

## FRANCHISE DISCLOSURE DOCUMENT



*Specialists in* **COLOR RESTORATION & REPAIR**

CGI INTERNATIONAL, INC.  
7111-7115 Ohms Lane  
Minneapolis, Minnesota 55439 USA  
TEL: 952-835-1338  
FAX: 952-835-1395

As a franchisee, you will operate a COLOR GLO Business for the repair and restoration of leathers, vinyls, velour, hard plastics, fabrics, carpet and wood grain panels.

The total investment necessary to begin operation of a Color Glo franchise is \$56,300.00 to \$61,375.00. This includes the \$33,000.00 initial fee and \$21,500.00 start-up fee that must be paid to the franchisor or its affiliate(s).

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 Gary Smith, at 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439; telephone (952) 835-1338.

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 600b Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: January 4, 2022

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota 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.

**Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment



FRANCHISE DISCLOSURE DOCUMENT  
COLOR GLO INTERNATIONAL

# Contents

<b>How to Use This Franchise Disclosure Document</b> .....	2
<b>What You Need To Know About Franchising <i>Generally</i></b> .....	3
<b>Some States Require Registration</b> .....	3
<b>Special Risks to Consider About <i>This Franchise</i></b> .....	4
ITEM 1: The Franchisor and any Parents, Predecessors, and Affiliates .....	8
ITEM 2: Business Experience.....	9
ITEM 3: Litigation .....	9
ITEM 4: Bankruptcy .....	9
ITEM 5: Initial Fees .....	9
ITEM 6: Other Fees.....	10
ITEM 7: Estimated Initial Investment.....	11
ITEM 8: Restrictions on Sources of Products and Services.....	13
ITEM 9: Franchisee’s Obligations .....	15
ITEM 10: Financing.....	16
ITEM 11: Franchisor’s Assistance, Advertising, Computer Systems, and Training .....	16
ITEM 12: Territory .....	21
ITEM 13: Trademarks & Trademark Applications.....	22
ITEM 14: Patents, Copyrights, and Proprietary Information .....	29
ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business. ....	30
ITEM 16: Restrictions on What the franchisee May Sell.....	30
ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution. ....	30
ITEM 18: Public Figures.....	32
ITEM 19: Financial Performance Representations .....	<b>Error! Bookmark not defined.</b>
ITEM 20: Outlets and Franchisee Information .....	37
ITEM 21: Financial Statements.....	38

ITEM 22: Contracts.....	52
ITEM 23: Receipts .....	52
EXHIBIT A: Color Glo International Franchise Agreement .....	52
COLOR GLO INTERNATIONAL FRANCHISE AGREEMENT INDEX.....	44
Appendix A to Franchise Agreement.....	69
EXHIBIT B: List of State Administrators; Agent for Service of Process.....	72
LIST OF STATE ADMINISTRATORS, AGENT FOR SERVICE OF PROCESS .....	73
EXHIBIT C: Table of Contents to the Operations Manual.....	76
EXHIBIT D: List of Franchisor Supplied Equipment and Supplies .....	78
EXHIBIT E: List of Craftsman’s Choice Products & CGI Boutique Services .....	87
EXHIBIT F: CGI International Financial Statements .....	102
EXHIBIT G: California State Addendum .....	<b>Error! Bookmark not defined.</b>
STATE EFFECTIVE DATES .....	119
EXHIBIT H: Receipts .....	120
Receipt.....	121

## **ITEM 1: The Franchisor and any Parents, Predecessors, and Affiliates**

The purpose of this FRANCHISE DISCLOSURE DOCUMENT is to familiarize you with the important legal and business aspects of "Color Glo," the franchisor, 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439, and the franchise it offers to qualified franchisees.

"Color Glo" means Color Glo International, a division of CGI International, Inc., the Franchisor. CGI International, Inc. was incorporated under the laws of the State of Minnesota on February 25, 1983, for the purpose of offering Color Glo business format franchises. Color Glo businesses restore and repair leather, vinyl, velour, cloth and hard plastics commonly found in the markets of automotive, aircraft, marine and furniture. Color Glo products had previously been marketed as a business opportunity pursuant to the business opportunity laws of several states by a corporation named Color Glo International, Inc., which had been incorporated on March 31, 1977. CGI International, Inc. purchased and merged with Color Glo International, Inc. on November 1, 1993. Business opportunities subject to the business opportunities laws of several states are no longer offered. There have been no predecessors in the past ten years.

CGI International, Inc. also sells "Cooustic-Glo" business format franchises resulting from a merger of Cooustic-Glo International, Inc., first incorporated on September 17, 1979, and CGI International, Inc. on March 22, 1994. "Cooustic-Glo" franchises have been sold since November 1981 and CGI International, Inc. continues to sell "Cooustic-Glo" franchises. "Cooustic-Glo" businesses clean and restore acoustical ceilings and walls. There are currently seven "Cooustic-Glo" franchises in operation in the United States. "Cooustic-Glo" franchises are sold from the same location as "Color Glo" franchises but are currently not available in all states. "Cooustic-Glo" franchises are described and sold pursuant to a separate disclosure document which may be requested from the CGI International, Inc. corporate office.

In the FRANCHISE DISCLOSURE DOCUMENT, "you" means the person who buys the franchise. "You" must be an individual and not a corporation.

The business you will operate under this franchise agreement is a mobile service that repairs and restores leather, vinyl, velour, and plastic under our trademarks, service marks. Trade names, color schemes and logos (collectively, the "Marks") using our distribution programs, processes, standards, manuals and other confidential business systems, practices and materials (collectively, the "System") which has been developed and improved by "Color Glo," its principals, predecessors and franchisees since 1976. The business operated under our Marks and Systems is referred to in this FRANCHISE DISCLOSURE DOCUMENT as the "Franchised Business." We have never operated a business of this type but reserve the right to do so in territories in which no franchisee is currently under contract or in operation.

Competition with the Franchised Business is limited. Color Glo franchisees acquire skills obtained through training and experience incorporating Color Glo products that enable Color Glo franchisees to perform services and achieve results for customers that cannot be realized by consumers or employees of the commercial entities for whom you will perform services. Because the market does not possess those skills acquired through training and experience, Color Glo franchisees are trained to know which products are to be used in connection with specified tasks. Although you are not required to perform the actual labor yourself, you must acquire the knowledge through training and experience to supervise your employees or contractor laborers when owning and managing a Color Glo business.

You must comply with all local, state, and federal laws and regulations that apply to your Franchised Business. Our system involves the use of chemicals, adhesives, water based dyes and related supplies. As with any chemical product at work OSHA regulations may apply. The normal operation of your Franchised Business may require disposal of small quantities of other materials. As with other chemicals,

improper disposal of these materials may result in a violation of federal, state and local environmental laws and regulations.

