined above by providing various combinations of staff members and actual days of support, for example, one (1) staff member for ten (10) days, or two (2) staff members for five (5) days.

(c) **Operations Manuals.** Franchisor shall provide Franchisee with access to a series of confidential, on-line operations procedures and guidelines (the "Operations Manuals") detailing the System. Franchisor may revise the Operations Manuals from time to time to reflect changes, additions and improvements to suggested and required operating procedures, policies, standards and specifications. Such changes, additions and improvements may include the phased elimination of any process or product, whether patented, proprietary or otherwise, that Franchisor believes is no longer competitive or in the best interest of the ASI franchise network. Franchisee shall have forty-five (45) days from the receipt of notice of a revision to the Operations Manuals to implement any such changes, additions, and improvements. Franchisee shall not print out, reproduce or copy such Operations Manuals or any part thereof, and will not disclose any of the

contents thereof. Franchisee acknowledges that the Operations Manuals are, and at all times shall remain, the property of Franchisor and, upon the termination of this Agreement, Franchisee shall no longer have any access thereto for any reason. However, no changes to the Operations Manuals will be made that would impose an unreasonable economic burden on Franchisee or unreasonably increase its obligations.

2.2 **Ongoing Franchisor Obligations.** Franchisor shall provide to Franchisee the following continuing services throughout the term of this Agreement:

(a) **System Improvements.** Furnish to Franchisee from time to time information regarding new product or process developments, and improvements, revisions and additions to the System, including notices of revisions to the Operations Manuals and the Acceptable Supplier List.

(b) **Assistance.** Provide Franchisee with reasonable assistance and counsel with regard to new product and process developments and improvements concerning the operation and management of Franchisee's sign business according to the System.

(c) **Marketing.** Market, advertise and promote the products and services available through Franchisor and from Franchisee.

(d) **Listing of Suppliers.** Make available to Franchisee revisions to the current list of Franchisor Acceptable Suppliers, as hereinafter defined.

(e) **Catalogs.** Sell to Franchisee, at prices set by Franchisor, revised and current brochures of services and products available through Franchisee.

(f) **Continuing Training.** Franchisor reserves the right to offer additional training courses from time to time at a location to be determined. Attendance at such courses may be mandatory and there may be an additional charge. In all cases, all travel and living expenses for Franchisee and any of its personnel attending training, must be borne and paid for by Franchisee.

(g) **Franchise Advisory Council.** Franchisor shall provide reasonable administrative assistance to the Franchise Advisory Council ("FAC").

ARTICLE III **Covenants of Franchisee**

3.1 **Business Hours.** During the entire term hereof, Franchisee agrees to conduct business during all normal business days and hours, as reasonably prescribed by Franchisor.

3.2 **Goodwill and Promotion of Business; Initial Marketing Program; Ongoing Marketing.** Franchisee shall, at all times, adhere to high standards of integrity and fair dealing in all aspects of the Franchise Business, and at all times promote the sale of products and services offered by Franchisor in connection therewith. Franchisee shall conduct an Initial Marketing Program as set forth in Exhibit B-2. Franchisee may, in its own right and at its own expense, locally advertise products and services in connection with this Franchise Business provided all

such advertising proposed to be utilized shall, prior to publication, be submitted to and approved by Franchisor. Franchisee shall not, without Franchisor's express written consent, engage in any form of national or regional advertising, including without limitation, the establishment of any Internet website or home page, authorizing any listing on any Internet website maintained by a third party, maintaining a telephone number having an area code for an area not at least partially within the Area, or maintaining a toll-free access telephone number with a service area including areas outside of the Area. As used herein, the term "website" includes, but is not limited to, Internet and World Wide Web home pages, as well as social and business networking media such as Facebook, Twitter, Instagram, LinkedIn, and on-line blogs and forums ("Networking Media Websites"). In connection with any website, Franchisee agrees to the following:

(a) Before establishing the website, Franchisee shall submit to Franchisor a sample of the website format and information in the form and manner Franchisor may reasonably require.

(b) Franchisee shall not establish or use the website without Franchisor's prior written approval.

(c) In addition to any other applicable requirements, Franchisee shall comply with Franchisor's standards and specifications for websites as prescribed by Franchisor from time to time in the Operations Manuals or otherwise in writing. If required by Franchisor, Franchisee shall establish its website as part of Franchisor's website, utilize such website template required by Franchisor and/or establish electronic links to Franchisor's website.

(d) If Franchisee proposes any material revision to the website or any of the information contained in the website, Franchisee shall submit each such revision to Franchisor for Franchisor's prior written approval.

(e) Franchisee shall not post any information relating to Franchisor, the System, the proprietary marks, or the Franchised Business on a Networking Media website without Franchisor's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media website that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the proprietary marks.

3.3 **Business Premises.** Franchisee shall, at all times, maintain its business premises in a clean and safe condition, in a state of good maintenance and repair and in accordance with the standards and specifications established by Franchisor, including, but not limited to: displays, product samples, transparencies, and marketing materials. Franchisee shall conduct only the Franchise Business from the business premises.

3.4 **Management.** Franchisee shall appoint the Designee, who shall, at all times during the term hereof, be responsible for the active management and operation of, and devote full time and effort to Franchisee's sign business. The Designee chosen by Franchisee must be approved by Franchisor prior to the commencement of any management duties. Approval shall not be unreasonably withheld provided the Designee has, in Franchisor's reasonable judgment, exhibited

the aptitude, abilities and personal characteristics necessary or desirable to successfully operate a sign business in accordance with the standards and procedures of the System.

3.5 **Indemnification and Insurance**. Franchisee shall be responsible for all loss or damage arising out of or relating to the operation of Franchisee's business or arising out of the acts or omissions, including failure to comply with any federal or state laws and regulations, of Franchisee or any of its agents, servants or contractors in connection with the sale of products or rendering of services by Franchisee, and for all fines, suits, proceedings, demands, claims or actions for damage to property or for injury or death of any persons directly or indirectly resulting therefrom, and, subject to such product warranties as may be provided to the Franchisee by Franchisor, Franchisee agrees to indemnify and hold Franchisor and its directors, officers, employees and agents ("Indemnified Persons") harmless against and from any and all such claims, loss and damage, including costs and reasonable attorneys' fees, resulting therefrom.

Franchisee shall be promptly notified of any action, suit or proceeding commenced against, or any claim or demand asserted against, Indemnified Persons that is or would be subject to indemnification under this Section 3.5 (a "Third Party Claim"); provided, however, that the rights of Indemnified Persons to be indemnified hereunder shall only be affected by the failure to give such notice if and to the extent that such failure prejudices Franchisee in defense of the Third Party Claim. If Franchisee acknowledges in writing its obligations to indemnify Indemnified Persons in respect of any Third Party Claim to the full extent of this Section 3.5, then Franchisee shall have the right to assume the entire control of, subject to the right of Indemnified Persons to participate in (at their expense and with counsel of their choice), the defense, compromise or settlement thereof; and in connection therewith Indemnified Persons shall cooperate fully with Franchisee in the defense, settlement or compromise of any such action and shall make available to Franchisee all pertinent information under their control. In the event Franchisee does not deliver the written acknowledgement described in the immediately preceding sentence, then Indemnified Persons shall exercise the reasonable business judgment of a person acting in the absence of the indemnification provisions hereof in deciding whether or not to contest, defend or litigate such Third Party Claim, and if Indemnified Persons choose to pursue such matter shall have the right to retain counsel of their choice in connection with such Third Party Claim, and the cost and expense thereof shall be subject to the indemnification obligations of Franchisee hereunder; provided, however, that Franchisee shall have the right to participate in, but not control, the defense of such action at its own expense and with counsel of its choice. Neither Franchisee nor the Indemnified Persons shall be entitled to settle or compromise any Third Party Claim without the prior written consent of Franchisee and Franchisor, which consent shall not be unreasonably withheld; provided, however, that, in the case of any settlement or compromise that would involve actions by Franchisor or restrictions on activities of Franchisor that would in the reasonable judgment of Franchisor adversely affect the business, assets, financial condition, revenues, income or prospects of Franchisor, no such settlement or compromise shall be entered into by Franchisee or Indemnified Persons unless such settlement or compromise is consented to by Franchisor, which consent may be withheld for any reasonable business reason.

Franchisee shall be required to pay the cost of obtaining and maintaining certain insurance policies in force through the term of this Agreement. The insurance must be obtained from an insurer reasonably approved by Franchisor in writing. Said policies of insurance shall name

Franchisor as an additional insured and shall expressly protect both Franchisee and Franchisor. The required insurance must include, at a minimum, the following:

Comprehensive general liability insurance of at least One Million Dollars (\$1,000,000) per occurrence including products liability, premises and operations liability, owners and contractors liability, and personal injury liability. In addition, fire and extended coverage must be maintained at a level sufficient to replace the value of the contents, inventory and completed work of the Franchise Business, and business interruption coverage to insure against loss of revenue in the event of a covered loss. Franchisor reserves the right to increase the minimum coverage requirements.

Franchisee shall furnish Franchisor with certified copies or certificates of insurance for all insurance policies referenced in the preceding paragraph of this Section as evidence such policies have been obtained. All insurance policies must include a statement by the insurer that said policies will not be canceled or materially altered except upon thirty (30) days prior written notice to Franchisor. Franchisor will have the right, at its option, to procure the required insurance if Franchisee fails to do so within three (3) business days after receipt of notice of such failure and to require Franchisee to pay the cost of the insurance together with interest at the maximum rate permitted by law on the unpaid balance. Except for insurance obtained for Franchisee by Franchisor, no payment for insurance will be collected or imposed by Franchisor in whole or in part on behalf of, nor paid to, any third party. All insurance payments will be non-refundable, and insurance costs may not be uniform, since premiums may differ with different insurers.

3.6 **Obligation to Purchase Items.** Franchisee shall purchase from outside vendors the computer equipment, software, and other materials and equipment set forth in Exhibit B-1 and elsewhere in this Agreement, to the extent that Franchisee does not already own such equipment, software, and materials.

Franchisee shall obtain and use in the operation of the Franchise Business acceptable software for online ordering, global account management, CRM, ERP, and marketing. Franchisee may obtain such software by entering into software license agreements, as described in Section 7.1 below. If Franchisee elects to use the i2™ software for CRM, ERP, and marketing, Franchisee must sign a License Agreement, in the form attached at Exhibit I, with Mothernode, Inc.

3.7 **Obligation to Purchase in Accordance With Specifications or from Acceptable Suppliers.**

(a) Franchisee is required to purchase from Acceptable Suppliers, as hereinafter defined, all standard products, made to order products, raw materials and consumable supplies (“Products”) necessary for the supply of all items; provided, however, that if there are no Acceptable Suppliers for a particular Product, Franchisee may purchase those Products from any supplier; provided, further, that Franchisee may not purchase any products from a supplier who is considered by Franchisor to be a significant competitor to the ASI franchise system or from a supplier that Franchisor has determined to be substandard and has notified Franchisee of such. Franchisor will publish either by revisions to Operations Manuals, or by other written notice published by Franchisor, a list of suppliers considered to be significant competitors, which list may be modified from time to time. “Acceptable Suppliers” are suppliers whose products are of a

sufficient quality and character to be acceptable to Franchisor, and whose products may be used by Franchisee in connection with the supply of items under the System, and are not considered by Franchisor to be significant competitors to the ASI franchise system. Exhibit C hereto contains the list of Acceptable Suppliers as of the date hereof. The list of Acceptable Suppliers, as well as the standards and specifications applicable to Products, may be modified by Franchisor from time to time, either by revisions to the Operations Manuals, or by other written notice published by Franchisor. Franchisee shall have forty-five (45) days from the receipt of any such modification to implement any changes contained therein.

(b) Notwithstanding Section 3.7(a), Franchisee may purchase Products from a supplier that has been deleted from the list of Acceptable Suppliers; provided that (i) if such purchase is made to complete a purchase order or contract that has been signed prior to the elimination of such supplier from the list of Acceptable Suppliers, such purchase is made within one hundred eighty (180) days after Franchisee has received notice of the elimination of such supplier from the list of Acceptable Suppliers; or (ii) if such purchase is made pursuant to a proposal that has been made by Franchisee, but not yet accepted by the offeree, prior to the elimination of such supplier from the list of Acceptable Suppliers, such purchase is made within ninety (90) days after Franchisee has received notice of the elimination of such supplier from the list of Acceptable Suppliers

(c) If Franchisee desires to purchase Products for which there are existing Acceptable Suppliers from a supplier not on the list of Acceptable Suppliers, Franchisee or supplier shall submit a written request to Franchisor for the proposed supplier to become an Acceptable Supplier. Upon such request, Franchisor shall investigate the business capabilities of any prospective source, and the products or supplies for which approval is sought. Prospective suppliers, products and supplies shall be approved by Franchisor provided supplier can demonstrate to the continuing reasonable satisfaction of Franchisor that it has the ability to meet Franchisor's current reasonable standards and specifications including fair and ethical business practices. Approval as an Acceptable Supplier shall not be unreasonably withheld, although Franchisor reserves the right to limit the number of Acceptable Suppliers and to exclude significant competitors to the ASI franchise system.

(d) Franchisor shall have the right to require a prospective supplier, at the supplier's expense, to furnish Franchisor with representative samples of its products along with any other information and data Franchisor may reasonably require to assure that the supplier's products comply with the above-mentioned standards. Franchisor may further require a prospective supplier to execute an Acceptable Supplier's agreement. Such agreement may require that the prospective supplier pay to Franchisor a fee based on such supplier's gross sales to ASI franchisees; provided, however, that such fee is not more than five percent (5%) of such suppliers gross sales to ASI franchisees. Approval is revocable if the products, supplies or services fall below the standards upon which approval was granted. Franchisees shall be notified in writing upon the approval or the revocation of Acceptable Suppliers.

(e) Any supplies produced by Franchisee, as well as all finished products, shall meet the same standards of quality, performance and aesthetic characteristics required of Acceptable Suppliers. Franchisor reserves the right to formulate specifications for finished

products and to require Franchisee to demonstrate to the continuing reasonable satisfaction of Franchisor its ability to meet these standards.

3.8 **Use of Name; Sales of Patented and Proprietary Consumables.**

(a) Franchisee shall conduct business only under the name “ASI” or such name as provided in Section 3.8(f) (the “Name”); provided, however, that Franchisee shall enter into contracts under its corporate name and shall include in all contracts a conspicuous statement that Franchisee’s business is an individually owned and operated business in accordance with ASI’s Corporate Brand Guidelines and other standards which Franchisor may publish from time to time. Franchisee shall not, on its letterhead, business cards, building signs, or otherwise in the conduct or promotion of its business, advertise or promote any trademarks not licensed by Franchisor or products other than those associated with the System and approved in writing by Franchisor, nor shall Franchisee join or associate with any other company in joint advertisement without Franchisor’s express written consent. Franchisee shall not use the Name or any part thereof as its corporate name and shall file and keep in full force and effect a Fictitious Business Name Statement (“Statement”) with the appropriate governmental authority as required by applicable law. Franchisee shall furnish Franchisor with a conformed copy of the Statement. Franchisee shall comply with all state and local laws, if any, regarding the display and disclosure to the public of Franchisee’s actual name. Upon the termination or expiration of this Agreement, Franchisee shall file and publish a Statement of Abandonment of such fictitious name. Franchisee hereby irrevocably appoints and authorizes Franchisor as Franchisee’s attorney-in-fact to execute, file and publish a Statement of Abandonment in the event Franchisee fails to do so. At Franchisor’s request, Franchisee shall deliver to Franchisor, to be held in escrow, an executed Statement of Abandonment of such fictitious name.

(b) Franchisee acknowledges the validity of, and Franchisor’s exclusive right, title and interest in and to the Name, trademarks, licensed marks, trade name, service marks, trade dress, registrations, and the goodwill of the business symbolized thereby and will not, at any time, do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of such right, title and interest. Franchisee agrees to use all names, marks, and trade dress in full compliance with the criteria set forth in ASI’s Corporate Brand Guidelines as modified from time to time by Franchisor. Franchisee shall not, in any manner, represent that it has any ownership in the Name or any trademark, licensed mark, trade name, service mark, trade dress, or registration of Franchisor nor shall it license the Name or any trademark, licensed mark, trade name, service mark, trade dress, or registration of Franchisor to any other person or permit any other person to use the Name or any trademark, licensed mark, trade name, service mark, trade dress, or registration of Franchisor in connection with such person’s business. Franchisee acknowledges that its use of the Name shall not create in its favor any right, title or interest in or to the Name, and all uses of the Name by it shall inure to the benefit of Franchisor. Franchisee shall affix trademark notices and indication of trademark registrations when necessary or proper in accordance with the laws of the applicable jurisdiction, and shall add notices of any new trademarks or service marks owned by Franchisor as they issue from time to time during the term of this Agreement, which shall be licensed hereunder.

(c) Upon any termination, cancellation, transfer, or expiration of this Agreement, Franchisee shall cease and desist from all use of the Name and trademarks in any way,

and shall sell all of the items listed on Exhibit D to Franchisor or its duly authorized representative, destroy or deliver up to Franchisor, at Franchisor's request, and at Franchisee's cost, all unused supplies, stationery, and other printed materials on which the Name appears, and, furthermore, Franchisee will not at any time adopt or use any word or mark which is likely to be similar to, or confusing with, the Name without Franchisor's prior written consent. Nothing herein contained shall be construed to limit any rights, statutory or otherwise, that Franchisor may have to prosecute Franchisee for trademark infringement in the event that Franchisee continues to use the Name, or any mark confusingly similar to the Name, after the termination, cancellation, transfer, or expiration of this Agreement.

(d) Franchisee is required to promptly notify Franchisor of any unauthorized use of the Name, trademarks, trade names and service marks that may come to his attention, and agrees to cooperate with Franchisor in preventing such unauthorized use at the request and expense of Franchisor. Franchisor, in its sole discretion, may undertake the defense or prosecution of any litigation relating thereto. If Franchisor does not undertake such defense or prosecution, then Franchisee may take such action as it deems advisable to protect its interest at its own expense.