Color Glo Franchised Businesses are typically based out of a home office; however, a retail location is suitable and acceptable to us.

## **ITEM 2: Business Experience**

President, Chief Operating Officer and Director: Gary E. Smith

Mr. Gary Smith was Office Manager for Color Glo International, Inc. from 1976 to December 1, 1993 and Chem-Glass International, Inc. during the same time. He was an officer of CGI International, Inc. from February, 1983 to December 1, 1993. He was an officer of Coustic-Glo International, Inc. since September 1982, a Director since September 1983 and President since July 1991.

Chief Financial Officer and National and International Sales Marketing Director: Scott L. Smith

Mr. Scott Smith has been a sales representative for Color Glo International, Inc. since 1976. Mr. Smith has been an officer of CGI International, Inc. since February, 1983. He has been employed in various capacities with the Franchisor since June 1980, including the position of Secretary since July 1991, and has been a Director since September 1983.

## **ITEM 3: Litigation**

On December 14, 2012 a lawsuit was filed by American Refinishing, LLC, John Sellenberg and Judy Sellenberg against Color Glo International, Inc. and Gary E. Smith. The lawsuit was filed in the Chancery Court of Davidson County, Tennessee as file number 12-1748-II. The plaintiffs were former Color Glo franchisees of the Nashville, Tennessee area and were seeking a rescission of the contract and/or damages under the Tennessee Consumer Protection Act based upon the claim that the product did not work properly. Color Glo denied that there was any fraud or misrepresentation and counterclaimed for damages based on the refusal of the plaintiffs to follow the instructions regarding marketing and training and the proper use of the Color Glo products. The case was settled and an Order of Dismissal was entered on July 16, 2014. The terms of the settlement included payments to the plaintiff in the amount of \$70,000. The area has been resold.

Other than this one action, no litigation 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**

When you sign the Franchise Agreement you will pay us in cash or another form of payment that will make the funds immediately accessible to us, such as a cashier's check or wire transfer.

The total investment necessary to begin operation of a Color Glo Franchise Business is \$56,300.00 to \$61,375.00. This includes the Initial Fee, Start-up fee, Equipment and Supplies, Working capital, and

Travel Expenses while training. The Initial Fee is nonrefundable. Refer to Schedule A for a complete list of FRANCHISOR supplied Products and Equipment.

You must pay us a start-up fee of \$21,500.00 (plus shipping) which includes legal and administrative costs, initial training costs for 2 people (but not travel) and the purchase of the Start-Up Kit containing an initial supply of all required Color Glo products and supplies. The start-up fee is nonrefundable. Other than as described in this Item, you are not required to pay an affiliate, or us, any additional sums before you begin the Franchised Business.

For each 10,000 population; exceeding 500,000 you will pay an additional 500.00.

#### ITEM 6: Other Fees

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (Note 1)	4% of gross sales or \$150.00 per month, whichever is greater. \$200.00 per month for the second year and \$300.00 per month for each following year of business (Note 2)	Payable each month on the 15 <sup>th</sup> day of the month	Gross sales include the total collected dollar amount of your Color Glo business not including taxes if applicable in your location.
Product Purchases (Note 1)	\$2,500.00 per year	\$208.33 payable each month on the 15 <sup>th</sup> day of the month if you would prefer to pay on a monthly basis.	If you elect to not pay \$208.33 on a monthly basis, you will be required to pay in cash to Color Glo, by the end of each fiscal year, the difference between \$2,500.00 and the actual amount of product purchased from Color Glo. This is deemed a material provision of the Franchise Agreement, breach of which can result in termination by Color Glo. \$2,500.0 is the

			minimum required annual purchase of Product.
Audit (Note 1)	Cost of Audit	30 days after billing	Payable only if audit shows an understatement of at least 2% of gross sales for any month.
Insurance	Estimated cost of \$1,500.00 to \$3,000.00 per year (excluding automobile liability insurance)	On purchase of insurance	You are required to procure and pay for general liability insurance, personal property insurance, automobile liability insurance and other necessary insurance. General liability coverage must have a limit of \$1,000,000.00 and name Color Glo as an additional insured.
Transfer Fee	\$10,000.00	Prior to consummation of transfer	Payable when you sell or transfer your Franchise Business.

Notes:

- (1) All fees are imposed by or payable to Color Glo. All fees are nonrefundable. Any purchase/fee not paid when due will be assessed a \$5.00 per month late fee until all fees are brought current.
- (2) 4% of gross sales, including cash, or a minimum of \$150.00 a month for the first full year of business; \$200.00 per month for the second full year of business and \$300.00 a month for each following year of business. "Gross Sales" means the total amount of money you receive for all goods sold and all services rendered within your Exclusive Territory or in connection with the Color Glo trade name or marks, excluding sales tax.

**ITEM 7: Estimated Initial Investment**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>Date Due</b>	<b>To whom the payment is to be made</b>
Initial Franchise Fee	\$33,000.00 (Note 1)	Lump Sum	At signing of Franchise Agreement	Color Glo
Start-Up Fee (Notes 2 & 5)	\$21,500.00 + shipping costs (Notes 6 & 7)	Lump Sum	At signing of Franchise Agreement	Color Glo

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>Date Due</b>	<b>To whom the payment is to be made</b>
Travel Expenses While Training	\$500.00 to \$2,500.00	As Incurred	During Training	Airlines, Hotels and Restaurants
Business Vehicle/Signs	\$175 to \$1500 (Note 3 & 8)	(Note 3 & 8)	(Note 3 & 8)	(Note 3 & 8)
Business Licenses/Permits (Note 9)	\$50.00 to \$200.00	As Incurred	As required by payee	Governmental units
Equipment and Supplies	\$200.00 to \$300.00 (Note 4)	As Incurred	At signing of Franchise Agreement	Suppliers
Computer equipment, iPad, iPhone	\$250 to \$750 (Note 10)	As Incurred	As Incurred	Merchants
Additional Funds (Working Capital)	\$500.00 to \$1,500.00 (Note 4)	As Incurred	As Incurred	Suppliers, employees, etc.
Internet Marketing (Note 10)	\$125.00 (Note 10)	As Incurred	As required by payee	Google
Total expenditures (Note 11)	\$56,300 to \$61,375	\$54,500 Lump Sum The remainder As Incurred		

Notes:

- (1) When you sign the Franchise Agreement you will pay us in cash or another form of payment that will make the funds immediately accessible to us such as a cashier's check or wire transfer, the Initial Fee of \$33,000.00. The Initial Fee is nonrefundable.