(e) Franchisee shall not sell to anyone other than another franchisee licensed to use the System any equipment, stock products or consumable supplies that are the subject of any patent that Franchisor has the right to license or are proprietary to Franchisor.

(f) Franchisor may require Franchisee to modify the Name, trade dress and corporate identity under which the Franchisee's business is operated. Franchisee shall have a reasonable period after receiving notice of a change in the Name to implement, at Franchisee's cost, all changes on signage, trade dress, sample displays, letterhead, invoices, quotes and other correspondence necessary to comply with such modification and ASI's Corporate Brand Guidelines and other standards which Franchisor may publish from time to time.

3.9 **Sale or Assignment by Franchisee.** Except as provided in Section 8.8, Franchisee shall not sell, assign or transfer this Agreement, the Franchise or any interest therein, or all or substantially all of Franchisee's assets, without obtaining the prior written consent of Franchisor, which shall not be unreasonably withheld. As a condition to obtaining such consent, Franchisee (A) shall provide to Franchisor copies of final purchase agreement for the sale of this Franchise Business and such other agreements and documentation related thereto as Franchisor shall request, (B) shall pay to Franchisor a fee to cover Franchisor's costs and expenses incurred by Franchisor in connection with the transfer, including the costs of investigating and approving the transferee and legal fees of Franchisor in connection with the approval and transfer ("Transfer Costs"), and (C) shall execute a general release of claims in favor of Franchisor. The fee shall be Ten Thousand Dollars (\$10,000), unless the actual Transfer Costs exceed Fifteen Thousand Dollars (\$15,000), in which case the Franchisee shall be required to pay actual Transfer Costs up to Twenty Thousand Dollars (\$20,000). Franchisor shall provide Franchisee with documentation regarding such costs incurred by Franchisor to the extent such costs are claimed by Franchisor to exceed Fifteen Thousand Dollars (\$15,000). Franchisor shall not disclose the terms and conditions of the sale or transfer of this Agreement or other documentation except as required by law. Any attempt by Franchisee to sell, assign or transfer without Franchisor's prior written consent shall constitute cause for termination of this Agreement in accordance with Section 6.1.

3.10 **Audits**. Franchisee shall be required to periodically submit to Franchisor those certain reports and financial statements as set forth in Section 1.4. Franchisor shall have the right during business hours without prior notice to audit or cause to be audited such reports, financial statements and any other pertinent financial books and records of Franchisee, including without limitation all income tax returns (but not including personal federal and state tax returns of the shareholders or partners of Franchisee, unless such personal federal and state tax returns shall be in issue, or relevant to any issue, that is the subject of any dispute between Franchisor and Franchisee). Franchisee shall provide reasonable cooperation and assistance to Franchisor and its agents in the conduct of any such audit. The financial books and records of any Affiliate of Franchisee shall also be subject to audit if Franchisor reasonably believes that an audit of Affiliates of Franchisee will be relevant to the issue of the fees due to Franchisor from Franchisee. Any such audit of Franchisee or Affiliates of Franchisee shall be limited to the previous five complete fiscal years, plus the then current year to date. “Affiliate” as used in this Agreement means any person, firm, corporation or other entity, directly or indirectly, controlling, controlled by or under common control with Franchisee.

Such audits will be conducted at the expense of Franchisor and shall be conducted no more than once per fiscal year; provided, that if Franchisee fails to submit statements of Gross Sales, maintain books and records or submit reports as prescribed in Section 1.4 herein, or the audit discloses an understatement of five percent (5%) or more of the Gross Sales of Franchisee for any twelve (12) month period, then such audit shall be at Franchisee’s expense, and Franchisor shall be entitled to conduct another audit within the same fiscal year. Within fifteen (15) days following demand for payment by Franchisor, Franchisee shall reimburse Franchisor for the fair and reasonable cost of such audit for which Franchisee is required to pay the costs thereof including, without limitation, the charges of any independent accountant retained by Franchisor and the travel expenses, room and board and compensation of Franchisor’s independent accountant and employees necessary to conduct such audit. All billings and invoices evidencing such fees, costs, and expenses shall be provided to the Franchisee before the Franchisee shall be obligated to make such payment/reimbursement. Franchisee shall promptly pay, or Franchisor shall credit to Franchisee’s account, as the case may be, any under or overpayment of service fees revealed pursuant to an examination or audit. Any delinquent service fees due and owing Franchisor by Franchisee shall bear interest from the date thirty (30) days after the amount should have been paid, until paid in full, at the maximum legal rate prescribed by the state in which Franchisee operates its sign business, or, if no maximum legal rate is prescribed in such state, at a rate equal to eighteen percent (18%) per annum.

Payment or acceptance of any fee by Franchisor shall not waive or prejudice any right of Franchisor to exercise any other remedy available pursuant to this Agreement.

3.11 **Covenant Not to Compete**. During the term hereof, neither Franchisee nor any of its partners, agents, officers, directors, shareholders or Affiliates shall compete with Franchisor, directly or indirectly, in the production, manufacturing, sale or distribution of sign or display products, or providing sign consulting services, of any kind, in any manner, in any market, except through Franchisee, either directly or indirectly, as either proprietor, employee, agent, consultant, director, officer, partner, or stockholder (other than as a stockholder of a corporation listed on a national securities exchange or whose stock is regularly traded on the over-the-counter market provided that Franchisee at no time owns, directly or indirectly, in excess of five percent (5%) of

the outstanding stock of any class of any such corporation) of any company, other than as an ASI franchised company. Furthermore, Franchisee shall not interfere with, disrupt, or attempt to disrupt any past, present or prospective relationship, contractual or otherwise, between Franchisor or any affiliate of Franchisor, and any franchisee, customer, supplier, sales representative or employee of Franchisor, without the prior written consent of Franchisor. Notwithstanding the above, in the event that this Agreement shall be assigned to any other person or entity with Franchisor's consent, then Franchisee and its partners, agents, officers, directors, shareholders and Affiliates shall not be prohibited by this Agreement from lawfully competing with Franchisor; provided, however, that if such assignee shall be a corporation or other entity owned or controlled by Franchisee or an Affiliate of Franchisee, or a partner, agent, officer, director, shareholder or affiliate of any of them, then this Section 3.11 shall remain in full force and effect.

It is the intention of Franchisor and Franchisee that the provisions of this covenant be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought, but that the unenforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of the covenant. Accordingly, if any provision of this covenant shall be determined unenforceable or invalid, either in whole or in part, this covenant shall be deemed amended to delete or modify, as necessary, the offending provision and to alter the balance of the covenant in order to render the same valid and enforceable.

3.12 **Compliance with Law and Good Business Practices.**

(a) Franchisee shall comply with all Federal, state, county, municipal and other governmental agency and subdivision laws, ordinances and regulations pertaining, directly or indirectly, to the Franchise Business and its operation, including without limitation occupational hazards, health, workers' compensation and unemployment insurance, the Americans with Disabilities Act, and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Franchisee shall pay for all licenses, bonds and deposits made to or required by any governmental agency or body and/or any utility companies related to said franchise. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails and privacy requirements, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

(b) Should Franchisee receive notice from any governmental body or agency having jurisdiction over the health or safety of any person or employee, specifically including but not limited to any health department, building department or administrator of the Occupational Safety and Health Act, alleging a current violation, infringement or requiring any corrective action, Franchisee shall: (i) notify Franchisor by telegram or telecopy to be followed by a mailed copy of any relevant documentation within one business day of the occurrence; and (ii) cure the violation or infringement and take all required corrective action within seven (7) days of the occurrence or such shorter time as may be specified by the appropriate governmental body or agency. Failure to notify Franchisor and/or to cure and correct repeated violations shall give Franchisor the right to terminate this Agreement under the provisions specified herein.

(c) Should Franchisee receive notice from any governmental body or agency having jurisdiction over compliance with environmental requirements, including all applicable Federal, state and local environmental laws and regulations, alleging a current violation, infringement or requiring any corrective action, Franchisee shall: (i) notify Franchisor by telephone and facsimile immediately; and (ii) cure the violation or infringement and take all required corrective action within the time prescribed by the governmental body or agency enforcing the applicable Federal, state or local environmental law or regulation. Failure to notify Franchisor and/or to cure and correct any violation or infringement of applicable Federal, state or local environmental laws or regulations shall give Franchisor the right to terminate this Agreement under the provisions specified herein.

(d) All of Franchisee's advertising and promotion and the advertising and promotion of Franchisee's sales associates, the use of e-mail and other forms of communication, the use of websites including Networking Media Websites such as Facebook, Twitter, LinkedIn, and on-line blogs and forums, and all advertising and promotion emanating from Franchisee or using an e-mail address with an ASI url, must be completely factual and conform to the highest standards of ethical advertising. In all dealings with clients, customers, suppliers, Franchisor, and the public, Franchisee must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to promptly respond to all complaints received from Franchisee's customers, clients or other individuals, in an attempt to resolve any disputes in a reasonable business manner. Franchisee shall refrain, and ensure that its sales associates and any other persons affiliated with Franchisee refrain, from any business or advertising practice which may be injurious to Franchisor's business and the goodwill associated with the Name or any trademark or service mark licensed hereunder, including, without limitation, the distribution of any prohibited or objectionable material using an e-mail address with an ASI url.

3.13 **Operations Manuals.** In order to protect the goodwill associated with the Name and System, and to maintain the uniform standards of quality and operation thereunder, Franchisee shall, at all times, operate the Franchise Business in accordance with the provisions of the Operations Manuals and/or published changes, updates and revisions as from time to time may be distributed to Franchisee whether or not those published changes are specifically made a part of the Operations Manuals. Franchisee shall have forty-five (45) days from the receipt of notice of any change, update or revision of the Operations Manuals to implement such change, update or revision. Repeated violations of the provisions of Operations Manuals shall give Franchisor the right to terminate this Agreement.

Franchisee acknowledges that the Operations Manuals are, and at all times shall remain, the sole and exclusive property of Franchisor. Franchisee shall not, during the term of this Agreement or at any time thereafter, directly or indirectly, assert any interest or property rights therein. Upon termination of this Agreement for any reason, Franchisee shall immediately cease to have any access to the Operations Manuals, and shall return to Franchisor or destroy any print outs or copies of any portions of the Operations Manuals in Franchisees possession.

ARTICLE IV
Confidentiality of the System

4.1 Confidentiality of the System; Trade Secrets.

(a) Franchisee hereby acknowledges that Franchisor owns all proprietary rights in and to the System, including, but not limited to, supplier and material lists, product information, financial information, customer information, training and operations manuals, promotion, marketing and sales aids, business forms and accounting procedures, informational bulletins, and equipment, supply and inventory lists as provided by Franchisor to Franchisee (collectively the “Information”). These rights are confidential and consist of trade secrets of Franchisor. Franchisee agrees during the time hereof and thereafter to maintain the confidentiality of the entire System and to use the Information only in conjunction with the operation of this Franchise Business. In order to prevent the unauthorized use or disclosure of the Information, and in order to maintain the advantages occurring from the continued secrecy thereof, and to prevent others from acquiring knowledge of the Information, Franchisee agrees that it shall take such action as may be required to assure the safekeeping of the Information and that neither Franchisee nor its officers, directors, employees, agents or representatives shall, during the term hereof, or any time thereafter, directly or indirectly, reveal, divulge or make known to any individual, partnership, association, company or corporation any Information regarding the business, operations or secrets of Franchisor which is either known, or should have been known, to have been secret or confidential in nature.

(b) Franchisee may divulge Information to Franchisee’s employees, agents and representatives who require the information in the normal course of business and Franchisee shall immediately notify Franchisor if Franchisee knows of any employee, agent, or representative who has made any unauthorized disclosure of any Information in his possession, and shall discharge such employee, agent, or representative forthwith, unless discharge is waived by Franchisor.

(c) Without regard to whether any of the matters would otherwise be deemed confidential, material or important, the parties hereby stipulate that as between them, the above are confidential, material and important, and gravely affect the effective and successful conduct of the business of Franchisor and its goodwill, and that any breach of the terms of the Section by Franchisee or its Shareholders, officers, directors or employees will be deemed a material breach of this Agreement and that in addition to any other remedy for breach which Franchisor may have under this Agreement or under law, they shall have the right to terminate this Agreement in accordance with the provisions of Article VI below; provided, however, that no breach by any non-officer employee of Franchisee shall be deemed a material breach of this Agreement if such employee is promptly terminated from such employment upon discovery of any such disclosure.

(d) The provisions of this Section shall be binding upon Franchisee and its Shareholders forever, including the time after termination hereof or after any transfer of this Agreement and the rights hereunder in whole or in part.

ARTICLE V
Improvements to Sign-Making Process

Franchisee agrees to adhere to the procedures and specifications set forth by Franchisor in connection with producing signs whenever and to the extent such procedures and specifications exist and are communicated to Franchisee in writing. As Franchisor further develops and improves the sign-making process it shall notify Franchisee and authorize the use of such improved technology in Franchisee's sign business. In consideration therefor, Franchisee agrees that in the event it discovers, or otherwise becomes aware during the term hereof, of any ideas, innovations or variations which may tend to improve the sign-making process (an "Idea"), it shall submit such Idea to Franchisor for evaluation as to its possible benefit and use in connection with the System, regardless of whether the Idea directly relates to the System. Franchisor shall have six (6) months from the date of submission to determine, in its sole discretion, whether said Idea has significant proprietary value to Franchisor in connection with the System. If Franchisor determines the Idea has such significant proprietary value, Franchisor and Franchisee shall enter into good faith negotiations to determine the Fair Market Value ("FMV") of the Idea. Upon agreement of the FMV, Franchisee shall assign all rights in connection therewith to Franchisor and Franchisor shall compensate Franchisee in the amount of the FMV, and all proprietary rights to the Idea shall be the property of Franchisor. If Franchisor and Franchisee do not agree on the FMV within six (6) months of the initial submission of the Idea to Franchisor, then the Idea shall remain the sole property of Franchisee and, subject to Section 3.11, Franchisee shall be entitled to exploit the Idea.

ARTICLE VI
Termination

6.1 Termination by Franchisor.

(a) Upon the occurrence of any of the following events (each, a "Franchisee Event of Default") Franchisor may terminate this Agreement prior to the expiration of its term, or refuse to renew or extend this Agreement, in accordance with Section 6.1(b).

(1) Franchisee or the business to which this Agreement relates is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay his debts as they come due;

(2) This Franchise Business or the business premises of Franchisee are seized, taken over or foreclosed by a governmental official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against Franchisee remains unsatisfied for ninety (90) days (unless a supersedes or other appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in this Franchise Business, and it is not discharged or stayed within fifteen (15) days of such levy;

(3) Franchisee, the Designee, or any shareholder, officer, director, employee, agent or representative of Franchisee is convicted of a felony or any

other criminal misconduct which, in either case, is relevant to the operation of this Franchise Business;

(4) Franchisee receives a Termination Notice, as hereinafter defined, of intent to terminate, and within the 12 months immediately preceding such Termination Notice has received two (2) Termination Notices to terminate this Agreement for Franchisee Events of Default, whether or not Franchisee has cured such previous Franchisee Events of Default;

(5) If Franchisee fails to carry insurance coverage as provided by Section 3.5 of this Agreement and Franchisee fails to obtain such insurance by the close of business on the second business day following receipt of written notice thereof from Franchisor;

(6) Franchisee abandons the Franchise or becomes incapacitated, and fails to operate this Franchise Business for fourteen (14) consecutive days during which Franchisee is required to operate the business under the terms of the Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate this Franchise Business, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchisee's control;

(7) If Franchisee should sell, assign or transfer, or attempt to sell, assign or transfer, this Agreement or any interest therein without the prior written consent of Franchisor;

(8) If any shareholder of Franchisee shall sell, transfer, pledge, hypothecate or otherwise dispose of, or attempt to sell, transfer, pledge, hypothecate or otherwise dispose of, any capital stock of Franchisee without the prior written consent of Franchisor;

(9) If Franchisee shall issue any shares of capital stock of, or membership interests in, Franchisee or any security redeemable or convertible for or into shares of capital stock of, or membership interests in, Franchisee, in each case other than to an existing shareholder of Franchisee, without the prior written consent of Franchisor;

(10) If Franchisee damages or knowingly jeopardizes the goodwill of Franchisor's proprietary marks, this Franchise Business, the System, or the reputation of Franchisor;

(11) If Franchisee the Designee, or any shareholder, officer, director, employee, agent or representative of Franchisee fails to maintain the confidentiality of the System as provided in Section 4.1 of this Agreement;

(12) If Franchisee fails to maintain an independent contractor relationship with Franchisor;

(13) If Franchisee makes any material misrepresentations relating to the acquisition or operation of this Franchise Business or Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of this Franchise Business or the System;

(14) If Franchisee or, with respect to Sections 3.11, 4.1, 6.3, 6.5, 8.1, 8.8, and 8.11 only, any of the Shareholders, shall default in any performance or completion of any of the terms, conditions, covenants and agreements hereof and shall fail to cure such default within fifteen (15) days written notice thereof or, if such default cannot be cured within fifteen (15) days, fails to make good faith efforts to cure such default and diligently pursue such cure to completion;

(15) If Franchisee should breach any of the terms of any agreements between Franchisee and Franchisor other than this Agreement, or any agreement between Franchisee and an affiliate or subsidiary of Franchisor, and shall fail to cure such breach within fifteen (15) days written notice thereof or, if such breach cannot be cured within fifteen (15) days, fails to make good faith efforts to cure such breach and diligently pursue such cure to completion;

(16) If Franchisee fails to make timely payments of taxes or other fees required by law (unless such taxes or fees are being legally disputed by Franchisee);

(17) Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any Federal, state or local law or regulation applicable to the operation of this Franchise Business or, if compliance cannot be completed within ten days, fails to make good faith efforts to comply with such law or regulation and diligently pursue such compliance to completion; provided, however, that if a bona fide dispute exists between Franchisee and the person alleging such non-compliance, such alleged non-compliance shall not be a Franchisee Event of Default if Franchisee is using good faith efforts to resolve such dispute through appropriate means;

(18) If Franchisee fails to pay any service fees or other amounts due to Franchisor, or any affiliate or subsidiary of Franchisor, within fifteen (15) days after receiving written notice that such fees are overdue; provided, however, that if a bona fide dispute exists between Franchisor and Franchisee with respect to any payment, the non-payment of such disputed amount shall not be a Franchisee Event of Default if Franchisee is using good faith efforts to resolve such dispute through appropriate means; or

(19) If Franchisee relocates its place(s) of business authorized pursuant hereto or establishes an additional sales office without the prior written consent of Franchisor, which consent shall not be unreasonably withheld or delayed.