- (2) When you sign the Franchise Agreement, you must pay us a Start-up fee of \$21,500.00 (plus shipping), which includes legal and administrative costs, initial training costs for 2 people (but not travel), and the Start-Up Kit, containing an initial supply of all required Color Glo Products and Supplies. The start-up fee is nonrefundable.

Other than as described in Item 6, you are not required to pay us or an affiliate any additional sums before you begin the Franchised Business.

- (3) **Work Vehicle.** Your work vehicle must present a professional appearance and must be licensed and insured. You must obtain our approval of your work vehicle before beginning operation of the Franchised Business. The low estimate assumes you will use your personal vehicle as your work vehicle. The high estimate assumes you will lease a used vehicle, with a \$340.00 down payment and monthly lease payment of \$328.00 for three month. Both estimates include \$175.00 for gasoline during the first three months of operations.
- (4) You will need approximately \$500.00 to \$1,500.00 for working capital. The amounts needed for Working capital will vary depending upon the size of your business, whether you use Working capital for economic factors, household bills family expenses, etc. Although these amounts are not paid to Color Glo, payments by you made from working capital are generally not refundable as they are typically considered monthly expenses.
- (5) Color Glo International does not offer direct or indirect financing to FRANCHISEES for any part of the initial investment.
- (6) A FRANCHISEE may acquire a larger Exclusive Territory for an additional fee. More than 90% of our FRANCHISEES operate in a standard size Exclusive Territory. If you choose to have a larger than normal Exclusive Territory, you will pay an additional \$500.00 fee per increase of 10,000 in population. All fees must be paid in full before we will schedule training.
- (7) The Start-up fee includes legal and administrative costs for 2 people (but not travel), and the purchase of the Start-Up Kit that contains an initial supply of all required Color Glo Products and Supplies. The Start-up fee must be paid in full before we will schedule training and includes all shipping costs incurred by the initial supply package.
- (8) **Vehicle Signs.** Before beginning operations, you must have all required vehicle signs applied to your work vehicle, exactly according to our specifications. These will be supplied as part of the initial supply package at no additional cost.
- (9) **Business Licenses/Permits.** You must obtain all necessary permits and licenses, required by applicable law, before you begin the Franchised Business.
- (10) **Marketing.** You must spend the current monthly minimum expenses (currently \$125.00) with Google AdWords or other approved supplier to market your Franchised Business. We will coordinate with your marketing supplier, but you will pay Google Ad Word or another approved supplier directly. The \$125.00 estimate is for 3 months at the minimum monthly rate.

## **ITEM 8: Restrictions on Sources of Products and Services**

To maintain compliance with Color Glo's standards of uniformity and quality of products and services by all FRANCHISEES, you must purchase certain items and services according to our specifications. These specifications may include minimum standards for quality, performance, design, appearance, delivery and other restrictions. These specifications are maintained in the Operations Manual and other support material we make available to you (collectively, the "Manual"). The Manual is available to you online through our website. We may periodically change these specifications either by notice to you or through changes to the Manual, and you must promptly comply with the changed standard. You may incur expenses or increase costs to comply with these changes.

You must purchase certain items and services from Color Glo or products that we have approved in the Manual. This includes the Start-Up Kit, Color Glo products, Craftsman's Choice products, marketing materials and promotional products. All required product purchases are included in the Start-Up Kit. Color Glo products include those manufactured by Color Glo or from agreements with manufacturers committed to the quality and specifications required by Color Glo. A complete list of these items and services and approved suppliers for each is contained in the Manual. The approved suppliers have demonstrated to our satisfaction that they have the ability to meet standards and specifications for relevant items and services, that they possess adequate quality controls, and that they have the capacity to supply your needs promptly and reliably. Color Glo derives no benefit for/or volume discount for requiring the use of a specific supplier. We have the right to change the list of approved suppliers, and you must promptly change suppliers if required.

We are the sole designated supplier of the proprietary Color Glo products, including Dash Repair, Velour Adhesives and Promoters, Bases, Additives and Conditioners, Top Coatings and Flatteners, Deodorizers and Neutralizers, Cleaners and Solvents, Colorants, Aniline Leather Dyes, Colorants of Distinction, Cyanoacrylates, Adhesives, Activators, Leather Fillers, Hot Cures, Velour Fibers, Headlight Restoration and Specialty Furniture Cleaning Products.

Color Glo has no affiliates which are approved suppliers for any products or supplies which are not proprietary Color Glo products. Color Glo has no purchase agreements with any suppliers and derives no revenue from suppliers. No negotiated purchase agreements exist with suppliers, including price terms, for the benefit of the FRANCHISEES.

Color Glo derives a profit from the sale of these products by charging more than its cost. In the fiscal year ending August 31, 2021, Color Glo's revenue from the sales of these products was \$822,712.56 or 58% of Color Glo's total revenue of \$1,418,469.93.

Except for the initial equipment and supplies package you must first purchase from us, there are no other products or equipment needed to operate your Franchise Business that you must purchase from us for that first calendar year you start your Franchised Business. There are no required purchases of computer hardware or software from Color Glo or approved suppliers.

100% of FRANCHISEE'S required purchases will be from FRANCHISOR.

If you desire to use or offer additional items or services that we have not approved, you must first obtain our written consent. We do not have any formal policies or procedures for approving new items or services, or for revoking approval. The primary factors in our analysis of possible new items and services are whether the item or service would be a good fit in our franchise system and whether the supplier has the capacity to supply our franchisees needs promptly, reliably, and economically. This analysis involves the subjective opinion of Color Glo International management.

In connection with any request by you for approval of additional items, services, or suppliers, we may require you to provide us with photographs, drawings, specifications, samples, or any additional materials or information we desire to evaluate your request. You must pay for our reasonable expenses in evaluating your request. We will notify you of our approval or disapproval of any new item, service or supplier requested by you within a reasonable time (usually within 120 days) after we have received all of the relevant information requested. We may uphold approval of any item, service, or supplier at any time for any reason, and we will notify you of any revocation of approval.

It is estimated that the required purchases are approximately 13% of your total on-going operating expenses. Color Glo is not involved with any purchasing or distribution cooperatives. Except as set forth above, you are not obligated to purchase or lease any goods, services, products, or materials from Color Glo or from designated sources. Currently there are no suppliers of which an officer of CGI International, Inc. owns an interest. Whenever possible, an officer of CGI International, Inc. will negotiate purchase agreement with suppliers for the benefit of its FRANCHISEES.

We may conduct a review of your purchase history to ensure your compliance with the minimum purchase requirements. All products, equipment and supplies used and offered for sale by you in the Franchise Business must meet our current standards and specifications, including but not limited to branding requirements (including our color and label requirements) as established in the Manuals or otherwise in writing.

We may also identify certain products you must use without reference to a particular manufacturer. We reserve the right to change these requirements and you will be responsible, at your expense to make these changes.