(b) Upon the occurrence of a Franchisee Event of Default Franchisor may terminate or refuse to renew or extend this Agreement by written notice (a "Termination Notice") to Franchisee specifying such Franchisee Event of Default. If such termination is because of a

Franchisee Event of Default described in Section 6.1(a)(1), 6.1(a)(2), 6.1(a)(3), 6.1(a)(4), or 6.1(a)(5) this Agreement shall terminate upon receipt of such Termination Notice. If such termination is because of a Franchisee Event of Default described in Section 6.1(a)(6), 6.1(a)(7), 6.1(a)(8), 6.1(a)(9), 6.1(a)(10), 6.1(a)(11), 6.1(a)(12), 6.1(a)(13), 6.1(a)(14), or 6.1(a)(15) this Agreement shall terminate upon fifteen (15) days after receipt of such Termination Notice unless Franchisee shall have cured such Franchisee Event of Default during such period. If such termination is because of a Franchisee Event of Default described in Section 6.1(a)(16), 6.1(a)(17), 6.1(a)(18) or 6.1(a)(19) this Agreement shall terminate upon thirty (30) days after receipt of such Termination Notice unless Franchisee shall have cured such Franchisee Event of Default during such period.

6.2 **Termination by Franchisee.** Except as required by law, Franchisee has no right to terminate this Agreement pursuant to the terms and conditions hereof.

6.3 **Post-Termination Obligations of Franchisee.** Upon termination, cancellation, transfer, or expiration of this Agreement for any reason or in any manner, whether by Franchisor or Franchisee, Franchisee shall immediately cease being an authorized franchisee of Franchisor as to any products or services whatsoever, and Franchisee and Shareholders shall have the following obligations:

(a) To immediately cease using any and all of Franchisor's proprietary marks, the System in its entirety, any other names, marks or signs which may be confusingly similar thereto, and all other materials which may intimate that Franchisee is or was an authorized franchisee of Franchisor or otherwise associated with Franchisor. Upon termination Franchisee may no longer deposit or accept checks or drafts made payable to "ASI," "ASI Sign Systems," "ASI Signage Innovations," or "ASI Signage" and any such checks received by Franchisee for monies due to Franchisee must be returned to the maker for reissuance payable to the order of Franchisee's proper corporate name. Notwithstanding the previous sentence, if Franchisee sends written notice to a customer having invoices outstanding as of the date of termination or expiration of this Agreement containing a request that the customer issue any future checks payable to Franchisee's proper corporate name, and such customer so notified fails to comply with this request, then Franchisee may deposit checks from such customer made payable to "ASI," "ASI Sign Systems," "ASI Signage Innovations," or "ASI Signage" for sixty (60) days following the date of termination, cancellation, transfer, or expiration of this Agreement. Franchisee must return to Franchisor or destroy any print outs or copies of portions of the Operations Manuals in Franchisee's possession and return or destroy all other materials containing any reference to Franchisor, including but not limited to, any information pertaining to the plans, methods and System of Franchisor, cancel any pending advertising and cease future advertising which refers to or connotes any relationship between Franchisee and Franchisor.

(b) To promptly pay to Franchisor, Mothernode, Inc., and any of their affiliates and subsidiaries all sums owing, including without limitation service fees for Gross Sales made prior to such termination, cancellation, transfer, or expiration.

(c) To continue to perform all obligations which expressly or implicitly continue after the termination, cancellation, transfer, or expiration of this Agreement.

(d) To offer to sell to Franchisor at the prices listed on Exhibit D, all proprietary equipment and supplies for use in connection with the System. Franchisor shall have no obligation to purchase the offered equipment and supplies. Franchisor reserves the right to modify Exhibit D from the time to time to reflect new proprietary items and/or price changes. Franchisee shall have thirty (30) days following termination, cancellation, transfer, or expiration within which to sell the above equipment and supplies to any other franchisee licensed to use the System, but only at a price higher than those listed on Exhibit D.

(e) To assign to Franchisor all right, title and interest of Franchisee in and to any business telephone numbers used by Franchisee while operating the Franchise Business and to promptly deliver to Franchisor all customer lists of Franchisee, customer files of Franchisee, and customer product specifications used by Franchisee in connection with the operation of the Franchise Business, both in printed form and electronic/digital form, and to promptly forward any customer requests for service and replacement parts for Franchisor's proprietary products to Franchisor. Franchisee hereby irrevocably appoints and authorizes Franchisor as Franchisee's attorney-in-fact to execute and deliver any instruments required to be executed and delivered to assign, transfer and convey all right title and interest of Franchisee in and to any business telephone numbers in the event Franchisee fails to do so.

6.4 **Franchisee's Interest Upon Termination.** Upon termination, cancellation, transfer, or expiration of this Agreement, except as expressly set forth in Section 7.4, all rights granted to Franchisee shall immediately cease. Franchisee shall sell to Franchisor, or other licensed franchisee, all proprietary equipment and supplies then in the possession of Franchisee, which are for use in connection with the operation of the System pursuant to the terms of Section 6.3(d).

Franchisee shall not receive any payment or compensation whatever based upon the establishment of any goodwill it may have established either prior to or during the operation of the Franchise.

6.5 **Death, Insanity or Incompetence of Franchisee.** Upon the death, insanity, or appointment of a conservator or guardian of the person or estate of any shareholder of Franchisee, the transfer of such shareholder's interest in Franchisee to another shareholder of Franchisee shall not require Franchisor's consent, but Franchisee shall give Franchisor prior written notice of such transfer. In addition, Franchisor shall consent to a transfer of such shareholder's interest in Franchisee to the personal representative, conservator, or guardian of such shareholder, as the case may be, on an interim basis. Thereafter, provided no Franchisee Event of Default has occurred and is continuing, Franchisor shall not unreasonably withhold consent to a transfer of such shareholder's interest in Franchisee to a relative by blood or marriage, or, subject to the requirements of Section 3.9, any other person. In any case, if such shareholder was the Designee, a new Designee shall be named by Franchisee, subject to Section 3.4, and the consent of Franchisor to any transfer of such shareholder's interest in Franchisee to a representative, conservator, guardian or relative shall be conditioned upon Franchisor's reasonable satisfaction that such representative, conservator, guardian, or relative (or Designee thereof) is qualified to operate this Franchise Business in accordance with this Agreement, based on the criteria used by Franchisor to evaluate new franchise applicants, such representative, conservator, guardian, or relative (or Designee thereof) having successfully completed the training course then in effect for franchisees

of Franchisor, and such personal representative, conservator, guardian, or relative agreeing to be bound by the terms and conditions of this Agreement, and executing such personal undertakings as Franchisor shall reasonably require.

ARTICLE VII **Software License**

7.1 **License Grant.** Franchisor grants to Franchisee the nonexclusive right and license to use Franchisor's proprietary software programs, including i2™, Online Ordering System (OOS), and Global Account Management (GAM) (all such software, collectively, the "ASI Software"), and associated documentation relating to use of the ASI Software, as are delivered by Franchisor or its designee to Franchisee (collectively "ASI Software and Documentation") subject to the following reservations and limitations:

(a) Franchisee has the right, but not the obligation, to enter into a software license agreement for i2™ software with Mothernode, Inc., and to pay applicable monthly fees to Mothernode, Inc., as set forth in Section 1.3(c)(ii), Section 3.6, and Exhibit I of this Agreement.

(b) Franchisee has the right, but not the obligation, to enter into software license agreements with Franchisor to use the OOS or GAM software. Franchisees who elect to use the OOS or GAM software, or both of them, must pay Franchisor a monthly fee of \$250. Franchisees who use the OOS software also must pay Franchisor a monthly fee of \$5.00 per customer account managed on OOS. These fees are subject to change from time-to-time in Franchisor's reasonable discretion.

(c) All ASI Software license agreements are entered by the Franchisee and are not transferable without the written authorization of Franchisor.

(d) All ASI Software license agreements shall run concurrently with this Agreement. Should the Agreement expire or be terminated for any reason, the ASI Software license agreements shall immediately terminate, Franchisee shall cease using the ASI Software and Documentation for any purpose, and Franchisee shall return all copies of the ASI Software and Documentation to Franchisor.

(e) Franchisee may use the ASI Software for the operation of the Franchise Business only. The ASI Software and Documentation may not be used in the operation of other businesses owned or controlled by Franchisee nor may it be used by third parties without the written authorization of Franchisor.

(f) Franchisee may make backup copies of the ASI Software for archival use only, subject to the limitations of this license. Each such copy shall contain any copyright notice, proprietary notice or notice giving credit to another developer which appears on or in the ASI Software program being copied. Specific instructions regarding such notices may also appear in the schedules for certain ASI Software programs.

(g) Franchisee may not engage in, nor permit third parties to engage in, any of the following:

- (1) Providing or permitting use of or disclosing the ASI Software and Documentation, or any portion thereof, to third parties;
- (2) Providing use of the ASI Software and Documentation in a computer service business or timesharing without the express written permission of Franchisor;
- (3) Allowing use of the non-web based ASI Software at any location, other than the approved location for the Franchise Business;
- (4) Altering or copying the ASI Software and Documentation, or any portion thereof (except as specifically permitted above), or modifying or making derivative works of the ASI Software and Documentation, or any portion thereof, and any modification or derivative work of the ASI Software and Documentation, or any portion thereof, made by Franchisee, whether with the prior written consent of Franchisor or in violation of this Agreement, shall become the sole property of Franchisor, and Franchisee shall execute and deliver to Franchisor such assignments and other instruments as Franchisor shall require to transfer to, and vest in, Franchisor all ownership rights thereto;
- (5) Attempting to disassemble, decompile, or reverse engineer the ASI Software in any way;
- (6) Making copies or verbal or media translations of the Software and Documentation;
- (7) Making telecommunication data transmission of the ASI Software and Documentation, or any portion thereof; and
- (8) Granting sublicenses, leases or other rights in the ASI Software and Documentation, or any portion thereof, to others.

7.2 **Proprietary Rights.** The ASI Software and Documentation contain valuable proprietary and confidential information and trade secrets of Franchisor and embodies substantial creative efforts, ideas, expressions and investment. No part of the ASI Software and Documentation, or any portion thereof, may be reproduced or transmitted in any form, or by any means now or in the future known, electronic, mechanical, or otherwise, including photocopying and recording, or in connection with any information storage or retrieval system, without prior written authorization from Franchisor. The ASI Software and Documentation is protected in the United States by United States Copyright law and is protected in other countries through international treaty provisions. Franchisee shall use best efforts to protect the confidentiality of the ASI Software and Documentation. Franchisee shall not disclose the ASI Software and Documentation, or any portion thereof, to any third party without Franchisor's written consent. Disclosure by Franchisee of the ASI Software and Documentation to its employees shall be on a "need to know" basis only.

7.3 Use of Data.

(a) Franchisor agrees that during the term of this Agreement, including any renewals or extensions thereof, Franchisor will not (i) use any data collected by Franchisor from Franchisee through the ASI Software (the “Franchisee Data”) to gain any competitive advantage over Franchisee or compete with Franchisee, or (ii) disclose any of the Franchisee Data to third parties without Franchisee’s prior consent. Notwithstanding the foregoing, Franchisor may use the Franchisee Data, along with data collected from other franchisees, in creating business plans and statistical compilations of franchisee performance and Franchisor may distribute such compilations, provided that such compilations shall not identify particular data points as Franchisee Data.

(b) Notwithstanding Section 7.3(a), in the event of a termination of the Franchise Agreement for any reason set forth in Sections 6.1(a)(1), 6.1(a)(2), 6.1(a)(3), 6.16.1(a)(6), 6.1(a)(13), 6.1(a)(14), 6.1(a)(15), or 6.1(a)(17) of this Agreement, then upon such termination Franchisor shall have the right to use and disclose the Franchisee Data for any and all legal purposes.

7.4 Access to Franchisee Data after Termination. For a period of six (6) months following the termination, cancellation, transfer, or expiration of this Agreement, including any renewals or extensions hereof, Franchisee will provide Franchisor access to all Franchisee Data then held by Franchisee in a form (Microsoft Excel or other suitable format as determined by Franchisor in its reasonable discretion) that will permit Franchisor to electronically copy, download, or receive such Franchisee Data.

7.5 No Implied Warranties. **FRANCHISOR MAKES NO WARRANTIES WITH RESPECT TO THE ASI SOFTWARE AND DOCUMENTATION, AND ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY DISCLAIMED, AND ANY STATEMENTS OR REPRESENTATIONS MADE BY ANY OTHER PERSON ARE VOID. FRANCHISOR MAKES NO EXPRESS OR IMPLIED WARRANTY THAT THE SOFTWARE DOES NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHT OF ANY THIRD PARTY.**

7.6 No Liability for Consequential Damages. Franchisor shall not be held to any liability with respect to any claim by Franchisee or a third party on account of, or arising from, the use of the licensed ASI Software. Franchisee assumes all risk as to the selection, use, performance and quality of the licensed ASI Software. **IN NO EVENT WILL FRANCHISOR BE LIABLE TO FRANCHISEE OR ANY THIRD PARTY FOR SPECIAL, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, INABILITY TO USE THE LICENSED ASI SOFTWARE, LOSS OF GOODWILL, WORK STOPPAGE, DATA LOSS, COMPUTER FAILURE OR MALFUNCTION, EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL FRANCHISOR’S LIABILITY FOR ANY DAMAGES OR LOSS TO FRANCHISEE OR ANY THIRD PARTY EXCEED THE PRICE PAID FOR THE FRANCHISEE ASI FRANCHISEE SOFTWARE.**

7.7 **Indemnification.** Franchisee shall indemnify and hold Franchisor harmless from all loss or damage under any claim or claims of any third party relating to Franchisee's use of the ASI Software and Documentation.

ARTICLE VIII
Miscellaneous Provisions

8.1 **Dispute Resolution.**

(a) Prior to initiating any litigation with respect to any dispute arising under this Agreement, the parties agree to first participate in non-binding mediation in the closest metropolitan center (i.e., not less than a population of 200,000) to the location of Franchisee's Franchise Business unless otherwise agreed by Franchisor and Franchisee, provided, however, that nothing in this Section shall prohibit a party from seeking a preliminary injunction, temporary restraining order, or other pre judgment relief, or from filing a suit for the purposes of tolling any statute of limitations or otherwise reserving any of its legal or equitable rights. Except as set forth herein, the mediation shall be conducted in accordance with the CPR Procedure for Resolution of Franchise Disputes (the "Procedure") of the National Franchise Mediation Program of the CPR Institute for Dispute Resolution ("CPR"). Mediation shall be initiated by one party by the submission to CPR of a written request for mediation (the "Request for Mediation"), which shall contain the mediation requirements contained in this Agreement and a copy of which shall be delivered to the other party. The Request for Mediation shall specify the issue(s) to be submitted to mediation, including a summary of the complaining party's position with respect thereto and a proposed resolution. The party receiving the Request for Mediation shall have the right to rebut the issue(s) set forth in the Request for Mediation. The parties shall appoint a mediator within ten days after receipt of the Request for Mediation. In the event the parties are unable to agree upon a mediator within such time frame, either party may request the CPR to designate a mediator, who (1) shall have agreed to mediate the dispute, (2) shall be unaffiliated with either party or its affiliate(s), (3) shall be knowledgeable about franchise agreements and commercial disputes and (4) shall be available to fulfill the responsibilities of mediation in a timely manner. Unless otherwise mutually agreed, mediation shall commence two weeks after the selection of the mediator. Mediation shall continue until the parties mutually agree to terminate the process, the mediator determines that the process is not working, or ten (10) business days have elapsed since the commencement of mediation meetings between the mediator and the parties, and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs. In the event the dispute is not resolved through mediation under this Section 8.1(a), either party may proceed immediately to litigation concerning the dispute.

(b) Each party hereby agrees that all statements made in the course of mediation, as contemplated in this Section 8.1(a), shall be confidential, and shall not be disclosed to or shared with any third parties (other than the mediator, potential mediators, or any other person whose presence is necessary to facilitate the negotiation and/or mediation process). Furthermore, each party agrees that any documents or data specifically prepared for use in good faith negotiations and/or mediation shall not be disclosed to or shared with any third party, except those parties whose presence is necessary to facilitate the mediation process. Each party agrees and

acknowledges that no statements made in or evidence specifically prepared for mediation, under Section 8.1(a), shall be admissible for any purpose in any subsequent litigation.

(c) Jurisdiction and venue for any litigation involving, relating to or arising out of this Agreement shall be in the state courts in Dallas County, City of Dallas, or United States District Court for the Northern District of the State of Texas sitting in the City of Dallas. The parties waive all rights to object to any lawsuit filed in these courts on the basis of venue or personal jurisdiction.

(d) The provisions of this Agreement, and the relationship between the parties, shall be governed by and interpreted in accordance with the laws of the State of Texas.

(e) FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

(i) FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY OR AGAINST EITHER PARTY; AND

(ii) FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRANCHISOR SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

8.2 **Compliance with Applicable Law.** The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, venue, jurisdiction or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, not be effective, and Franchisor shall comply with applicable law in connection with each of these matters.

8.3 **Waiver.** Each of the parties hereby agrees that no other party shall by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder nor in any other instrument given hereunder, unless such waiver is given in writing, and the same shall be binding only to the extent therein provided and only upon the parties signing the same. A waiver on one occasion shall not be construed as a waiver for any prior or future occasion.

8.4 **Payments, Notices and Communications.** All payments are to be paid, and any notices or communications shall be directed to the following address and may be sent by United States mail, postage prepaid, return receipt requested, recognized overnight delivery services, or, in the case of notices, by facsimile, followed by United States mail or overnight delivery service:

If to Franchisor:

ASI Sign Systems, Inc.
8181 Jetstar Drive, Suite 100
Irving, TX 75063
Attention: James Wolfe
Telephone: 214-352-9140
Facsimile: 214-352-9741

If to Franchisee:

[Name and Address of Franchisee]

Telephone: _____

Facsimile: _____

Franchisee shall designate in writing to Franchisor the name and address of its agent to receive notice and service of process, if not set forth above, and notice to such agent shall be conclusively presumed to be full and adequate notice to Franchisee. Notices sent by United States mail, postage prepaid, return receipt requested, at the then effective address shall be deemed received three days after deposit thereof with the United States Post Office. All other notices shall be effective upon actual receipt. Franchisor may from time to time change the mailing address for payments, notices and communications by notice in writing pursuant to the provisions of this Section.

8.5 **Costs, Attorneys' Fees on Breach.** If any claim is asserted, or cause of action is brought by Franchisor or Franchisee arising out of, or related to this Agreement, then the party which is successful upon any final determination of any such claim or cause of action shall be entitled to reasonable preparation, investigation and court costs and reasonable attorneys' fees, as fixed by a court of competent jurisdiction. Such costs and fees shall not include those costs and fees attributable to the mediation process prescribed pursuant to Section 8.1(a).

8.6 **Amendment of Agreement.** As between any parties, no executory agreement shall change, modify or discharge, in whole or in part, this Agreement or any other instrument given in connection herewith, unless in writing and signed by the party to be charged therewith. This Agreement and any other instrument given in connection herewith may be amended, modified or discharged, in whole or in part, only by a document in writing subscribed by all of the parties to this Agreement.

8.7 **Remedies Cumulative.** The breach, nonperformance or default by any party shall entitle the other to any and all remedies at law or in equity, in addition to any remedies and powers set forth in this Agreement or in any other instruments given in connection herewith, and such remedies and powers at law, in equity and/or under this Agreement and such other instruments shall be cumulative and not exclusive.

8.8 **Personal Guarantee; No Transfer of Stock.** In consideration of Franchisor's entering into this Agreement with the corporate entity of Franchisee, the Shareholders of

Franchisee hereby agree that any restrictions contained herein shall also apply to them individually and collectively (including the limitations on their ability to compete) and further agree to personally, jointly and severally guarantee the performance of Franchisee under the terms of this Agreement by execution of a Guaranty substantially in the form set forth in Exhibit E hereto. Furthermore, the Shareholders of Franchisee hereby agree not to sell, transfer, pledge, hypothecate or otherwise dispose of any shares of the capital stock of Franchisee without the prior written consent of Franchisor. Franchisee hereby agrees that it shall not issue any additional capital stock or rights or options to purchase capital stock or any security convertible or redeemable for or into capital stock of Franchisee or any rights or options to purchase such redeemable or convertible security without the prior written consent of Franchisor. Any sale of outstanding capital stock or issuance of new capital stock shall be considered a sale or transfer of an interest in the Franchise and shall be subject to the provisions of Section 3.9 hereof.

8.9 **Successors and Assigns.** This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and the subscribers hereof, and their heirs, successors, representatives, assigns and transferees where the same is not prohibited by the provisions hereof. Franchisor shall have the right to assign this Agreement, without the consent of Franchisee, to any person or entity, provided such person or entity shall, and in Franchisor's good faith judgment is able to, assume Franchisor's obligations hereunder. Upon such assignment, Franchisor shall have no further obligations under this Agreement to Franchisee.

8.10 **Relationship of the Parties.** Franchisee is, in its relationship with Franchisor, an independent contractor. This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee's employees and independent contractors are not employees or independent contractors of Franchisor. Franchisor and Franchisee are not joint employers. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Franchisee shall take such actions as may be necessary to demonstrate its status as an independent contractor of Franchisor including, without limitation, exhibiting notices of that fact in conspicuous places and on all forms, stationery, media, and written material, the content of which Franchisor has the right to specify.

8.11 **Representations and Warranties.** Franchisee represents and warrants to Franchisor that: (i) it is duly organized, validly existing, and in good standing under the laws of the State of _____ and has all requisite power and authority, corporate or otherwise, to enter into and to perform its obligations hereunder and to carry out the terms hereof and the transactions contemplated hereby; (ii) the execution, delivery and performance of this Agreement by Franchisee have been duly authorized by all necessary corporate action and do not require any approval or consent of any holder (or any trustee for any holder) of any indebtedness or other obligation of Franchisee; and (iii) this Agreement has been duly executed and delivered by Franchisee and constitutes the legal, valid and binding obligation of Franchisee, enforceable against it in accordance with its terms, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and by general principles of equity. The Shareholders represent and warrant to Franchisor that: (i) they are the owners of one hundred percent (100%) of the issued and

outstanding capital stock of Franchisee and (ii) this Agreement has been duly executed and delivered by them and, with respect to Sections 3.11, 4.1, 6.3, 6.5, 8.1, 8.8, and 8.11 only, constitutes their legal, valid and binding obligation, enforceable against them in accordance with its terms, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally and by general principles of equity.

8.12 **Revisions of Operation of Franchise Business.** Franchisee shall operate this Franchise Business only in the manner and according to the System as established, revised and improved upon at the sole discretion of Franchisor from time to time.

8.13 **Whole Agreement.** This Agreement, together with its Exhibits and any amendments or addendums executed in accordance with Section 8.6, contains all of the agreements of the parties relating to the Franchise granted hereby, and the use by Franchisee of Franchisor's plans, methods and systems. Any and all other understandings and agreements of the parties relating thereto including any earlier franchise agreements between Franchisor and Franchisee, whether oral or written, are superseded and merged herein, and if not contained herein are of no further force and effect whatsoever. Nothing in the Franchise Agreement or in any related agreement between ASI and Franchisee is intended to disclaim the representations in ASI's franchise disclosure document. **NO SALESMAN, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR IN ANY WAY, EXCEPT THE CHAIRMAN OF THE BOARD OR THE PRESIDENT AT THE HOME OFFICE OF FRANCHISOR, AND THEN, ONLY BY AN INSTRUMENT IN WRITING.**

8.14 **Number and Gender.** When required by reason in this Agreement, the singular shall include the plural and the masculine shall include the feminine and neuter genders.

8.15 **Severability.** If any term or provision of this Agreement shall be finally held invalid or unenforceable by a court of competent jurisdiction, the same shall not affect the validity of any other term or provision of this Agreement, and the remainder hereof shall continue in full force and effect.

8.16 **Product Purchases.** Franchisee shall be subject to Franchisor's published credit policy for product purchases, service fees, which credit policy may be revised by Franchisor from time to time. The credit policy may allow that products and services be withheld from Franchisee in the event of a failure by Franchisee to pay for such products and services in accordance with Franchisor's credit policy.

8.17 **Timeliness.** Time is of the essence of this Agreement.

8.18 **Interest and Late Charge.** Any fee or payment which is not received by Franchisor within ten (10) days after the due date shall bear interest from the due date until the date received at an interest rate equal to the maximum rate allowed under applicable law of the state in which Franchisee operates its sign business or, if no maximum rate is prescribed in such state at a rate equal to eighteen percent (18%). In addition, Franchisee shall pay to Franchisor a late charge of five percent (5%) of the past due amount.

8.19 **Form of Agreement.** Franchisee acknowledges that it has negotiated the terms and conditions of this Agreement with Franchisor and that certain terms may be additional to or different from those contained in the form of agreement contained in the disclosure document delivered by Franchisor to Franchisee, and Franchisee acknowledges that it has received from Franchisor a marked copy of this Agreement indicating such differences. Franchisee agrees that Franchisor has the right in the future to negotiate different terms and conditions with other franchisees, whether based on differing economic conditions, changes in Franchisor's franchising system, or otherwise, and that Franchisee shall have no right to any modification or amendment to this Agreement by reason of Franchisor's entering into different arrangements with other franchisees.

8.20 **Compliance With Anti-Terrorism Laws.** Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), Franchisor is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee, is designated under the Executive Order as a person with whom business may not be transacted by Franchisor, and that Franchisee (a) does not, and hereafter shall not, engage in any terrorist activity; (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

8.21 **Covenant of Good Faith.** If applicable law shall imply a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant shall not imply any rights or obligations that are inconsistent with, or in addition to, the terms of this Agreement. Additionally, if applicable law shall imply such covenant, Franchisee acknowledges and agrees that: (a) this Agreement (and the relationship of the parties which is inherent from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (b) Franchisor will use its judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests of the owners of ASI franchises generally (including Franchisor, and its affiliates), and specifically without considering Franchisee's individual interests or the individual interests of any other particular franchisee; (c) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner, so long as such discretion is not exercised in bad faith toward Franchisee; and (d) in the absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised.

8.22 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other party. Any counterpart may be executed by facsimile signature or any image

transmitted by electronic mail (such as a pdf file) and such facsimile signature or image shall be deemed an original.

Signatures on Next Page

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first hereinabove set forth.

FRANCHISEE:

FRANCHISOR:

[ASI Franchisee Corporate Name]

ASI SIGN SYSTEMS, INC.

By: _____

By: _____

Name: _____

James Wolfe

Title: _____

Chief Executive Officer

Shareholders of Franchisee - with respect to Sections 3.11, 4.1, 6.3, 6.5, 8.1, 8.8, and 8.11 only:

Name:

Name:

EXHIBIT A

EXHIBIT A

Area

The Area shall be as follows:

[DESCRIPTION OF AREA TO BE INSERTED]

EXHIBITS B-1 and B-2

EXHIBIT B-1*

**COMPUTER EQUIPMENT AND SOFTWARE
REQUIRED FOR OPERATION OF BUSINESS***

A Computer Hardware

MacBook Pro 14" for Sales Consultant	\$1,800.00
MacBook Pro 16" for Project Manager	\$2,500.00
Mac Book Pro 16" for Administration	\$2,500.00
2 x Apple Studio Display Monitors	\$3,200.00
HP Laser Jet Enterprise M480 Color Printer	\$1,000.00
Epson Stylus Photo Wide Format Color Inkjet printer	\$2,000.00
Dell Inspiron 3020 Desktop for Accounting	\$1,400.00
Samsung 27" Display for Accounting	\$ 150.00
Server - HPE Proliant with cabling and Installation	\$6,000.00

B Computer Software

QuickBooks Desktop Pro-Plus	\$1,200.00
3 x Microsoft Office Suite	\$2,000.00
Duxbury Braille Translation Software	\$ 750.00
Norton Antivirus – License \$20 per month per license	
Adobe Suite – License \$20 per month per license	
Cabling for Computer Network - Estimated	\$8,000.00
Miscellaneous Additional Software	\$2,700.00

C Office Equipment

Telephone System	\$9,000.00
Copier – Ricoh Aficio	\$2,800.00
Graphtec FC9000-75 30" Vinyl Plotter	\$5,000.00

TOTAL **\$52,000.00**

(* Vendor selected by Franchisee; all prices are approximate. Due to rapidly changing hardware and software specifications and prices, other comparable and compatible hardware may be acceptable and/or required.)

General Note: This exhibit is based on a four-person office and is not a complete list of all computer hardware and software which may be necessary to operate and manage the business, but represents basic items which all franchisees must acquire prior to opening the business.

EXHIBIT B-2

INITIAL MARKETING PROGRAM

Franchisor requires Franchisee to carry out an Initial Marketing Program. This Initial Marketing Program must be completed within one month after Franchisee commences operations, but in no event later than seven months (210 days) after the signing of the Franchise Agreement.

Out of pocket costs for the current configuration of this Initial Marketing Program are estimated below.

A.	Direct E-Mail Program	\$5,000
B.	Grand Opening Seminar <i>Room, Food, Invitations</i>	\$5,000
C.	Local Construction Lead Service <i>Estimate, varies according to territory size</i>	\$2,500
	Total	<hr/> \$12,500

EXHIBIT C

EXHIBIT C

CONFIDENTIAL

CONFIDENTIAL

List of Acceptable Suppliers

<u>Supplier</u>	<u>Contact & Phone</u>	<u>Products</u>
• All ASI Franchises	Franchise Owner	All made-in-house products
• ASI Sign Systems, Inc. 8181 Jetstar Drive, Suite 100 Irving, Texas 75063	Nicho Villareal Nicho.vallareal@asisignage.com T 214.352.9140 F 214.352.9741 www.asisignsystems.com	
3m Graphics Market Center 1105 Apache Lake Drive Carrollton, TX 75010	Marty Click maclick@mmm.com T 972.395.1708 T 800.818.9371 F 972.395.1708 www.scotchprintgraphics.com	Vinyl & Digital Graphics
Accent Signage Systems, Inc. 2322 Chestnut Avenue West Minneapolis, MN 55405	Joe Bailey joe@accentsignage.com T 612.377.9156 F 612.377.6747 www.accentsignage.com	Engraved Signage and Digital Imaging
Advance Corporation 8200 97 th Street Cottage Grove, MN 55016	Barbara Gerlach Kathy Wilson bgerlach@advancecorp.com www.advancecorp.com	BrailleTac, Etched Zinc, Brass Bronze, Nickel, Silver, Photopolymer, Digital Graphics with Raster Braille
ARK Ramos 1321 South Walker Oklahoma City, OK 73109	David Wommer douglas@anodizedart.com T 800.725.7266 T 405.235.5505 F 405.232.8516 www.arkramos.com	Cast Metal Letters

Best Signs

1202 N. Park Avenue
Montrose, CO 81401

Steve Savoy
T 970.249.BEST (2378)
T 800.235.BEST (2378)
F 970.249.0223
www.bestsigns.com

ImPressions, ADA plaque
signs

Carmanah Signs

1915 Fifth Avenue
Fort Worth, TX 76110

Karen Kounen
karen.kuonen@carmanah.com
T 817.923.2050
T 817.917.7516
F 817.923.1725
www.edgelitsigns.com

LED Edge Lit Signs

Colite International

P.O. Box 4005
West Columbia, SC 29171

Amy Merkel
amerkel@colite.com
T 803.926.7926
F 803.926.8412
www.colite.com

LED lighting, LED acrylic
pucks, LED retail signage

Daktronics

331 32nd Avenue
Brookings, SD 57006

Mark Meyer
mmeyer@daktronics.com
T 605.692.0200
T 605.691.1382
F 605.697.4700
www.daktronics.com

Electronic message
centers, LED exterior
displays

DSA/Phototech

16961 Central Avenue
Carson, CA 90746

Greg Lisk
glisk@dsaphototech.com
T 310.537.5000
T 951.529.7931
F 310.537.7060
www.lightboxes.com

Illuminated Graphic
Displays; Light Boxes

Etchcraft (ECI)

2314 Bliss Ave
Chattanooga, TN 37406

Steve Bontekoe
art@etchcraft.com
T 423.622.9340
F 423.622.9345
www.etchcraft.com

Etched Metals, ADA signs
(metal), recognition
signage

Eye Catch Signs

2482 Maynard Street
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EXHIBIT D

EXHIBIT D

BUY-BACK PRICES

In the event that the Agreement expires or is terminated for any reason, pursuant to Section 6.3(d), Franchisee shall sell the following equipment and supplies to Franchisor at the prices indicated below:

Perform Inventory, including, but not limited to Grid, attachment devices, proprietary ancillary products, and manufactured panels.

Cost less straight line depreciated over 10 years, but not less than 10% of initial cost.

Perform Assembly Jigs

Cost less straight line depreciation over 10 years, but not less than 10% of initial cost.

EXHIBIT E

EXHIBIT E

FORM OF GUARANTY

In order to induce ASI Sign Systems, Inc., a Delaware corporation (“Franchisor”), to enter into that certain franchise agreement dated as of _____, 2018, for a franchise located in _____ (the “Franchise Agreement”) pursuant to which Franchisor has licensed _____, a _____ corporation (the “Franchisee”), to operate a sign business in accordance with the System within the Area (all capitalized terms not defined herein shall have the meanings ascribed thereto in the Franchise Agreement), and in consideration of Franchisor’s entering into the Franchise Agreement, _____ and _____ (collectively, the Guarantors,” and individually, a “Guarantor”) hereby agree as follows:

Guarantee. Each of the Guarantors unconditionally and irrevocably jointly and severally guarantees to Franchisor, its successors and assigns the full payment when due (at the stated maturity, by acceleration or otherwise) and in accordance with their respective terms, of all obligations and liabilities of any nature whatsoever payable to Franchisor by the Franchisee, its successors and assigns, whether currently existing or hereafter arising (the “Obligations”). Each of the Guarantors agrees that his or her guarantee hereunder is a guarantee of payment, and not merely of collection.

Waivers. The Guarantors each waive: (a) acceptance of this Guaranty and proof of reliance by Franchisor hereon in creating the Obligations; (b) presentment, protest, demand for payment and notice of dishonor; (c) notice of any other nature whatsoever; (d) any requirement that Franchisor take any action whatsoever (including demand for payment and legal action) with respect to any other person or entity, including the Franchisee or any other guarantor; and (e) all legal and equitable defenses which may be available to a guarantor or surety.

Consent. The Guarantors agree that Franchisor may, in its absolute discretion and without notice to, or further consent of, the Guarantors and without in any way affecting the liability of the Guarantors hereunder: (a) renew, extend, modify, release or transfer the Obligations, any related documentation, any collateral security for the Obligations, any other guaranty of the Obligations and any rights under any of them or provided by law; (b) exercise or refrain from exercising any right of Franchisor under or arising out of the Obligations, any related documentation, any collateral security document, any other guaranty, or provided by law; (c) waive compliance by the Franchisee or any other guarantor with any term, covenant, agreement or condition on its part to be complied with under the Obligations, any related documentation, any collateral security document, or any other guaranty; (d) obtain or release any collateral for, or any guarantor obligated with respect to, the Obligations or any part thereof; (e) fail to file, record, refile, re-record or otherwise perfect, or allow to lapse any financing statement, mortgage, deed of trust, pledge or other security interest, covering or relating to any collateral for, or securing, the Obligations or any part thereof; and (f) settle or compromise with the Franchisee, or any other person or entity obligated with respect to the Obligations or any part thereof, and subordinate upon any terms Franchisor’s right(s) to receive payment on the Obligations or any part thereof.