You must own a work vehicle that creates a professional appearance for a service vehicle and must be licensed and insured. Most FRANCHISEES use a minivan, station wagon, SUV or similar vehicle in the operation of the franchise. We do not have any color, make or model requirements. You must obtain approval of your work vehicle before beginning operation of your Color Glo service. We require you to submit a photograph and written details regarding the proposed vehicle from which we can determine the vehicle's body condition and other factors affecting your vehicle's appearance. You must permanently display, at you own expense, on all vehicles you use for the franchised service, all signs (provided in Start-Up Kit) of any nature, form, color, number, location and size that we require, exactly according to the specification that we have designated in the Manual or in writing.

You must procure and maintain, during the term of the Franchise Agreement, the types and amounts of insurance covering the operation of the Franchise Business and the Office from insurance carriers reasonably acceptable to us.

### **ITEM 9: Franchisee's Obligations**

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

<b>FRANCHISEE'S OBLIGATIONS</b>		
<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Article 1	Item 11
b. Pre-opening purchase/leases	Article 7	Item 8

<b>FRANCHISEE'S OBLIGATIONS</b>		
<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
c. Site development and other pre-opening requirements	Articles 4, 6, 7, 8, 13, & 14	Items 6, 7, & 11
d. Initial and ongoing training	Article 13	Item 11
e. Opening	Article 1	Item 11
f. Fees	Articles 4, 5, 6, 7, 13, 15, & 16	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Articles 1,7, 8, & 14	Item 11
h. Trademarks and proprietary information	Article 3	Items 13 & 14
i. Restrictions on products/services offered.	Article 7	Item 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quota	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Articles 7 & 8	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Article 14	Item 6
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Article 15	Not Applicable
q. Owner's participation management/staffing	Articles 7 & 8	Item 15
s. Inspections and Audits	Articles 7 & 16	Items 6 & 11
t. Renewal	Article 2	Item 17
u. Non-competition covenants	Article 12	Item 17
v. Dispute resolution	Not Applicable	Not Applicable

**ITEM 10: Financing**

We do not offer direct or indirect financing. We do not guarantee your Note, lease or obligation. We are able to refer you to lenders who may be willing to enter into a financial arrangement with you.

**ITEM 11: Franchisor's Assistance, Advertising, Computer Systems, and Training**

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

Color Glo will not provide any assistance in finding a site if FRANCHISEE decides to operate from a fixed location. Color Glo does not determine or consider for FRANCHISEE any factors in selecting or approving sites. Color Glo does not maintain a funded advertising program nor does Color Glo require FRANCHISEE to buy an electronic cash register or computer system. Color Glo does not restrict any FRANCHISEE from advertising in their own location. During the operation of your Franchise Business, Color Glo will loan you a copy of our Operations Manual.

FRANCHISEE must use its best efforts to promote the Color Glo business to all industry targets throughout the Exclusive Territory. To do this the FRANCHISEE must actively market its Color Glo,

business according to our recommendations, including electronic advertising, direct mail and direct in-person customer contact.

In order for a FRANCHISEE to make full use of the online resources to communicate with us while at job sites, you must have a smart phone or tablet computer, such as an iPad with paid Internet service for Internet access, purchased at the current market rate. FRANCHISEE must also monitor and participate in the communication/ forum group available for all Color Glo FRANCHISEES through the Color Glo Intranet system. There are no restrictions on the FRANCHISEE'S use of the Internet. Color Glo does not have independent access to the information stored or generated on your systems.

Except as discussed below, Color Glo need not provide any assistance to you. Before you open your Franchise Business, Color Glo will:

- (1) provide you with a schedule of all supplies and equipment approved by the FRANCHISOR for use in the FRANCHISEE'S business (Article 13, page 14 of the Franchise Agreement); and
- (2) provide you with an initial supply of Color Glo products as set forth in Exhibit E of this Franchise Disclosure Document; and
- (3) provide one copy of Color Glo's Operating Manual (Article 7, page 8 of the Franchise Agreement).

### TRAINING PROGRAM

#### Outline of Week #1 of Color Glo's Training Program

Monday – Friday

Subject	Instructional Material	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to staff and Color Glo System	N/A	3 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota
Equipment Overview	Equipment and tools supplied in Franchise Start-Up package	2 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota
Procedures for how to perform a successful repair on Auto & Marine interiors	Color Glo Products and recommended tools	20 hours	Varies with training performed in the field	Classroom Training held at Corporate Office, in Minneapolis, Minnesota. Field training varies with Trainer
Color Mixing & Matching	Color Glo Dye system; color mixing & matching literature, color wheel, and misc. mixing supplies	6 hours	Varies with training performed in the field	Classroom Training held at Corporate Office, in Minneapolis, Minnesota. Field training varies with Trainer
Understanding of the Color Glo Bases	Color Glo Bases & Bases literature	2 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota

<b>Subject</b>	<b>Instructional Material</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Proper application of your dye and base mixture	Color Glo Bases & Dyes and recommended HVLP spray gun w/compressor	2 hours	Varies with training performed in the field	Classroom Training held at Corporate Office, in Minneapolis, Minnesota. Field training varies with Trainer
Weekly Review	Varies upon FRANCHISEES questions and concerns	5 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota

**Outline of Week #2 of Color Glo's Training Program**

**Monday – Friday**

<b>Subject</b>	<b>Instructional Material</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Hazmat Training, Operations Manuals, MSDS review, FAA Review, Respirator fit test	Operations Manual's SDS, Franchisee's Assigned Respirator, FAA literature	3 Hours	N/A	Classroom Training held at Corporate Office
In the field, hands on training	Color Glo Products & recommended tools	N/A	15 Hours	Field Training varies with trainer
The repair and servicing of both residential and commercial furniture	Color Glo Products & recommended tools	10 Hours	N/A	Field Training varies with trainer
Sales and Marketing	Color Glo Brochures, Sales Aids, Mailings	4 Hours	N/A	Classroom Training held at Corporate Office
Introducing you and your service, Customer billing	Invoices, work proposal sheets, billing statements	4 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota
Weekly Review	Any remaining questions, concerns or product and repair technique review	4 hours	Varies with each FRANCHISEE	Classroom Training held at Corporate Office, in Minneapolis, Minnesota. Field training varies with Trainer

**Outline of Week #3 of Color Glo Training****Monday – Friday**

<b>Subject</b>	<b>Instructional Material</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Unpack and inventory products, vehicle and product setup	FRANCHISEES vehicle & Color Glo product	N/A	8 hours	Franchisee's Market Area Field Training varies with Trainer
Mapping of service route	N/A	N/A	3 hours	Franchisee's Market Area Field Training varies with Trainer
Soliciting of service route	Vehicle & Product	N/A	37 hours/ 4 days	Franchisee's Market Area Field Training varies with Trainer
Weekly Review	Varies upon FRANCHISEE'S questions and concerns	5 hours	N/A	Classroom Training held at Corporate Office, in Minneapolis, Minnesota

Training is begun within 90 days of execution of the Franchise Agreement and must be attended by the new FRANCHISEE. CGI's classroom instructor has ten years of experience. The field training is done by a FRANCHISEE with a minimum of ten years of experience. Refresher training and additional training is conducted during regional seminars and our annual seminar in Minneapolis. The Franchise Agreement shall be terminated if the FRANCHISEE fails to commence operations of the Color Glo business within 90 days of execution of the Franchise Agreement.