Effectiveness. This Guaranty shall be effective regardless of the validity, legality or enforceability of the Obligations, any related documentation, any collateral security for the Obligations, and any other guaranty of the Obligations. If, as a result of any bankruptcy, dissolution, reorganization, intervention, arrangement or liquidation proceedings (or proceedings similar in purpose or effect), or if for any reason, any payment received by Franchisor in respect of the Obligations is rescinded or must be returned by Franchisor, this Guaranty and the liability of the Guarantors hereunder shall be reinstated and revived, and Franchisor's rights hereunder shall continue to be effective as if such payment had not been made. Notwithstanding that there may, from time to time, be no Obligations, this Guaranty shall continue to be effective until Franchisor gives written consent to termination.

Subrogation. Notwithstanding any payments which may be made hereunder by the Guarantors, the Guarantors shall not be subrogated to the rights of Franchisor with respect to the Obligations, and shall not seek reimbursement of such payments from the Franchisee, until the Obligations have been fully paid. Until the Obligations have been fully paid, all amounts received by the Guarantors from the Franchisee shall be received in trust for, and immediately paid to, the Franchisor on behalf of the Franchisee and on account of the Obligations.

Currency and Place of Payments; Set-Off Counterclaims. All payments to be made hereunder by the Guarantors shall be made in United States dollars at the office of Franchisor, 8181 Jetstar Drive, Suite 100, Irving, TX 75063, for the account of Franchisor. The Guarantors shall make all such payments without set-off or counterclaim.

Representations and Warranties. Each of the Guarantors hereby represents and warrants that: (a) such Guarantor has full power, authority and legal right to execute, deliver and perform this Guaranty; (b) this Guaranty constitutes a legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms; and (c) the execution, delivery and performance by such Guarantor of this Guaranty will not violate any provision of law, or regulation or any judgment, order or decree of any court, arbitrator or governmental authority or any agreement of any nature whatsoever, binding upon such Guarantor or his or her assets.

Expenses; Attorneys Fees. The Guarantors shall be jointly and severally liable for all Franchisor's costs and out-of-pocket expenses (including reasonable fees and disbursements of counsel) arising in connection with the enforcement of, and preservation of rights under, this Guaranty.

No Waivers; Cumulative Remedies; Modification. No action or omission by Franchisor shall constitute a waiver of any of the rights or remedies of Franchisor hereunder. Such rights and remedies are cumulative and not exclusive of any rights and remedies provided by law. This Guaranty shall not be modified except by a written instrument signed by the Guarantors and Franchisor.

Submission to Jurisdiction. Each of the Guarantors hereby irrevocably: (a) submits in any legal proceeding relating to this Guaranty to the non-exclusive in personam jurisdiction of any state or United States court of competent jurisdiction sitting in the State of Texas and agrees to suit being brought in such courts, as Franchisor may elect; (b) agrees to service of process in any legal proceeding by mailing of copies thereof (by registered or certified mail, if practicable) postage

prepaid, or by telex to such Guarantor at his or her address set forth below or such other address of which Franchisor shall have been notified in writing; and (c) agrees that nothing herein shall affect Franchisor's right to effect service of process in any other manner permitted by law.

Governing Law. This Guaranty shall be a contract under, and be governed by, and construed and interpreted in accordance with, the laws of the State of Texas, without regard to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the Guarantors have executed this Guaranty as of the ____ day of _____, 2023.

FRANCHISOR:

GUARANTORS:

ASI SIGN SYSTEMS, INC.

By: _____
James Wolfe
Chief Executive Officer

Name: _____
Address: _____

Name: _____
Address: _____

EXHIBIT F

EXHIBIT F

FORM OF SECURITY AGREEMENT

This Agreement is made this ___ day of _____, 2023, by and between ASI SIGN SYSTEMS, INC., a Delaware corporation (“Secured Party”), and _____ (“Debtor”).

RECITALS

A. Debtor has entered into a Franchise Agreement with Secured Party of even date herewith for a franchise of the ASI System located in _____ (the “Franchise Agreement”). [In connection therewith, Debtor has executed a Secured Promissory Note dated _____, ____ in favor of Secured Party (the “Note”) in the amount of _____ (\$_____), plus interest as described in the Note, a copy of which is attached hereto as Exhibit “A”].

B. All of the Debtor’s obligations under the Franchise Agreement [and the Note], together with any future advances hereafter given by Secured Party to Debtor in connection with the franchise locations (the “Obligations”) are secured by all of Debtor’s right, title and interest, whether now or hereafter acquired in the collateral described in Paragraph 2 below, wherever located.

IT IS THEREFORE AGREED AS FOLLOWS:

1. **Recitals.** The Recitals set forth above are incorporated into this Security Agreement as if fully set forth at this point.

2. **Pledge of Collateral.** In consideration of the financial accommodations given to Debtor by Secured Party, and of the value received by all parties, and as collateral security for the payment of all of the Obligations, Debtor, to the full extent of its interest therein, hereby grants Secured Party a lien on the following property (collectively, the “Collateral”) of Debtor wherever situated, whether now owned, existing or hereafter acquired: Debtor’s furniture, Fixtures, Equipment, Accounts of Debtor and other rights to payments arising from or in connection with the operation of any of the franchise locations, all Inventory of Debtor, any and all of Debtor’s rights and interest under the Franchise Agreement covering the franchise locations, all insurance proceeds payable to Debtor, all General Intangibles of Debtor, all Instruments held by Debtor, all Documents held by Debtor, all of Debtor’s Investment Accounts, and any and all increases in or proceeds of any such Collateral including, but not limited to, any other tangible or intangible property arising in connection with any disposition of any of the Collateral. All capitalized terms in this Section 2 not otherwise defined herein shall have the meanings ascribed thereto in the Uniform Commercial Code as in effect from time to time in the State of Texas (the “UCC”).

3. **Warranties by Debtor.** Debtor represents and warrants with respect to the Collateral that:

(a) The Collateral is not subject to any prior assignment, claim, lien or security interest. Debtor will not make any further assignment thereof or create any further security interest

therein, nor permit its rights therein to be reached by attachment, levy, garnishment or other judicial process.

(b) The rights of Debtor made under the Collateral are not subject to any claims, credit, allowances or adjustments.

(c) The Debtor has maintained and will continue to maintain accurate and complete records and accounts concerning the Collateral, and agrees to permit inspection of said records and accounts by Secured Party.

(d) Debtor will continue to make all payments and perform all other duties of Franchisee under the Franchise Agreement between Secured Party and Debtor, and any amendments or modifications thereto as long as Debtor remains a party to the Franchise Agreement.

(e) The covenants, representations and warranties made by Debtor herein are made with the knowledge and expectation that Secured Party is placing complete reliance thereon and is entering into the Franchise Agreement [and extending the financial accommodations contemplated hereby] solely on that basis.

4. **Power of Sale.** The power of sale and all other powers hereinafter granted by Debtor shall apply to the Collateral assigned hereunder.

5. **Substitution of Collateral.** If the Secured Party and Debtor agree to substitute or exchange other collateral, securities and instruments in place of the Collateral herein mentioned, then all of the rights and privileges of Secured Party and all obligations, including the Obligations, on the part of Debtor shall be forthwith applicable to said substituted or exchanged collateral, securities or instruments, the same in all respects as with respect to the property originally placed and held as Collateral hereunder.

6. **Default.** The happening of any one or more of the following events shall constitute a default of this Security Agreement by Debtor:

(a) The failure by Debtor to pay Secured Party or any of its subsidiaries or affiliates the Obligations or any other sums when due;

(b) The making or furnishing by Debtor or on Debtor's behalf of any warranty, representation or statement which was false or misleading in any material respect at the time made or furnished;

(c) The happening of any event which would constitute a default under the Obligations [or the Note], Exhibit "A";

(d) The levying upon, seizure or attachment of any of the Collateral;

(e) If Debtor shall cease operations, be dissolved, terminate or become insolvent;

(f) The assignment by Debtor of Debtor's property for the benefit of Debtor's creditors or the appointment of a receiver of any part of Debtor's property;

(g) Any proceedings under any bankruptcy or insolvency law which shall have been commenced by or, if such proceedings shall not have been dismissed within 60 days, against Debtor; and

(h) Any breach by Debtor of the terms and conditions of any of the Obligations and any Franchise Agreements between Secured Party and Debtor.

7. **Sale of Collateral.** In the event of any default by Debtor under any of the terms of this Agreement, all obligations of Debtor to Secured Party shall, at the option of Secured Party, become immediately due and payable, notwithstanding any credit or extension of time allowed to Debtor by any instrument evidencing any of said liabilities and Secured Party shall then and thereafter have all the rights and remedies of a secured party under the Uniform Commercial Code. Debtor hereby constitutes and irrevocably appoints Secured Party, its successors or assigns, the attorney-in-fact of Debtor, and hereby authorizes, empowers and instructs said attorney-in-fact, or its assigns, to sell the Collateral upon such default if Secured Party so desires. Such sale of the Collateral may be as a unit or in parts, at any time and place and on any terms, provided Secured Party acts in good faith and in a commercially reasonable manner. Any notice of sale must be delivered personally or be deposited in the United States mail, postage prepaid, addressed to Debtor at the address set forth in this Agreement, or at such other address as may have been furnished in Secured Party in writing for this purpose at least five (5) days before the date fixed for any public sale or other disposition is to be made. Notice of the time and place of a public sale shall also be given at least five (5) days before the date of sale by publication once in a newspaper of general circulation, published in the county and state in which the sale shall be held. Any public sale may be postponed from time-to-time by a public announcement at the time and place last scheduled for sale, and Secured Party may buy at any public sale. Any sale for which notice is delivered or mailed and published as herein provided is a public sale. The costs of such sale, including attorneys' fees and out-of-pocket expenses, shall be borne solely by Debtor, whether the same are incurred by Secured Party or Debtor.

8. **Application of Collection Proceeds.** After deducting all legal and other costs, expenses and charges, including attorneys' fees, incurred in the collection of the Collateral or any part thereof, Secured Party shall apply the residue of the proceeds of such sale, if any, to the payment of all the indebtedness of Debtor to Secured Party and the interest thereon; and should there be any surplus of said proceeds after payment of all the indebtedness of Debtor to Secured Party together with expenses, attorneys' fees and all charges and other liability incurred by Secured Party in the keeping, delivery and preservation of the Collateral, such surplus shall be subject to order of Debtor. Secured Party shall have the right to pursue all other legal remedies to satisfy any deficiency. Debtor agrees to pay to Secured Party on demand, in lawful money of the United States, whatever balance may be due after the sale of said collateral security and the application of the proceeds thereof as above provided.

9. **Retention of Collateral.** Upon the occurrence of any event authorizing Secured Party to sell the Collateral under Paragraph 7 of the Security Agreement, Secured Party shall have the right, but shall not be required, to propose to retain the Collateral, in satisfaction of certain

obligations of Debtor secured hereunder. Written notice of such proposal shall be sent to Debtor. If Debtor objects in writing within twenty-one (21) days from the mailing of the notification, Secured Party must dispose of the Collateral by the sale thereof under the terms and conditions provided in Paragraph 7 of this Security Agreement, or as otherwise authorized by law. In the absence of such written objections, Secured Party may retain the Collateral without any right of redemption, in full satisfaction of Debtor's obligations and indebtedness to Secured Party set forth in the notification.

10. **Waiver of Rights.** Debtor waives any right to require Secured Party to:

- (a) Proceed against any person;
- (b) Proceed against or exhaust any collateral;
- (c) Pursue any other remedy in Secured Party's power; and
- (d) Any defense arising by reason of any disability or other defense of any other party or any other person or by reason of the cessation from any cause whatsoever of the liability of any other party or any other person.

11. **Binding Effect.** It is further agreed that this Agreement shall apply to and bind the heirs, executors, administrators, successors and assigns of the respective parties hereto.

12. **Financing Statements.** Debtor hereby authorizes Secured Party to file such financing statements or other instruments as may be required or deemed necessary by Secured Party for purposes of perfecting or continuing Secured Party's security interest in the Collateral. To the extent required, Debtor hereby agrees to join with Secured Party in executing financing statements or other instruments pursuant to the UCC in form satisfactory to Secured Party, and Debtor agrees to execute such other documents or instruments as may be required or deemed necessary by Secured Party for purposes of perfecting or continuing Secured Party's security interest in the Collateral. To the extent that Debtor execution of a financing statement may be required by applicable law, Debtor hereby appoints Secured Party as its attorney-in-fact for the execution of such financing statement and further agrees to the filing of any financing statement in the appropriate office therefor without Debtor's execution thereof.

13. **Assignment.** In the event that Secured Party shall assign, endorse, sell, transfer or hypothecate to any other person, firm, bank or corporation, the Obligations or any indebtedness secured by this Agreement, or any part thereof, such assignment or transfer shall automatically constitute an assignment and transfer of this Agreement and all of the rights given hereunder, and such assignee, endorsee, transferee, or successor of Secured Party shall be granted and shall have, jointly with Secured Party, all of the rights and privileges given to Secured Party in accordance with the terms hereof.

14. **Indemnification and Attorneys' Fees.** Each party shall indemnify and hold harmless the other from any and all claims, together with all costs and expenses, including actual attorneys' fees incurred or sustained in connection with any such claim, or any breach or violation of any representations, covenants, agreements, or warranties set forth in this Agreement, or any instrument or document provided for herein. The word "claims" used herein shall mean any and

all liabilities, obligations, lawsuits, damages, penalties, actions, attorneys' fees and lawsuits of any kind. In the event of any action at law or in equity between the parties hereto to enforce any provision of this Agreement, or any instrument or documents provided for herein, the prevailing party to such litigation shall be entitled to reasonable attorneys' fees and costs.

15. **Governing Law.** The terms of this Agreement shall be interpreted by and in accordance with the laws of the State of Texas (without regard to conflict of laws principles thereof), and jurisdiction and venue for any litigation involving, relating to or arising out of this Agreement shall be in the state courts in Dallas County, City of Dallas, or United States District Court for the Northern District of the State of Texas sitting in the City of Dallas.

16. **Notice.** Any notice required or permitted to be given hereunder shall be mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to each respective party at the address shown below:

Secured Party:

ASI Sign Systems, Inc.
8181 Jetstar Drive, Suite 100
Irving, TX 75063
Attention: James Wolfe
Telephone: 214-352-9140
Facsimile: 214-352-9741

Debtor:

17. **Satisfaction of Obligation.** Upon satisfaction of all obligations of Debtor to Secured Party, secured hereby, Secured Party shall immediately execute and file a release of the financing statement filed concurrently, herewith, with the Secretary of State, or the equivalent thereof for any state in which a filing has been made.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

DEBTOR:

SECURED PARTY:

[ASI Franchisee Corporate Name]

ASI SIGN SYSTEMS, INC.

By: _____

By: _____

Name: _____

James Wolfe

Title: _____

Chief Executive Officer

EXHIBIT G

EXHIBIT G
FORM OF NOTE

1. **Principal Amount and Interest.** FOR VALUE RECEIVED, the undersigned, _____ (the “Borrower”), hereby promises to pay to the order of ASI Sign Systems, Inc., a Delaware corporation (“ASI”), the principal sum of \$ _____ together with interest (computed for the number of actual days elapsed based on a 365 or 366 day year, as the case may be) on the unpaid principal hereof from the date of this Note, payable quarterly in arrears on the first day of each January, April, July and October, beginning _____ 1, 2023, at the rate of _____ % per annum, which is 5% above the prime rate announced by JPMorgan Chase, Dallas, Texas, in effect on the date hereof, until said principal sum shall be paid in full. Each such payment of interest shall be in addition to the installments of principal provided below.

2. **Maturity Date and Prepayment.** The principal amount of this Note shall be due and payable in eight installments of \$ _____ each on the first day of each January, April, July and October, beginning _____ 1, 2023. The indebtedness evidenced by this Note may be prepaid without premium or penalty in whole or in part by the Borrower at any time and from time to time, but each such prepayment shall be accompanied by the payment of accrued interest, at the rate determined hereunder, on the principal being prepaid.

3. **Payments of Principal and Interest.** Payments of principal and interest shall be made by the Borrower by wire transfer to an account designated by the holder or by check or checks made payable to the order of the holder and delivered or mailed to the holder at its address as previously provided to the Borrower or as the holder shall designate in writing to the Borrower at least 30 days before any such payment is due. Any payment required to be made under this Note on a legal holiday (by which term is meant Saturday, Sunday or any day on which banks in the State of Texas are authorized by law to close) shall be made on the next following business day. Interest shall accrue during the delay and shall be paid with the required payment.

4. **Events of Default and Remedies.** (a) The following shall constitute “Events of Default” for purposes of this Note:

(i) if default shall be made in the payment of principal and/or interest payable under this Note when and as such payment shall be due, whether at maturity or by acceleration or otherwise provided that Borrower shall be given notice thereof and three business days to cure; or

(ii) if any event of default, beyond any applicable period of grace occurs under Section 6.1 of that certain Franchise Agreement as of even date herewith between the Borrower and ASI until and unless such default shall have been cured or rendered by the Borrower or shall have been waived by ASI in accordance to the terms thereof.