**Color Glo Certified Trainers**

Currently our Certified Trainers are as follows:

- Bill Sachse, 37+ years of field experience and training certification
- Robert deHann, 40 + years of field experience and training certification
- Bob Litke, 15+ years of field experience and training certification
- Darcy Huber, 20+ years of field experience and training certification
- Dennis Stachowski, 18+ years of field experience and training certification
- Ruben Moodley, 19+ years of field experience and training certification

During the operation of the Franchise Business, Color Glo will:

- (1) Provide certain advertising production materials (Article 13, page 14 of the Franchise Agreement);
- (2) Inspect your business as often as Color Glo deems necessary (Article 13, page 14 of the Franchise Agreement);
- (3) Protect the Marks and Business System (Article 3, page 4 of the Franchise Agreement); and

- (4) Provide the supplements and modifications to the Operating Manuals (Article 8, page 9 of the Franchise Agreement).

Your franchise area will be designated by the parties in the Franchise Agreement prior to execution. Generally, the area will be chosen by you based upon where you live. Site selection is generally based upon population (Article 1, page 2 of the Franchise Agreement). There is a 90-day time limit for the FRANCHISOR to approve an area. Should an area not be approved within this time limit, no franchise shall be awarded to the FRANCHISEE. The FRANCHISOR provides names and contact information of approved suppliers for signs & decals only. Delivery and installation is the responsibility of the FRANCHISEE. Payment for the Franchise is due at the time of signing the Franchise Agreement. In most cases, it is less than 60 days from the time of signing the Franchise Agreement to the opening of the business. The only delay in commencing business will be the availability of financing to the FRANCHISEE. The FRANCHISOR is not required to spend any money on advertising in the FRANCHISEE'S area or territory. The FRANCHISOR is not required to participate in any local or regional advertising cooperatives. Further, there is no advertising council composed of FRANCHISEES. Any restrictions the FRANCHISOR has regarding the FRANCHISEE'S use of the Internet can be found in the Color Glo Social Media Policy, listed as Exhibit A, within this Franchise Document.

The FRANCHISOR does not require the FRANCHISEE to buy or use electronic cash registers or computer systems but does recommend a credit card debit system that can be used in conjunction with most mobile devices and cost on average \$15.00 - 20.00 per month. With these types of devices there are a few maintenance updates and several are done by the device at no charge. Support contracts associated with these devices are inclusive of your monthly fees.

Color Glo provides training to you in your franchised area or at another location designated by Color Glo. The content of the training program will include training in the use of all products used in operating the Color Glo business with specific emphasis on advertising and accounting procedures. The mandatory training program must have been completed by you or your on-premises supervisor to Color Glo's satisfaction. The length of the training is at the discretion of Color Glo; but will generally last three (3) weeks and takes place approximately two (2) weeks after signing the Franchise Agreement. You are responsible for all expenses in connection with attending the training including travel, room and board, salaries, and fringe benefits for all persons attending the training program. There is no actual cost to you for the training itself or for any materials used during the training session. These costs are included in the Initial Fee. Color Glo maintains a formal training staff and does implement a formal training procedure. The training instructors are experienced in all aspects of the operation of a Color Glo business and have trained for Color Glo for at least ten years. The particular training criteria used to train you is up to the discretion of Color Glo. Color Glo may; but is not required to offer additional training as it deems appropriate. Any such additional training is not mandatory and will be provided at no cost to you. You will be responsible for all expenses incurred in connection with attending any additional training sessions. The additional training sessions may be held in the franchise area or at such other location designated by Color Glo. The content of any additional training sessions will be instructions on new techniques and methods to be used in the Color Glo business. Such training will not exceed one day in length (Article 13, page 14 of the Franchise Agreement).

Color Glo provides additional training for new products and services introduced at the annual International Seminar. Attendance, which will not exceed three days in duration, is mandatory. You must pay for any travel and daily living expenses for this additional training. Color Glo may charge a registration fee to offset its costs. The registration fee includes seminar meals and your seminar workbook.



FRANCHISEES generally commence their business in less than 60 days from the date the Franchise Agreement is executed. The only delay in commencing business will be the availability of financing to the FRANCHISEE.

During the operation of your business Color Glo will loan you a copy of our Operations Manual. This Manual is confidential and remains our property. (See Exhibit C for Contents of Operations Manual).

### **ITEM 12: Territory**

Each Color Glo franchise is granted an Exclusive Territory, but no specific location is designated for the premises of the Franchised Business. Each Color Glo FRANCHISEE is granted an Exclusive Territory, which requires a minimum population of 500,000, but no specific location is designated for the premises of the Franchised Business. Your Color Glo Service must be based within your Exclusive Territory. We do not have any approval rights as to the locations or relocation of your Franchised Business within your Exclusive Territory. There will normally be at least about 300,000-500,000 people in your Exclusive Territory. The exact boundaries of your territory will be negotiated in accordance with the most recent city and county census figures available. Your Color Glo Service must be based within your Exclusive Territory. You may not authorize another FRANCHISEE to use our Marks or other Marks to operate a similar or competitive Service in the Exclusive Territory, nor sell products to another Service Provider in the Exclusive Territory (including through our channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales). The Franchise Agreement restricts us and our affiliates from selling Proprietary Products to end users or product resellers in the Exclusive Territory. The Proprietary Products are those products that cannot be used without the required training provided to Franchised Territories. However, Color Glo and its affiliates and FRANCHISEES sell Craftsman's Choice Products® and CGI Boutique Services Products® to end users and resellers regardless of their locations (including through our channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales) Craftsman's Choice Products® and CGI Boutique Services Products® are products that may be used by consumers without the required training for the use of the Color Glo Proprietary Products. There are no territorial restrictions for the sales of Craftsman's Choice Products® and CGI Boutique Services Products® and we will not provide any compensation to you for any sales of Craftsman's Choice Products® and CGI Boutique Services Products in your Exclusive Territory.

We and our affiliates do not operate a franchise, and have no plans to operate a franchise or any competing business under any other marks.

Except for the rights expressly granted to you under the Franchise Agreement in your Exclusive Territory, the franchise is not-exclusive. We reserve the rights in the Trade Name, Marks, and System not expressly granted in the Franchise Agreement, including the rights to:

- (a) Sell at retail or wholesale or otherwise, directly or indirectly, or license others to sell or distribute any products or services which bear any proprietary marks, including the Trade Name or Marks, including any Proprietary Products, through any means of distribution not specifically prohibited by the Franchise Agreement;
- (b) Own, acquire, establish, operate or offer franchises to others for any business whatsoever outside the Exclusive Territory regardless of how close the business or territory is to your Exclusive Territory;
- (c) Sell Proprietary Products through any means of distribution not specifically prohibited by another provision of this Document or the Franchise Agreement including wholesale distribution to retail stores, catalog sales or Internet sales;

- (d) Acquire or be acquired by any competing system including a competing system that has one or more units within your Exclusive Territory.

You may not solicit business nor provide services to a customer in another Color Glo FRANCHISEE'S Exclusive Territory (including by use of the Internet, mail order catalog, telemarketing, etc.). You may provide services to customers outside your Exclusive Territory only with our prior written consent and only upon the condition that you will immediately relinquish the customer, with receiving or accepting any consideration for so doing, if the territory is granted to another FRANCHISEE or if we withdraw our consent.

You will not be required to meet a quota or other condition to maintain the exclusivity of your Exclusive Territory or to keep us from modifying your Exclusive Territory. However, if you fail to make minimum annual purchases of Proprietary Products (minimum \$2,500.00 per year), you may lose your Franchise.

The only circumstance under which we might modify your Exclusive Territory would be if you ask us to cancel your franchise and to re-issue 2 or more franchises with smaller territories so that part of the Exclusive Territory may be sold to another FRANCHISEE.

If you fail to use your best efforts to promote the Franchised Business to all industry segments throughout your Exclusive Territory, we will encourage you to cooperate with other of our FRANCHISEES so that all industry segments in all of your Exclusive Territory are serviced by Color Glo FRANCHISEES.

Your Franchise does not give you an option to purchase additional franchises in neighboring territories.

### ITEM 13: Trademarks & Trademark Applications

Color Glo will grant you the right to use, and you must use, the Service Mark "COLOR GLO." Color Glo registered the COLOR GLO Service Mark on the United States Patent and Trademark Office principal register on December 9, 1980 as Registration Number 1,142,823. The following is a summary of the trademark and service mark registrations:

principal register of the United States Patent and Trademark Office (USPTO):

Registration No. 1,142,823  
Registered: December 9, 1980  
Mark: **COLOR-GLO**

Registration No. 1,579,707  
Registered: January 30, 1990  
Mark: **COLOR GLO INTERNATIONAL and  
Rectangle Design INDUSTRIES**

Registration No. 2,711,996  
Registered: April 29, 2003  
Mark: **THE LEATHER GUYS**

Registration No. 2,879,014  
Registered: August 31, 2004  
Mark: **THE RIGHT BUSINESS AT THE RIGHT  
TIME**

Registration No. 1,244,071  
Registered: July 5, 1983  
Mark: **SPRAY WAND DESIGN**

Registration No. 2,904,454  
Registered: November 23, 2004  
Mark: **SPECIALISTS IN COLOR  
RESTORATION & REPAIR**

Registration No. 3,144,089  
Registered: September 19, 2006  
Mark: **COLOR GLO**

\*\*\*\*\*

You must follow all rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs, or symbols except for those which Color Glo licensed to you. You may not use Color Glo's registered marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Color Glo.

There are presently no effective determinations of the United States Patent and Trademark Office, or the trademark administrator in an state or court, no pending interference, opposition or cancellation proceeding, no pending material litigation involving the trademarks which have limited or restricted the use of the FRANCHISOR'S trademarks, trade names, service marks or commercial symbols in any state.

There are no agreements in effect which significantly limit the rights of the FRANCHISOR to use or license its trademarks, trade names, service marks or commercial symbols in any manner material to the Franchise. To the knowledge of the FRANCHISOR there are no infringing uses which could materially affect the FRANCHISEE'S use of the COLOR GLO mark.

You must notify Color Glo immediately when you learn about an infringement of or challenge to your use of our service mark. Color Glo will take the action we think appropriate. Color Glo is obligated under the Franchise Agreement to protect rights which you have to use its trademarks and other related rights or to protect you against claims of infringement and unfair competition with respect to the trademarks. However, if anyone establishes to Color Glo's satisfaction that its rights are, for any legal reason, superior to any of Color Glo's trademarks, trade names or service marks, then you are required to use such variances of other service marks, trademarks or trade names as required by the FRANCHISOR to avoid conflict with such superior rights.

The FRANCHISOR has filed all required affidavits. All registrations remain in full effect and have been renewed. The FRANCHISOR will protect the FRANCHISEE'S right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the FRANCHISEE from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, Color Glo.

**CGI INTERNATIONAL, INC.**

**SEPTEMBER 1, 2015**

**TRADEMARKS AND TRADEMARK APPLICATIONS**

**U.S. Trademark Registrations**

U.S. Trademark  
Registration No. 1,237,927  
Registered: May 17, 1983  
Mark: COUSTIC-GLO  
Renewal Due Date: May 17, 2023

U.S. Service Mark  
Registration No. 1,481,073  
Registered: March 15, 1988  
Mark: COUSTIC-GLO  
Renewal Due Date: March 15, 2018

U.S. Trademark/Service Mark  
Registration No. 1,244,071  
Registered: July 5, 1983  
Mark: SPRAY WAND DESIGN  
Renewal Due Date: July 5, 2023

U.S. Trademark  
Registration No. 1,783,774  
Registered: July 27, 1993  
Mark: COUSTIC-COAT  
Renewal Due Date: July 27, 2023

U.S. Trademark  
Registration No. 1,743,163  
Registered: December 29, 1992  
Mark: COUSTIC GRID  
Renewal Due Date: December 29, 2022

U.S. Service Mark  
Registration No. 2,373,681  
Registered: August 1, 2000  
Mark: CEILING GUYS  
Renewal Due Date: August 1, 2020

U.S. Service Mark  
Registration No. 1,142,823  
Registered: December 9, 1980  
Mark: COLOR-GLO  
Renewal Due Date: December 9, 2020

U.S. Service Mark  
Registration No. 1,116,953  
Registered: April 24, 1979  
Mark: CHEM-GLASS  
Renewal Due Date: April 24, 2019

U.S. Trademark  
Registration No. 1,579,707  
Registered: January 30, 1990  
Mark: COLOR GLO INTERNATIONAL  
and Rectangle Design  
Renewal Due Date: January 30, 2020