(iii) if any event of default, beyond any applicable period of grace (unless waived by the holder of this Note) occurs under any agreement, document, indenture or instrument evidencing, governing or securing any indebtedness or obligation of the Borrower for borrowed money or any contingent obligation to pay borrowed money (direct or indirect, absolute or contingent, primary or secondary, due or to become due,

liquidated or un-liquidated, arising by contract, operation of law or otherwise, now existing or hereafter arising or acquired, whether or not evidenced by any agreement, document, indenture or instrument), whether or not any of such indebtedness or obligation is held by or in favor or for the benefit of the holder of this Note, in excess of \$500 and (A) as a consequence thereof, the payment of any such indebtedness or obligation to pay money becomes subject to acceleration, or (B) if the effect of any such default under any such agreement, document, indenture or instrument is to accelerate the maturity of such indebtedness or obligation, until and unless such default shall have been cured or remedied by the Borrower or shall have been waived by the holder of such indebtedness or obligation in accordance with the terms thereof; or

(iv) if (A) a petition be filed by or, if not dismissed within 60 days, against the Borrower under any bankruptcy law now or at any time hereafter in effect, (B) by court order or the consent of the Borrower a receiver, liquidator or trustee of the Borrower, if such appointment is not dismissed within 60 days, shall be appointed for any substantial part of the assets of the Borrower, (C) a petition, if not dismissed within 60 days, against the Borrower seeking readjustment of debts or any other relief pursuant to any provision of any insolvency law shall be filed by or, if not dismissed within 60 days, against the Borrower, or (D) the Borrower shall make an assignment for the benefit of creditors or shall admit in writing his inability to pay its debts generally as they become due.

(b) Upon the occurrence of any Event of Default, the holder of this Note shall have the right, at its option, from time to time so long as such Event of Default shall continue, upon written notice to the Borrower, to declare all or part of the unpaid principal balance of this Note, together with accrued interest thereon, the holder's costs and out-of-pocket expenses (including reasonable fees and disbursements of counsel) incurred in connection with the collection of this Note, and all other sums payable hereunder, immediately due and payable, and all or such part of the foregoing shall thereby be immediately due and payable.

5. **Governing Law.** This Note shall be construed and enforced in accordance with the laws of the State of Texas (without regard to the conflict of laws principles thereof).

6. **Waiver of Notice.** The Borrower hereby waives any notice not provided for herein.

IN WITNESS WHEREOF, the Borrower executed this Note this ___ day of _____, 2023.

Name:

EXHIBIT H

EXHIBIT H

GOVERNMENT SERVICES GROUP (GSG) INITIATIVE AMENDMENT

Franchisor is currently the holder of a GSA Contract with the United States Federal Government, which agreement governs the terms of the supply of signs and signage services to United States Federal entities and other non-government entities under certain terms and conditions.

In order to service projects won under the GSA Contract, Franchisor has formed an internal team referred to as the Government Services Group (GSG).

All sales of signs to any entity or agency originating from anywhere within the United States that requires the use of Franchisor's GSA number, GS-07F-5450R (or any other GSA number specified by Franchisor), shall be handled by GSG, and all revenue consequent thereto shall accrue to Franchisor. Franchisee is not permitted to use, reference, or advertise Franchisor's GSA number without Franchisor's prior written approval.

To the extent that a project is located in the Franchisee's territory and administered by GSG, said Franchisee would receive a commission based on the following schedule:

GSA	10%
Indirect	10% (indirect meaning a GC or other contact)

In addition to the above, if Franchisee is successful in having ASI specified on a GSA project and GSG is successful in obtaining an order on that project, then a specification commission amounting to 5% of the product value of the project will be paid to that Franchisee. Such projects would need to be registered with GSG at the time that the specification is completed and accepted by the client as the project specification.

Commissions earned would be paid by Franchisor upon receiving the corresponding payment from the Federal Agency client or general contractor. The commission will be in the form of a cash payment and not as credit toward royalty fees, unless the Franchisee's account is past due. In all instances, the commission will be calculated on the product value only and exclude the installation or programming components. If a project is located in Franchisee's territory, Franchisee will have first option to fulfill site survey, installation, and other locally performed project requirement. Franchisor may solicit pricing from other vendors for these services but so long as the price quoted by Franchisee is equal to or less than the competitive price, Franchisor shall award such work to Franchisee.

Franchisor will report to the Franchisee on a quarterly basis, a listing of GSG Federal Agency projects, including Franchisee territory, product value, and total project value.

EXHIBIT I



Prepared Exclusively For

DBA:



Account Overview

Term:

Contract Term Detail

Begin / Recurring	Ending + Renewal Date	Minimum Users	Users
January 1, 2019	January 1, 2024	5	5

Monthly Subscription Summary

This is an estimate for your monthly subscription. This estimate is based on the 5 active users currently in your account(s). This pricing is for and its DBA location(s): .

Mothernode CRM Enterprise Edition

LIST Price	125.00 /user/month
Discount (per user)	45.00 36% of LIST
Savings (ASI Discount Applied to 5 Users)	(-225) /month
Annual Support	(480) /year
ASI Franchise Rate	80.00 /user/month
Users	5
Monthly Subscription	400.00
Tax 8.25%	33.00
Total Monthly	433.00

* Monthly billing cycle will begin January 1, 2019. This amount will be charged to your Credit Card.

Signature: _____



Date: _____

CONFIDENTIAL

IMPLEMENTATIONS, SUBSCRIPTIONS & SUPPORT

IMPLEMENTATIONS, SUBSCRIPTIONS & SUPPORT

Mothernode Subscriptions

All Mothernode customers are responsible for maintaining their Mothernode accounts and subscriptions. This includes, but is not limited to adding and removing users, updating credit card information, maintaining user accounts, deactivating unauthorized user accounts, managing extensions and add-ons, configuring application settings, and complying with the terms of use.

Mothernode, LLC does not credit unused accounts or services. For more information on how to manage your subscription and user accounts visit <http://www.mothernode.com/managing-mothernode-account/>

Monthly Subscription Invoicing

Mothernode, LLC invoices customers monthly in accordance with their number of active users. Minimum number of subscribers do apply. Check your Mothernode Edition or ask your Account Manager for details. Mothernode subscriptions are invoiced automatically, via email, monthly, on the anniversary date and time of the first invoice. Example: If your first invoice was processed at 2:15 PM, May 14, all future invoices will be delivered via email on the 14th day of the month at 2:15 PM. Mothernode Administrators can view their billing history by clicking the Manage Subscriptions tab in their Mothernode Account.

The Mothernode payment processing services are automated and will make 5 attempts over a 5-day period to process subscriber credit cards on file for payment. After 5 consecutive declined attempts to process payment, unpaid accounts become locked and services will be suspended until the account is restored to good standing. Customers must contact their Mothernode Account Manager to reactivate their account. Administration fees may apply. Sales tax will appear on Mothernode invoices in accordance with Texas State and United States Federal Laws. For more information about Mothernode subscriptions and payment terms, refer to the Term Service Agreement.

Third-Party Applications and APIs

Mothernode integrates with some third-party applications via API. Subscriptions are sold separately and are not included with your Mothernode service.

Mothernode does not provide support or warranty for third-party products.

Mothernode is not responsible for foreign subscriptions, third-party applications, development costs, setup, implementation or other fees related to third-party API connectivity. Consult with your software vendor if you have questions about fees and services.

Mothernode Mobile

Mothernode customers can download Mothernode Mobile for Apple Devices from the Apple App Store and for the Android from the Google Play Store. Mothernode provides customer support for Mothernode Mobile and other proprietary products, but does not support customer mobile devices or software required to operate Mothernode products.

Browsers

Mothernode recommends Google Chrome, Firefox or Apple Safari. Mothernode CRM is not optimized for Microsoft Internet Explorer or Microsoft Edge.

Implementations and Implementation Services

Mothernode's Managed Implementation Service (MIS) includes deployment services for companies looking to quickly and effectively implement Mothernode CRM products. This quick start program is for implementations of 20 users or less with minimal customizations. Standard implementations are completed within 30 days or less. Complex implementations and custom application development may extend implementation periods.

Overview

- 40 hours of CRM implementation services over a 3-4 week period on all standard implementations.
- Enterprise Implementation timelines will be determined via discovery and requirements study.
- Training (per training options selected)
- Administration training
- One year of support via Dedicated Account Manager

Implementation Process

Mothernode designs a custom implementation process for each customer, to meet his or her unique and specific needs. All implementations are dependent on customer's participation.

Implementation milestones will be set and achieving those goals will depend on customer's participation and ability to provide data and respond to requests in a timely manner. Depending on your Mothernode edition and business requirements, some or all of these services may be included: Company setup, user account setup, custom fields setup, application configuration, choice lists, letter templates, email templates, reports, data filtering, basic data import of customers, contacts, leads and opportunities, and/or vendors. Implementation services and front-end data import does not include data cleansing. Mothernode will instruct customers on how to prepare their data for import to make the most of their Mothernode Account. Additional implementation services and/or custom programming will be billed at \$150.00/hour.

Customer Support

Mothernode's support plan gives customers access to a dedicated Account Manager(s) who will respond to questions and inquiries via phone or email. This plan automatically renews on the anniversary of the customer's first invoice.

Support cases submitted online or via phone are subject to same day response, with the exception of requests that are received after normal support hours. Response times are usually within 12 hours after a call or emails have been received, during normal support hours. All normal priority cases reported after hours (nights, weekends and holidays) will receive responses the following business day. Cases that need immediate attention and are high priority will receive a response after hours at first available response time.

Account Manager support is available 8 a.m. – 6 p.m. CST, Mondays – Fridays, excluding major US holidays.

Mothernode's SLA provides you access to the following support services.

- Access to your own dedicated account manager(s). Phone + Web + Email.
- Best practices consultation.
- Assistance with any "standard" support issues with Mothernode functionality.
- Access to personalized solution tutorials.
- General assistance with "how to" questions.
- 24/7/365 web portal support to log cases and questions.
- GotoMeeting assistance.
- Online support articles.

Not included or covered

- Custom programming or application development.
- Implementation services (i.e. record import, table cleansing, record updates and maintenance).
- Data imports and data cleansing.
- Data migration or export services.
- Third-Party application integration or support.
- Support for Third-Party Consultants (not customer).
- Undoing or correcting customer managed implementations.
- Training.

Mothernode does not guarantee a resolution to questions or problems during the SLA period, but all new cases will be logged within 2 hours of the time reported during CST business hours. Mothernode Account Managers will do his/her best to resolve the issue to completion in a timely manner. Most support cases are resolved within 24 hours. Some cases may be resolved in future product updates and will be communicated in release notes once available.

Mothernode Customers can open cases 24/7 via the following channels

Email: Submission 24/7/365 support@mothernode.com

Visit <http://support.mothernode.com>

Open a Case Online: Submission 24/7/365
<http://www.mothernode.com/customer-support/>

Agents available: Monday - Friday

(Excluding major US holidays) 8:00 a.m. - 6:00 p.m. CST
Telephone: 1-800-928-6055

General Inquiries

Customer Service available: Monday - Friday
(Excluding major US holidays) 9:00 a.m. - 5:00 p.m. CST
Tel: (214) 960-4581 x400
Fax: (214) 614-4537
Toll Free: 1 (800) 928-6055 x400

MOTHERNODE, LLC TERM SERVICE AGREEMENT

THIS AGREEMENT is entered into as of ("Effective Date"), by and between Mothernode, LLC, a Delaware limited liability company with its principal office located at 8445 Freeport Parkway, Suite 100, Irving, TX 75063, Telephone: (214) 960-4581, ("Mothernode"), and , an entity with its principal office located at , , , Telephone: . ("Customer").

WHEREAS, Mothernode has the right to license rights to access and use the Services (defined below); and

WHEREAS, Customer desires to access and use the Services, all in accordance with the terms and conditions hereof;

NOW, THEREFORE, in consideration of the foregoing, and in reliance on the mutual agreements contained herein, the parties agree as follows:

1. Definitions.

1.1 "Services." The web services described and specified on the applicable Purchase Order or formal Proposal and any updates or upgrades to such services, which may be generally released by Mothernode to all customers from time to time. See Appendix A for the listing of services covered in this agreement.

1.2 "Mothernode Technology." The computer hardware, software and other tangible equipment and intangible computer code necessary to deploy and serve the Services via the Site.

1.3 "Site." Mothernode's website including the Mothernode Technology.

1.4 "Authorized Users." The number of identifiable unique persons consisting of Customer's personnel and outside consultants who are authorized to access and use the Services, as specified in the applicable Purchase Order (s). Authorized Users may include Customer's third party consultants, outsourcers, contractors and other service providers.

1.5 "Affiliate." With respect to Customer, any parent or subsidiary corporation, and any corporation or other business entity controlling, controlled by or under common control with Customer, which agrees in writing to be bound by all the obligations of Customer hereunder.

1.6 "Internet Data Centers." Any of the facilities owned or controlled by Mothernode and used by Mothernode to provide the Services. These facilities house the Mothernode Technology used for the provision of Services. All Internet Data Centers shall be located in the United States, unless with the prior written consent of Customer.

1.7 "Customer Data." Customer's information or other data processed, stored or transmitted by, in or through the Services.

1.8 "Purchase Order." A document indicating that it is a "purchase order" or signed quote or contract which incorporates the terms of this Agreement in written form if mutually agreed upon and duly executed by the parties. In order to be binding, a "purchase order" must comply with the above requirements.

1.9 "Proprietary Rights." Any and all rights, whether registered or unregistered, in and with respect to patents, copyrights, confidential information, know-how, trade secrets, moral rights, contract or licensing rights, confidential and proprietary information protected under contract or otherwise under law, trade names, domain names, trade dress, logos, animated characters, trademarks, service marks, and other similar rights or interests in intellectual or industrial property.

2. **Subscription License Grant.** Subject to the terms and conditions hereof, during the term hereof, Mothernode hereby grants to Customer and its Affiliates only to the extent of Authorized Users and solely for Customer's internal business purposes a non-exclusive, non-transferable, worldwide right and license to access the Site and use the Services. All rights not expressly granted to Customer herein are expressly reserved by Mothernode.

3. **Use Restrictions.** Customer covenants and agrees that its use of the Services will be in a manner consistent with this Agreement and with all applicable laws and regulations, including trade secret, copyright, trademark, and export control laws. Without limiting the generality of the foregoing, Customer shall not, nor shall it permit or assist others, (i) to abuse or fraudulently use the Services; (ii) to process or permit to be processed the data

of any third party that is not expressly authorized herein to access and use the Services; and (iii) to attempt to copy, reverse-engineer, decompile, disassemble, create a derivative work from, or otherwise attempt to derive the source codes of any part of the Mothernode Technology; or (iv) to access, alter, or destroy any information of any customer of Mothernode by any fraudulent means or device, or attempt to do so; and (v) to give access to any Mothernode information or product demonstrations to parties who could be considered competitors of Mothernode.

4. **Security.** Customer shall be solely responsible for acquiring and maintaining technology and procedures for maintaining the security of its link to the Internet. As part of the Services, Mothernode shall implement reasonable security procedures consistent with prevailing industry standards to protect Customer Data from unauthorized access; provided, however, unless resulting from the failure of Mothernode to perform the forgoing obligations, the parties agree that Mothernode shall not, under any circumstances, be held responsible or liable for situations (i) where data or transmissions are accessed by third parties through illegal or illicit means, or (ii) where the data or transmissions are accessed through the exploitation of security gaps, weaknesses, or flaws unknown to Mothernode at the time. Mothernode will promptly report to Customer any unauthorized access to Customer Data promptly upon discovery by Mothernode, and Mothernode will use diligent efforts to promptly remedy any breach of security that permitted such unauthorized access. In the event notification to persons included in such Customer Data is required, Customer shall be solely responsible for any and all such notifications at its expense.

5. **Set-Up of Services.** On or before the "go live" date specified in the applicable Purchase Order, Mothernode will complete all tasks required to make the Services accessible to Customer, including (i) implementing in the Mothernode Technology any interfaces required in the applicable Purchase Order, (ii) delivering to Customer any proprietary software and related documentation necessary to access the Mothernode Technology to access and use the Services, (iii) assigning all security access, passwords and user IDs necessary to access the Mothernode Technology to access and use the Services, and (iv) preparing data that may be specified on the applicable Purchase Order for use with the Services.

6. **Access Codes For Services.** Mothernode will permit access to the Services only over the Internet using access codes assigned by Mothernode. Access codes will be deemed the Confidential Information of both parties.

7. Technical Requirements For Services.

7.1 **Capacities.** The Services shall be rendered in a manner that will support the Authorized User requirements and other requirements provided in the applicable Purchase Order.

7.2 **Scalability.** The Services shall be scalable in a manner that allows the Services to meet any forecasted increase provided in the applicable Purchase Order. Customer acknowledges that increasing the Authorized User requirements and/or data storage requirements may lead to increases in the fees charged for the Services.

7.3 **Internet Data Centers.** The Services will be provided through Internet Data Centers that are configured consistent with prevailing industry standards for fireproofing, power and backup generation, structural integrity, seismic resistance and resistance to other natural and man-made disruptions. In addition, the facility shall be secured against physical and electronic intrusion in a manner consistent with prevailing industry standards.

8. **Backups.** At no additional charge to Customer, Mothernode shall make daily incremental backups (the "Incremental Backup") and weekly full backups (the "Full Backups") of Customer Data archived with the Mothernode Technology. The prior day incremental backup and a copy of the weekly backup shall be stored off-site in a secure facility designed to store and maintain backups for emergency use. Upon storage of a weekly backup in the off-site facility, the prior weekly backup shall be made available to Customer by electronic delivery upon written request.

9. **Monitoring of Customer's Use.** Mothernode reserves the right to internally monitor Customer's usage of the Site and Services.

10. **No Commingling of Customer Data.** The Services shall be operated in an environment where (i) all Customer Data shall be stored on files totally separate from those of other customers of Mothernode, or (ii) all files containing Customer Data are partitioned sufficient to protect the security and privacy of Customer Data.

11. **Customer's Requirements.** Customer shall be solely responsible for providing the following materials at its cost and expense: all Internet access, hardware, browsers, and other software necessary to access and login to the Site.

12. Purchase of Additional Services. Customer may elect to purchase rights for additional Authorized Users and/or additional services by Purchase Order from time to time. Such additional purchases shall be governed by the terms and conditions hereof. Customer agrees that, absent Mothernode's express written acceptance thereof, the terms and conditions contained in any purchase order or other document issued by Customer to Mothernode for the additional purchases, shall not be binding on Mothernode to the extent that such terms and conditions are additional to or inconsistent with those contained in this Agreement.