U.S. Service Mark  
Registration No. 2,252,584  
Registered: June 15, 1999  
Mark: CRAFTSMAN GUARANTEED  
INDUSTRIES  
Renewal Due Date: June 15, 2019

U.S. Service Mark  
Registration No. 2,711,996  
Registered: April 29, 2003  
Mark: THE LEATHER GUYS  
Renewal Due Date: April 29, 2023

U.S. Trademark  
Registration No. 2,798,481  
Registered: December 23, 2003  
Mark: CRAFTSMAN'S CHOICE  
Renewal Due Date: December 23, 2023

COLOR GLO

South Africa Trademark  
Registration No. 2007/11192  
Registered: April 14, 2010  
Mark: COLOR GLO  
Renewal Due Date: May 28, 2017

CGI BOUTIQUE SERVICES

South Africa Trademark  
Registration No. 2012/28372  
Mark: CGI BOUTIQUE SERVICES  
Renewal Due Date: October 19, 2022

Foreign Trademark Applications

Indian Trademark  
Application No. 1909148  
Mark: COLOR GLO

Nigeria Trademark  
Application No.  
Mark: COLOR GLO

LOOK UP

Australian Trademark  
Registration No. 1,114,679  
Registered: May 22, 2006  
Mark: LOOK UP  
Renewal Due Date: May 22, 2016

THE CEILING GUYS

Australian Trademark  
Registration No. 1,157,311  
Registered: January 22, 2007  
Mark: THE CEILING GUYS  
Renewal Due Date: January 22, 2017

COLOR GLO

New Zealand Service Mark  
Registration No. 700,710  
Registered: March 9, 2004  
Mark: COLOR GLO  
Renewal Due Date: September 2, 2023

Thailand Service Mark  
Registration No. 22,907  
Registered: September 2, 2004  
Mark: COLOR GLO  
Renewal Due Date: September 30, 2023

International Service Mark  
Registration No. 887,333  
Registered: November 11, 2005  
Mark: COLOR GLO  
Countries: Armenia, Australia, P.R. China,  
S. Korea, Russian Federation, Ukraine,  
Singapore, Vietnam, Norway and  
European Community  
(Austria, Benelux, Bulgaria, Cyprus,  
Czech Republic, Germany, Denmark,  
Estonia, Spain, Finland, France,  
United Kingdom, Greece, Hungary,  
Ireland, Italy, Lithuania, Latvia,  
Malta, Poland, Portugal, Romania,  
Sweden, Slovenia, Slovakia)  
Renewal Due Date: November 11, 2015

Malaysian Trademark  
Registration No. 3,013,327  
Registered: August 25, 2006  
Mark: COLOR GLO  
Renewal Due Date: October 2, 2023

Mexican Trademark  
Registration No. 838,751  
Registered: June 18, 2004  
Mark: COLOR GLO  
Renewal Due Date: May 7, 2024

Hong Kong Trademark  
Registration No. 310549521  
Registered: August 11, 2010  
Mark: COLOR GLO  
Renewal Due Date: February 23, 2020

COUSTIC-GLO INTERNATIONAL

Australian Trademark  
Registration No. 1,114,681  
Registered: May 22, 2006  
Mark: COUSTIC-GLO INTERNATIONAL  
Renewal Due Date: May 22, 2016

COUSTIC-COAT

Canadian Trademark Registration No. 436,026  
Registered: November 25, 1994  
Mark: COUSTIC-COAT  
Renewal Due Date: November 25, 2024

COLOR GLO INTERNATIONAL and Rectangle Design

Canadian Trademark  
Registration No. 382,893  
Registered: April 12, 1991  
Mark: COLOR GLO INTERNATIONAL and Rectangle Design  
Renewal Due Date: April 12, 2021

CRAFTSMAN GUARANTEED INDUSTRIES

Canadian Service Mark  
Registration No. 534,700  
Registered: October 17, 2000  
Mark: CRAFTSMAN GUARANTEED INDUSTRIES  
Renewal Due Date: October 17, 2015

THE LEATHER GUYS

Canadian Trademark  
Registration No. 651,734  
Registered: October 27, 2005  
Mark: THE LEATHER GUYS  
Renewal Due Date: October 27, 2020

CRAFTSMAN'S CHOICE

Canadian Trademark  
Registration No. 631,798  
Registered: February 2, 2005  
Mark: CRAFTSMAN'S CHOICE  
Renewal Due Date: February 2, 2020

U.S. Service Mark  
Registration No. 2,879,014  
Registered: August 31, 2004  
Mark: THE RIGHT BUSINESS AT  
THE RIGHT TIME  
Renewal Due Date: August 31, 2024

U.S. Service Mark  
Registration No. 2,904,454  
Registered: November 23, 2004  
Mark: SPECIALISTS IN COLOR  
RESTORATION & REPAIR  
Renewal Due Date: November 23, 2024

U.S. Trademark  
Registration No. 3,144,089  
Registered: September 19, 2006  
Mark: COLOR GLO  
Renewal Due Date: September 19, 2016

U.S. Service Mark  
Registration No. 4,405,035  
Registered: September 24, 2013  
Mark: CGI BOUTIQUE SERVICES  
Affidavit Due Date: September 24, 2019

U.S. Service Mark  
Registration No. 4,564,351  
Registered: July 8, 2014  
Mark: PRECISION LEATHER RESTORATION  
Affidavit Due Date: July 8, 2020

U.S. Service Mark  
Registration No. 4,564,352  
Registered: July 8, 2014  
Mark: PRECISION LEATHER TUNING  
Affidavit Due Date: July 8, 2020

#### U.S. Trademark Applications

U.S. Trademark  
Application No. 86/623,689  
Mark: AGE STOP

#### Foreign Trademark Registrations

##### COUSTIC-GLO

Australian Trademark  
Registration No. 1,114,678  
Registered: May 22, 2006  
Mark: COUSTIC-GLO  
Renewal Due Date: May 22, 2016

International Service Mark  
Registration No. 942,464  
Registered: October 16, 2007  
Mark: COUSTIC-GLO  
Countries: S. Korea, P.R. China and  
Singapore  
Renewal Due Date: October 16, 2017

Hong Kong Trademark  
Registration No. 301549521  
Registered: August 11, 2010  
Mark: COUSTIC-GLO  
Renewal Due Date: February 23, 2020

Macau Trademark  
Registration No. N/050192  
Registered: October 25, 2010  
Mark: COUSTIC-GLO  
Renewal Due Date: October 25, 2017

Indian Trademark  
Registration No. 1,002,122  
Registered: January 15, 2010  
Mark: COUSTIC-GLO  
Renewal Due Date: January 15, 2020

September 1, 2015

2



#### **ITEM 14: Patents, Copyrights, and Proprietary Information**

Color Glo may grant you the right to use copyrighted material in connection with F.A.A. approved aircraft cleaning and repairs. The copyrighted material is an instructional training manual protected by U.S. Copyright TXu-1-106-508, which was issued August 25, 2003 for the work titled "Aircraft Interior Repair/Restoration." Color Glo owns this U.S. Copyright and only FRANCHISEES who have successfully passed the F.A.A. training program are permitted to use it.