13. Subscription Fees. This Service Agreement and any subsequent addendum(s) are valid for a term of five (5) year period (the "Term Commitment"). This Agreement shall be automatically renewed for successive one(5) year period ("AutoRenewal") upon the anniversary of the Activation Date (as defined below), unless otherwise specified on the face of this Agreement. In the case a Billing Schedule has not been provided, Customer's monthly subscription fees for the total number of users will begin 30 days from this signed agreement. If Customer does not want to renew for a subsequent five (5) year period, Customer must give at least thirty (30) days written notification of termination ("Termination Period") prior to the Auto Renewal date of the Term Commitment. In the event of early cancellation of a Term Commitment, Customer will be required to pay all amounts then due and unpaid plus one hundred percent of the amount Customer would otherwise have had to pay to Mothernode over the remainder of the Term Commitment ("Cancellation Fee"). Customer agrees to pay any Cancellation Fee within ten days of any specified early termination event. Customer acknowledges that such Cancellation Fee is not a penalty but is in the nature of liquidated damages. Upon renewal, Mothernode has the right to make pricing adjustments such as, but not limited to new plans, products, features, modules and/or applicable promotions. Mothernode will notify Customer within thirty (30) days via written notice of any such changes prior to renewal.

14. Billing Terms. The Customer agrees to pay for services. Mothernode will invoice Customer for all charges to Customer arising under this Agreement. All such invoices will be payable by the Due Date of the invoice ("Due Date"). Accounts are in default if payment is not received by the Due Date. Mothernode reserves the right to deactivate usage, without notice, for any account not paid in full after ten (10) days of the Due Date, unless arrangements have been made prior to the Due Date. Customer can cure suspension and deactivation by remitting payment in full for all outstanding balances. If Customer chooses not to reactivate the account, Customer is still responsible for all outstanding amounts and the balance of the contract including any fees accrued. Accounts in default are subject to an interest charge on the outstanding balance of the lesser of 18% per month or the maximum rate permitted by law. Customer agrees to pay Mothernode its reasonable expenses, including attorney and collection fees, incurred in enforcing its rights under this Service Agreement. Invoices can be paid via credit card (Visa/MC, Amex or Discover), company check, wire transfer or money order. All checks must be in U.S. dollars and negotiable through a U.S. bank. A \$25 service fee will be assessed for any returned checks. Additionally, if the invoice is paid via credit card, the Customer agrees not to reverse charges once the credit card has been charged. The signature on this contract will act as a signature in person for recurring credit card charge purposes.

15. Taxes. All fees are exclusive of taxes or duties. If Mothernode is required to pay or collect any federal, state, local, value added, tax or duty on any fees charged under this Agreement, or any other similar taxes or duties levied by any governmental authority, excluding taxes levied on Mothernode's net income, then such taxes and/or duties shall be billed to and paid by Customer immediately upon receipt of Mothernode's invoice and supporting documentation for the taxes or duties charged.

16. Technical Support, Training, and Consulting Services. During the term hereof, Mothernode shall provide technical support in the form of responses to questions by email or telephone in accordance to the Customer's SLA (Service Level Agreement). If additional services are required for the proper use and operation of the Services or if training or consulting services are requested, Mothernode shall provide such services on a time and materials ("T&M") basis; that is, (i) Customer shall pay Mothernode for all the time spent performing such services (including all travel time), plus materials, taxes, and reimbursable expenses; and (ii) the rates for such services shall be Mothernode's then-current standard rates when such services are provided. Any monetary limit stated in an estimate for T&M services shall be an estimate only for Customer's budgeting and Mothernode's resource scheduling purposes. If the limit is exceeded, Mothernode will cooperate with Customer to provide continuing services on a T&M basis. Mothernode shall invoice Customer monthly for T&M services. Charges shall be payable upon receipt of invoice by Customer. Mothernode reserves the right to require a non-refundable fee and/or cost deposit prior to commencement of services as well as a work order.

17. Technical Contacts. Customer shall designate one of its employees as its principal contact for communicating with Mothernode regarding technical issues hereunder. Customer may change its technical contact from time to time by written notice to Mothernode.

18. Proprietary Rights Ownership. Ownership of the Proprietary Rights embodied in the Site, Services, and Mothernode Technology shall remain exclusively vested in and be the sole and exclusive property of Mothernode and its licensors. In addition Customer hereby transfers and assigns to Mothernode any rights Customer may have to any suggestions, ideas, enhancement requests, feedback, recommendations or other information provided by Customer personnel relating to the Service. The mothernode.com domain name, product names and logos associated with the Services are trademarks of Mothernode or third parties, and no right or license is granted to use them.

19. Mutual Exchange of Confidential Information. The parties anticipate that each may disclose confidential information to the other. Accordingly, the parties desire to establish in this Section terms governing the use and protection of certain information one party ("Owner") may disclose to the other party ("Recipient"). For purposes hereof, "Confidential Information" means (i) the terms and conditions hereof, (ii) non-public aspects of Mothernode's Site and the operation thereof, Mothernode Technology, and the Services and additional services provided by Mothernode, and Mothernode's business and technical information, and data, (iii) Customer Data, and non-public aspects of Customer's technology, computer programs, and business and technical information, and data. In addition, Confidential Information includes information which, although not related to the Services or this Agreement, is nevertheless disclosed hereunder, and which, in any case, is disclosed by an Owner or an affiliate to Recipient in document or other tangible form bearing an appropriate legend indicating its confidential or proprietary nature, or which, if initially disclosed orally or visually is identified as confidential at the time of disclosure and a written summary hereof, also marked with such a legend, is provided to Recipient within fifteen (15) days of the initial disclosure. Recipient may use Confidential Information of Owner only for the purposes of this Agreement and shall protect such Confidential Information from disclosure to others, using the same degree of care used to protect its own proprietary information of like importance, but in any case using no less than a reasonable degree of care. Recipient may disclose Confidential Information received hereunder only as reasonably required to perform its obligations under this Agreement and only to its employees who have a need to know for such purposes and who are bound by signed, written agreements to protect the received Confidential Information from unauthorized use and disclosure. The restrictions of this Agreement on use and disclosure of Confidential Information shall not apply to information that: (i) is in the possession or control of Recipient at the time of its disclosure hereunder; (ii) is, or becomes publicly known, through no wrongful act of Recipient; (iii) is received by Recipient from a third party free to disclose it without obligation to Owner, (iv) is independently developed by a party as evidenced by its written and dated records and without any breach of this Agreement; or (v) is the subject of a written permission to disclose provided by Owner. The Recipient may disclose Confidential Information of Owner pursuant to the requirements of a governmental agency or by operation of law, provided that such Recipient gives Owner written notice thereof as soon as practicable and reasonably cooperates with Owner to contest such disclosure.

20. General Skills and Knowledge. Notwithstanding anything to the contrary in this Agreement, Customer agrees that Mothernode is not prohibited from utilizing any skills or knowledge of a general nature acquired during the course of providing the Services, including information publicly known or available or that could reasonably be acquired in similar work performed for another customer of Mothernode.

21. Customer Representations and Warranties.

21.1 Customer represents and warrants that (i) the performance of its obligations and use of the Services (by Customer and its Authorized Users) will not violate any applicable laws, or regulations, including without limitation any and all laws and regulations regarding the transfer of personal information of residents of the European Union outside the European Union, or (ii) cause a breach of any agreements with any third parties or unreasonably interfere with the use by other Mothernode customers of Mothernode services.

21.2 Customer acknowledges that (i) Mothernode does not monitor the content of the information passing through the Services, and (ii) Customer will use commercially reasonable efforts to ensure that the information it and its Authorized Users transmit thereby complies with all applicable laws and regulations, whether now in existence or hereafter enacted and in force. (iii) Customer acknowledges that Mothernode will store sensitive information accumulated by the Customer, its employees and its customers. Mothernode is not responsible for the preservation and disclosure of information from within the Customer's organization.

21.3 In the event of any breach by Customer of any of the foregoing representations or warranties, in addition to any other remedies available at law or in equity, Mothernode will have the right to suspend immediately any Services if deemed reasonably necessary by Mothernode to prevent any harm to Mothernode and its business. Mothernode will provide notice to Customer and an opportunity to cure, if practicable, depending on the nature of the breach. Once cured, Mothernode will promptly restore the Services.

22. Mothernode Representations and Warranties. Mothernode represents and warrants that (i) it has the legal right to enter into this Agreement and perform its obligations hereunder, and (ii) the performance of its obligations and delivery of the Services to Customer will not violate any applicable laws or regulations of the United States or cause a breach of any agreements between Mothernode and any third parties. In the event of a breach by Mothernode of the foregoing warranties, Customer's sole remedy is termination of this Agreement upon written notice to Mothernode.

23. Limited Warranty. Mothernode represents and warrants that the Services will: (i) conform to all material operational features as described in the applicable Purchase Order, and (ii) be free of errors and defects that materially affect the performance of such features ("Limited Warranty"), provided that Customer notifies Mothernode of any non-conformity, error, or defect. Customer's sole and exclusive remedy for breach of this Limited Warranty shall be the prompt correction of non-conforming Services at Mothernode's expense.

24. Warranty Disclaimers. EXCEPT FOR THE LIMITED WARRANTY AND THE SERVICE LEVEL WARRANTY PROVIDED ABOVE, NEITHER MOTHERNODE NOR ANY OF ITS SUPPLIERS OR RESELLERS MAKES ANY WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND MOTHERNODE AND ITS SUPPLIERS SPECIFICALLY DISCLAIM THE IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, SYSTEM INTEGRATION, AND DATA ACCURACY. SOME STATES DO NOT ALLOW DISCLAIMERS OF IMPLIED WARRANTIES, SO THE ABOVE LIMITATION MAY NOT APPLY. CUSTOMER ACKNOWLEDGES THAT NO REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS AGREEMENT HAVE BEEN MADE RESPECTING THE SERVICE, AND THAT CUSTOMER HAS NOT RELIED ON ANY REPRESENTATION NOT EXPRESSLY SET OUT IN THIS AGREEMENT. MOTHERNODE DOES NOT WARRANT THAT THE SERVICE OR SITE WILL MEET CUSTOMER'S REQUIREMENTS, THAT THE SERVICE OR SITE WILL OPERATE IN THE COMBINATIONS WHICH CUSTOMER MAY SELECT FOR USE, OR THAT THE OPERATION OF THE SERVICES OR SITE WILL BE UNINTERRUPTED, OR ERROR-FREE. FURTHER, CUSTOMER ACKNOWLEDGES AND AGREES THAT THE INTERNET IS NOT ESTABLISHED OR MAINTAINED BY MOTHERNODE, THAT MOTHERNODE HAS NO CONTROL OVER THE INTERNET, AND THAT MOTHERNODE IS NOT LIABLE FOR THE DISCONTINUANCE OF OPERATION OF ANY PORTION OF THE INTERNET OR POSSIBLE REGULATION OF THE INTERNET WHICH MIGHT RESTRICT OR PROHIBIT THE OPERATION OF THE SERVICES.

25. Disclaimer of Actions of Third Parties. Mothernode does not and cannot control the flow of data to or from Mothernode's Technology and other portions of the Internet. Such flow of data depends on the performance of Internet services provided or controlled by third parties. At times, actions or inactions of such third parties can impair or disrupt customer's connections to the Internet (or portions thereof). Although Mothernode will use commercially reasonable efforts to take all actions it deems appropriate to remedy and avoid such events, Mothernode cannot guarantee that such events will not occur. MOTHERNODE DISCLAIMS ANY AND ALL LIABILITY RESULTING FROM OR RELATED TO THE PERFORMANCE OR NON-PERFORMANCE OF INTERNET SERVICES PROVIDED OR CONTROLLED BY THIRD PARTIES.

26. Intellectual Property Indemnity. Except for third party software including without limitation open source software, Mothernode will indemnify, defend and hold harmless Customer and its Affiliates from and against any lawsuit, liabilities, loss, cost or expense arising out of a third-party claim made against Customer that the Mothernode Technology or Services infringe on any U.S. intellectual property right of a third party; provided, however, that Mothernode is notified in writing of such claim promptly after such claim is made upon Customer. Mothernode shall have the right to control any defense of the claim. In no event shall Customer settle any such claim without Mothernode's prior written approval. Mothernode shall have no liability or obligation if the claim arises from (i) any alteration or modification to the Mothernode Technology or Services other than by Mothernode, (ii) any combination of the Mothernode Technology or Services by Customer with other programs or data not furnished by Mothernode, or (iii) any use by Customer of the Mothernode Technology or Services that is prohibited by this Agreement or otherwise outside the scope of use for which the Mothernode Technology or Services are intended.

27. Options for Infringement Claims. If any party is enjoined from using the Mothernode Technology, or if Mothernode believes that the Mothernode Technology may become the subject of a claim of intellectual property infringement, Mothernode, at its option and expense, may: (i) procure the right for Customer to continue to use the Services; (ii) replace or modify the Mothernode Technology so as to make it non-infringing; provided, however, that the Services continue to conform to the descriptions and/or specifications provided in the applicable Purchase Order; or (iii) terminate this Agreement, in which case Mothernode shall refund to Customer any and all subscription fees paid in advance by Customer for those Services not provided by Mothernode and provide, at Customer's request and free of charge, the Customer Data in a database document format. This Section and the preceding Section sets forth the entire liability of Mothernode to Customer for any infringement by the Mothernode Technology or Services of any intellectual property right of any third party. Notwithstanding the foregoing, this Section does not apply to third

28. Disclaimer of Incidental and Consequential Damages. EXCEPT FOR INDEMNITY OBLIGATIONS EXPRESSLY PROVIDED HEREIN AND ANY VIOLATION OF CONFIDENTIALITY OBLIGATIONS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER UNDER ANY THEORY INCLUDING CONTRACT AND TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCTS LIABILITY) FOR ANY INDIRECT, SPECIAL OR INCIDENTAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE PARTY CAUSING SUCH DAMAGES HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY.

29. Liability Cap. Except for Mothernode's indemnity expressly provided herein and Mothernode's confidentiality obligations, in no event shall Mothernode's aggregate liability, if any, including liability arising out of contract, negligence, strict liability in tort or warranty, or otherwise, shall not exceed the total of subscription fees payable by Customer for the six (6) periods immediately preceding the claim for such liability.

30. Term of Agreement. The initial term of this Agreement shall commence as of the Effective Date hereof and shall continue for a period of Sixty (60) months. After the expiration or termination of this Agreement, any existing Purchase Order then still in effect shall continue unaffected and in full force and effect unless otherwise terminated as provided herein or in such Purchase Order.

31. Term of Purchase Order. Any Purchase Order created under this Agreement and/or signed proposal shall commence immediately upon execution by both parties, and shall continue thereafter as provided in the Purchase Order.

32. Automatic Termination. Unless Mothernode promptly after discovery of the relevant facts notifies Client to the contrary in writing, this Agreement and all Purchase Orders will terminate immediately without notice upon the institution of insolvency, bankruptcy, or similar proceedings by or against Mothernode, any assignment or attempted assignment by Mothernode for the benefit of creditors, or any appointment, or application for such appointment, of a receiver for Mothernode.

33. Termination For Cause. If either party fails to comply with any of the material terms and conditions of this Agreement or Purchase Order, including without limitation the payment of any subscription license fee or reimbursement due and payable to Mothernode under this Agreement, the non-defaulting party may terminate this Agreement and/or any or all Purchase Orders and any and all license rights upon fifteen (15) days' written notice to the defaulting party specifying any such breach, unless within the period of such notice, all breaches specified therein shall have been remedied.

34. Termination by Mothernode for End of Life. Mothernode intends to continue to provide and support the Services for so long as Customer renews in accordance with the applicable Purchase Order; provided, however, if, Mothernode determines in its sole discretion that it is no longer feasible to support the Services, Mothernode may terminate this Agreement for end of life at any time by providing one ninety (90) days written notice to Customer.

35. Return of Materials. Within ten (10) days of the expiration or termination of any license under any Purchase Order, Customer shall return to Mothernode any materials provided by Mothernode.

36. Transition Services. At Customer's request and if Customer is current in all payments due to Mothernode at the time of expiration or termination hereof, Mothernode shall provide to Customer its Customer Data, in a standard database document format readily available to Mothernode at no additional charge. If Customer requests the Customer Data in a non-standard format, Customer shall pay to Mothernode a reasonable fee for technical services as determined by Mothernode.

37. Arbitration. Except for actions to protect Proprietary Rights and to enforce an arbitrator's decision hereunder, all disputes, controversies, or claims arising out of or relating to this Agreement or a breach thereof shall be submitted to and finally resolved by arbitration under the rules of the American Arbitration Association ("AAA") then in effect. There shall be one arbitrator, and such arbitrator shall be chosen by mutual agreement of the parties in accordance with AAA rules. The arbitration shall take place in Dallas, Texas. The arbitrator shall apply the laws of the State of Texas to all issues in dispute. The findings of the arbitrator shall be final and binding on the parties, and may be entered in any court of competent jurisdiction for enforcement. Legal fees shall be awarded to the prevailing party in the arbitration.

38. Notices. Any notice or communication required or permitted to be given hereunder may be delivered by hand, deposited with an overnight courier, sent by email or facsimile (provided delivery is confirmed), or U.S. Mail (registered or certified only), return receipt requested, in each case to the address set forth on the initial page hereof or at such other addresses as shall be designated in writing by either party to the other in accordance with this Section. Such notice will be deemed to be given when received.

party software including without limitation open source software.

39. **Assignment.** This Agreement shall insure to the benefit of, and be binding upon, any successor to all or substantially all of the business and assets of each party, whether by merger, sale of assets, or other agreements or operation of law. Except as provided above, Customer shall not assign this Agreement or any right or interest under this Agreement, without Mothernode's prior written consent. Any attempted assignment or delegation in contravention of this Section shall be void and ineffective.

40. **Continuing Obligations.** The following obligations shall survive the expiration or termination hereof and the distribution grace period provided above: (i) any and all warranty disclaimers, limitations of liability and indemnities granted by either party herein, (iv) any covenant granted herein for the purpose of determining ownership of, or protecting, the Proprietary Rights, including without limitation, the Confidential Information of either party, or any remedy for breach thereof, and (v) the payment of taxes, duties, or any money to Mothernode hereunder.

41. **Force Majeure.** Neither party shall be liable for damages for any delay or failure of delivery arising out of causes beyond their reasonable control and without their fault or negligence, including, but not limited to, Acts of God, acts of civil or military authority, fires, riots, wars, embargoes, Internet disruptions, hacker attacks, or communications failures. Notwithstanding anything to the contrary contained herein, if either party is unable to perform hereunder for a period of thirty (30) consecutive days, then the other party may terminate this Agreement immediately without liability by ten (10) days written notice to the other.


42. **U.S. Government End-Users.** Mothernode Technology and the Mothernode software incorporated therein, this Site, and the Services all consist of "commercial items," as that term is defined in 48 C.F.R. 2.101 (Oct. 1995), consisting of "commercial computer software" and "commercial computer software documentation," as such terms are used in 48 C.F.R. 12.212 (Sept. 1995). Consistent with 48 C.F.R. 12.212 and 48 C.F.R. 227.7202 -1 through 227.7202-4 (June 1995), all U.S. Government end users of this site acquire only those rights set forth herein.

43. **Miscellaneous.** This Agreement shall be construed under the laws of the State of Texas, without regard to its principles of conflicts of law. This Agreement constitutes the entire understanding of the parties with respect to the subject matter of this Agreement and merges all prior communications, understandings, and agreements. This Agreement may be modified only by a written agreement signed by the parties. The failure of either party to enforce at any time any of the provisions hereof shall not be a waiver of such provision, or any other provision, or of the right of such party thereafter to enforce any provision hereof. If any provision of this Agreement is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary and possible to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not affect any other provision of this Agreement, and this Agreement shall continue in full force and effect, and be construed and enforced, as if such provision had not been included, or had been modified as above provided, as the case may be.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed below.

MOTHERNODE, LLC

By Jamie Geisler
Director of Account
Title Services

Signature 

Date _____

Effective Date January 1, 2019

By _____

Title _____

Signature _____

Date _____



Appendix A

Mothernode CRM Enterprise Edition - Complete Business Solution.

** ASI Franchise Special Pricing | LIST \$125/user/month - ASI Discount \$80/user/month [36% off LIST] .
(Min. 5 Users) **

60-Month term agreement beginning January 1, 2019.

ASI Affiliate License:

ENTERPRISE EDITION

<https://www.mothernode.com/enterprise/>

EDITION FEATURES AND HIGHLIGHTS

Customer and Contact Management, Sales Management, Marketing Automation, Email Design Studio, Marketing Dashboard, Email Campaigns, Analytics, Leads and Opportunity Tracking, Productivity Tools, Vendor Management, Case Management (*support), Purchase Orders, Production Modules, Sales Orders, Work Orders, Inventory, Tasks, Dialogue®, Automated Reporting, KPI Dashboards, Email Templates, Quotes.

EMAIL MARKETING

25,000 emails per month, unlimited contacts.

Also included:

Integrations: Microsoft Outlook for Windows: Integration 2013, 2016, Gmail Chrome Extension.

Mobile App: Apple IOS App, Google Android App. 25GB of Data Storage.

**EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT**

CURRENT FRANCHISEES (AS OF DECEMBER 31, 2022)

ARIZONA

ASI, Arizona
11337 E. Elmhurst Drive
Chandler, AZ 85249
Owner:
Mr. Shaun Booth
(T) (480)722-0277

ILLINOIS

ASI, Chicago
2630-CW. Bradley Place
Chicago, IL 60618
Owner:
Mr. Michael McKeag
(T) (773) 871-0100

COLORADO

ASI, Denver
6665 S. Kenton Street, Suite 202
Englewood, CO 80111
Owner:
Mr. Michael McKeag
(T) (303) 755-0997

INDIANA

ASI, Indianapolis
2017 West 18th Street
Indianapolis, IN 46202
Owner/General Manager:
Mr. Tom Heraly
(T) (317) 269-3400

FLORIDA

ASI, Miami
20202 N.E. 15th Court
Miami, FL 33179
Owner/General Manager:
Mrs. Carol Grayson
(T) (305) 653-1974

IOWA

ASI, Iowa
1219 Zimmerman Drive South
Grinnell, IA 50112
Owner:
Mr. Michael McKeag
(T) (641) 236-6616

GEORGIA

ASI, Atlanta
1000 Marietta St., NW, Suite 304
Atlanta, GA 30318
Owner/General Manager:
Mr. Steven Magid
(T) (404) 815-0566

KENTUCKY

ASI, Louisville
2300 Meadow Drive
Suite 202
Louisville, KY 40218
Owner/General Manager:
Mr. Tom Heraly
(T) (502) 473-4715

LOUISIANA

ASI, New Orleans
520 Commerce Point
Harahan, LA 70123
Owner/General Manager:
Mr. Kevin Leaumont
(T) (504) 704-1000

MICHIGAN

ASI, Detroit
1119 Wheaton Ave.
Troy, MI 48083
Owner/General Manager:
Mr. Craig Breeden
(T) (248) 680-8970

MINNESOTA

ASI, Minneapolis
7624 Boone Avenue North, Suite 100
Minneapolis, MN 55428
Owner/General Manager:
Mr. Thomas Garry
(T) (612) 332-1223

NEW YORK

ASI, Buffalo
2957 Alt Boulevard
Grand Island, NY 14072
Owner/General Manager:
Mr. Andy Bernatovicz
(T) (716) 775-0104

OHIO

ASI, Cincinnati
11418 Deerfield Rd
Suite A
Blue Ash, OH 45242
Owner:
Mr. Matt Berlage
(T) (513) 248-4100

ASI, Cleveland
5201 W. Erie Avenue
Suite 99
Lorain, OH 44053
Owner/General Manager:
Mr. Andy Bernatovicz
(T) (800) 218-6224

WISCONSIN

7624 Boone Ave. North, Suite 100

Minneapolis, MN 55428
Owner/General Manager:
Mr. Thomas Garry
(T) (612) 332-1223

CORPORATE OUTLETS (AS OF DECEMBER 31, 2022)

CALIFORNIA

ASI, San Francisco
674 Paradise Park
Santa Cruz, CA 95060

ASI, Los Angeles
3025 Olympic Boulevard, Suite 211
Santa Monica, CA 90404

MISSOURI

ASI, St. Louis
2200 Olive Street
St. Louis, MO 63103

ASI, Kansas City Area
124 Abbie Avenue
Kansas City, Kansas 66103

NEW YORK

ASI, New York
192 Lexington Ave., Suite 503
New York, NY 10016

NORTH CAROLINA

ASI, North Carolina
600 Irving Parkway
Holly Springs, NC 27540

TEXAS

ASI, Dallas
8181 Jetstar Drive, #110
Irving, TX 75063

ASI, Global Branding Services
8181 Jetstar Drive, #100
Irving, TX 75063

ASI, Houston
419 Century Plaza Drive
Suite 230
Houston, TX 77073

Former Franchisees:

No franchisees have had an outlet terminated, canceled, or not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent fiscal year, and there are no franchisees that have not communicated with us within 10 weeks of the issuance date of this disclosure document, except as follows:

Effective as of April 1, 2023, these franchisees voluntarily withdrew from the ASI System:

ASI, Chicago
2630-CW. Bradley Place
Chicago, IL 60618
Owner:
Mr. Michael McKeag
(T) (773) 871-0100

ASI, Denver
6665 S. Kenton Street Suite 202
Englewood, CO 80111
Owner:
Mr. Michael McKeag
(T) (303) 755-0997

ASI, Iowa
1219 Zimmerman Drive South
Grinnell, IA 50112
Owner:
Mr. Michael McKeag
(T) (641) 236-6616

**EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISEE COMPLIANCE CERTIFICATION

As you know, ASI Sign Systems, Inc. (“ASI”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of an ASI franchised business. The purpose of this questionnaire is to determine whether any statements or promises were made to you that ASI has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

Where a question refers to “a person speaking on behalf of ASI,” this phrase does not include ASI franchisees, who are not authorized to speak on behalf of ASI.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes ____ No ____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes ____ No ____

If no, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed ASI’s franchise disclosure document (“FDD”) that was provided to you?

Yes ____ No ____

4. Did you sign a receipt for the FDD indicating the date you received it?

Yes ____ No ____

5. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes ____ No ____

If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

6. Have you discussed the benefits and risks of establishing and operating an ASI business with an attorney, accountant, or other professional advisor?

Yes ____ No ____

7. Do you understand that the success or failure of your ASI business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ____ No ____

8. Has any employee or other person speaking on behalf of ASI made any statement or promise concerning the revenues, profits or operating costs of ASI businesses operated by ASI or its franchisees?

Yes ____ No ____

9. Has any employee or other person speaking on behalf of ASI made any statement or promise regarding the amount of money you may earn in operating the ASI business?

Yes ____ No. ____

10. Has any employee or other person speaking on behalf of ASI made any statement or promise concerning the total amount of revenue the ASI business will generate?

Yes ____ No ____

11. Has any employee or other person speaking on behalf of ASI made any statement or promise regarding the costs you may incur in operating the ASI business that is contrary to, or different from, the information contained in the FDD?

Yes ____ No ____

12. Has any employee or other person speaking on behalf of ASI made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an ASI business?

Yes ____ No ____

13. Has any employee or other person speaking on behalf of ASI made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that ASI will furnish to you that is contrary to, or different from, the information contained the FDD?

Yes ____ No ____

14. Have you at any time had any discussions with or received any information from a representative of a franchise broker concerning ASI?

Yes ____ No ____ (If "No," please skip to question 18)

15. Please list the individual(s) associated with a franchise broker with whom you had conversions or received any information about ASI.

16. Please review your answers to questions 8-13 of this Compliance Certification. Would your answers to any of these questions be different based upon any conversations with or information received from any individual listed in question 15?

Yes ____ No ____

17. If "Yes," please describe in detail everything said or provided to you that caused you to answer "Yes" to question 16.

18. Have you entered into any binding agreement with ASI or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes ____ No ____

19. Have you paid any money to ASI or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes ____ No ____

20. If you have answered “Yes” to any one of questions 8-19, please provide a full explanation of each “yes” answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “no” to each of questions 8-19, please leave the following lines blank.

21. Did you review the Table of Contents of ASI’s Operations Manual?

Yes _____ No _____

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this questionnaire, you are representing that you have responded truthfully to the above questions. However, no statement, questionnaire, or acknowledgement 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.

FRANCHISE APPLICANT

Print Name: _____

Date: _____

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT
STATE ADDENDA

ADDENDUM TO
ASI SIGN SYSTEMS, INC.
DISCLOSURE DOCUMENT FOR THE
STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/1 et. seq. and related regulations, the Franchise Disclosure Document of ASI Sign Systems, Inc., for use in the state of Illinois shall be amended to include the following:

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

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

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgement 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.

AMENDMENT TO
ASI SIGN SYSTEMS, INC.
FRANCHISE AGREEMENT FOR THE
STATE OF ILLINOIS

This Amendment pertains to franchises sold in the State of Illinois and is for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended to include the following:

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

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

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgement 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

[ASI Franchisee Corporate Name]

By: _____

Name: _____

Title: _____

FRANCHISOR:

ASI SIGN SYSTEMS, INC.

By: _____

James Wolfe,

Chief Executive Officer

ADDENDUM TO
ASI SIGN SYSTEMS, INC.
DISCLOSURE DOCUMENT FOR THE
STATE OF MICHIGAN

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This 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.

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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

ADDENDUM TO
ASI SIGN SYSTEMS, INC.
DISCLOSURE DOCUMENT FOR THE
STATE OF MINNESOTA

The following applies to franchises and franchisees subject to Minnesota statutes and regulations. Item numbers correspond to those in the main body.

Item 13.

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), if we determine that you have used our trademarks, services marks, trade names, logotypes, or other commercial symbols in accordance with the Franchise Agreement, we will protect any rights which you have to use our trademarks, service marks, trade names, logotypes, or other commercial symbols.

Item 17.

1. Minnesota law provides you with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

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

3. In the event you breach or threaten to breach any of the terms of this Agreement, we will be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as the arbitrators make a final and binding determination.

4. Pursuant to Minnesota Rule 2860-4400D, the general release required as a condition to renewal or transfer will not apply to liability under the Minnesota Franchise Act; provided this part shall not ban the voluntary settlement of disputes.

5. No statement, questionnaire, or acknowledgement 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.

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 Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930 are met independently without reference to this Addendum to the Disclosure Document.

AMENDMENT TO
ASI SIGN SYSTEMS, INC.
FRANCHISE AGREEMENT FOR THE
STATE OF MINNESOTA

This Amendment pertains to franchises sold in the State of Minnesota and is for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement is amended as follows:

1. Sections 1.2, 3.9 and 6.3 of the Franchise Agreement shall be supplemented by the addition of the following language:

Minnesota law provides franchisees with certain termination, non-renewal and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

2. Section 3.8(d) of the Franchise Agreement shall be supplemented by the addition of the following language:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), if Franchisor determines that the Franchisee has used Franchisor's trademarks, service marks, trade names, logotypes, or other commercial symbols in accordance with the Franchise Agreement, Franchisor will protect any rights which the Franchisee has to use Franchisor's trademarks, service marks, trade names, logotypes, or other commercial symbols.

3. Section 8.1 of the Franchise Agreement shall be supplemented by the addition of the following language:

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

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement as of the Effective Date of the Franchise Agreement.

FRANCHISEE:

[ASI Franchisee Corporate Name]

By: _____
Name: _____
Title: _____

FRANCHISOR:

ASI SIGN SYSTEMS, INC.

By: _____
James Wolfe,
Chief Executive Officer

ADDENDUM TO
ASI SIGN SYSTEMS, INC.
DISCLOSURE DOCUMENT FOR THE
STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for ASI Sign Systems, Inc. for use in the State of New York is hereby be amended as follows:

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

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

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

With the exception of what is stated above, the following applies 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 the “Summary” sections of Item 17(c), titled **“Requirements for a 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.

4. 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.

5. 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.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

Each provision of this Addendum to the Disclosure Document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Addendum to the Disclosure Document.

AMENDMENT TO THE
ASI SIGN SYSTEMS, INC.
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF OHIO

In recognition of the requirements of the Ohio Business Opportunity Purchasers Protection Act, Ohio Revised Code §1334.01 et seq., the parties to the attached ASI Sign Systems, Inc. Franchise Agreement (“Franchise Agreement”) agree as follows:

1. Article VIII of the Franchise Agreement, entitled “Miscellaneous Provisions,” shall be amended by adding the following subsection at the end of the Article:

8.23 You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Ohio Business Opportunity Purchasers Protection Act, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ASI SIGN SYSTEMS, INC.

FRANCHISEE

By: _____

By: _____

Name: James Wolfe

Name: _____

Title: Chief Executive Officer

Title: _____

[Notice of Cancellation form (in duplicate) follows]

**Notice of Cancellation
(Ohio)**

_____, 20____

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to ASI Sign Systems, Inc. at 8181 Jetstar Drive, Suite 100, Irving, TX 75063, or send a fax to ASI Sign Systems, Inc. at _____, or an e-mail to ASI Sign Systems, Inc. at _____, not later than midnight of _____.

I hereby cancel this transaction.

_____, 20____
(Date)

(Purchaser's signature)

(Print name)

**Notice of Cancellation
(Ohio)**

_____, 20____

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this Agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to ASI Sign Systems, Inc. at 8181 Jetstar Drive, Suite 100, Irving, TX 75063, or send a fax to ASI Sign Systems, Inc. at _____, or an e-mail to ASI Sign Systems, Inc. at _____, not later than midnight of _____.

I hereby cancel this transaction.

_____, 20____
(Date)

(Purchaser's signature)

(Print name)

**EXHIBIT I TO
FRANCHISE DISCLOSURE DOCUMENT**

STATE EFFECTIVE DATES

(See attached.)

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Indiana	<i>Pending</i>
Michigan	<i>Pending</i>
Minnesota	<i>Pending</i>
New York	<i>Pending</i>
Wisconsin	<i>Pending</i>

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
TO THE FRANCHISE DISCLOSURE DOCUMENT**

RECEIPTS

(See attached.)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ASI offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, it or an affiliate in connection with the proposed franchise sale. New York requires that we give you this 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 ASI does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

ASI authorizes the agents listed in Exhibit B to receive service of process for it.

The franchise seller(s) offering this franchise is/are checked off below. Their business address and telephone number is: ASI Sign Systems, Inc., 8181 Jetstar Drive, Suite 100, Irving, Texas 75063 (Telephone: 214-352-9140).

Selwyn Josset

Issuance Date: June 30, 2023. (If you receive a State Addendum, the effective date of this disclosure document in your state is set forth in the State Addendum.)

I have received a disclosure document dated June 30, 2023, that included the following exhibits:

- | | | | |
|---|--|---|-----------------------|
| A | List of State Administrators | H | State Addenda |
| B | List of Agents for Service of Process | I | State Effective Dates |
| C | Operations Manual Table of Contents | J | Receipts |
| D | Financial Statements | | |
| E | Form of Franchise Agreement | | |
| F | List of Current and Former Franchisees | | |
| G | Franchisee Compliance Certification | | |

Date

Prospective Franchisee

Print Name

**PLEASE SIGN AND DATE THIS PAGE AND RETAIN THIS PAGE IN YOUR
POSSESSION AS PART OF YOUR RECORDS.**

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If ASI offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, it or an affiliate in connection with the proposed franchise sale. New York requires that we give you this 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.

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| G | Franchisee Compliance Certification | | |

Date

Prospective Franchisee

Print Name

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:
ASI SIGN SYSTEMS, INC.
8181 JETSTAR DRIVE, SUITE 100,
IRVING, TEXAS 75063**