You must notify Color Glo immediately if you learn about an infringement or challenge of our copyrighted material. Color Glo will take the action we think is appropriate. Color Glo has the exclusive right to prosecute any litigation involving the copyrighted material.

There are presently no effective determinations of the United States Patent and Trademark Office, any pending interference, opposition, or cancellation proceeding and no pending material litigation involving the pending patent which have limited or restricted the use of Color Glo's patent in any state.

You must notify Color Glo immediately if you learn about an infringement or challenge to your use of our pending patent. Color Glo will take the action we think is appropriate. Color Glo has the exclusive right to prosecute any litigation involving the pending patent.

**ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business.**

Color Glo does require you to personally manage or operate the Color Glo business. The operator or manager of the Color Glo business does have to complete the Color Glo training program. The manager cannot have an interest or business relationship with any of Color Glo’s business competitors. Color Glo reserves the right to require operator or manager to sign a written agreement to maintain confidentiality of its trade secrets. However, Color Glo requires that the operator of the Color Glo business have a 10% ownership interest in the business. Upon request, you must provide the name and background information of any person managing your business.

**ITEM 16: Restrictions on What the franchisee May Sell.**

The Franchise Agreement provides that you must sell all the products and services required by Color Glo. Furthermore, you are prohibited from offering or selling any products or services unauthorized by Color Glo in connection with the Color Glo marks or business system. You are not limited in the customers to whom you may sell services, but you are prohibited from selling or re-selling the Color Glo products to anyone not licensed by Color Glo. The FRANCHISOR reserves the right to change the types of authorized products and services without limitation.

**ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution.**

**You should read these provisions in the agreements attached to this Disclosure Document.**

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Article 2(a)	Term of Franchise Agreement is for ten years.
b. Renewal or extension of the term	Article 2(b)	If you are in good standing you can renew for an additional term of ten years
c. Requirements for FRANCHISEE to renew or extend the franchise system	Article 2(b)	Written notice 90 days prior to end of Franchise Agreement that you are going to renew, compliance with material terms of Franchise Agreement and material operating and quality standards, pay all money owed to Color Glo and have done so in a timely manner, sign a new Agreement which may contain materially different terms and conditions than the original Agreement.
d. Termination by FRANCHISEE	Article 10	The franchisee may terminate the agreement upon any grounds available by law.
e. Termination by FRANCHISOR without cause	Not Applicable	Not Applicable
f. Termination by FRANCHISOR with	Article 9	Color Glo can terminate only if

Provision	Section in Franchise or Other Agreement	Summary
cause		FRANCHISEE defaults
g. "Cause" defined – curable defaults	Article 9(A)	You have 30 days to cure: nonpayment of fees, nonpayment of liabilities, not purchasing any equipment required for the operation of a Color Glo business, abandonment, you or your employees are convicted or plead guilty to or no contest to a felony or law relating to the Color Glo business, failure to conform to the Business System, you are insolvent or bankrupt, make an assignment to creditors and/or trademark misuse
h. "Cause" defined – non-curable defaults	Not Applicable	Not Applicable
i. Franchisee's obligations on termination/non-renewal	Article 11	Obligations include complete de-identification and payment of amounts due (also see "r" below)
j. Assignment of Contract by FRANCHISOR	Article 17(A)	No restriction on Color Glo's right to assign except 30 days prior written notice must be given to the FRANCHISEE
k. "Transfer" by FRANCHISEE – defined	Article 17	Includes transfer of Franchise Agreement or assets or ownership change
l. FRANCHISOR approval of transfer by FRANCHISEE	Article 17(E)	Color Glo has the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for FRANCHISOR approval of transfer	17(E)	All of your obligations under the Franchise Agreement have been satisfied, you agree to perform all post-term obligations, new FRANCHISEE is personally liable to Color Glo, new FRANCHISEE qualifies, training completed by new FRANCHISEE, transfer fee paid (see also "r" below)
n. FRANCHISOR'S right of first refusal to acquire FRANCHISEE'S business	Not Applicable	Not Applicable
o. FRANCHISOR'S option to purchase FRANCHISEE'S business	Not Applicable	Not Applicable
p. Death or disability of FRANCHISEE	Article 17 (C)	Franchise may be assigned, transferred or bequeathed to any person or beneficiary. However, transferee has to execute all necessary legal documents to transfer title & agree to be bound by the Franchise Agreement
q. Non-Competition covenants during the term of the Franchise	Article 12(A)	No involvement in competing business

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
r. Non-Competition covenants after the term of the Franchise	Article 12(B)	No competing business, for the first year, within 25 miles of another Color Glo franchised area
s. Modification of the Agreement	Article 8(C) Article 18(C)	No modifications may be made except by written instrument. The Operating Manual is subject to change
t. Integration/merger clause	Article 18(H)	Only the terms of the Franchise Agreement are binding (subject to state law) Any restrictions or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. No provision in any Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document
u. Dispute resolution by arbitration or mediation	Article 18(H)	Except for certain claims, all disputes are subject to mediation in the State of Minnesota (subject to state law).
v. Choice of Forum	State Cover Page	Mediation and litigation must be in the State of Minnesota (subject to state law).
w. Choice of Law	State Cover Page	The law of the state in which the Franchised Business is located applies

### **ITEM 18: Public Figures**

Color Glo does not use any public figure to promote its Franchise.

### **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Parts I and II of this Item 19 presents unaudited information about 65 Franchised Territories that were open and continuously operating from January 1 2021, through December 31, 2021 (the "2021 Reporting Period) and 65 Franchised Territories that were open and continuously operating from January 1 2020, through December 31, 2020 (the "2020 Reporting Period). We obtained the Gross Sales and Gross Profit information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Sales or Gross Profit information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

As of the end of the 2020 Reporting Period, there were 73 Franchised Territories open and operating in the United

States, and 65 of those Franchise Territories were open for the full 2020 Reporting Period. Of the 8 Franchised Territories excluded from the 2020 tables of this Item 19, (i) 1 Franchised Territory is excluded because the Color Glo Business for such territory was not continuously open for the full 2020 and was mutually terminated, (ii) 4 Franchise Territories are excluded due to franchisee retirement during the 2020 Reporting and were open less than the full 12 month reporting period, and (iii) 3 Franchise Territories are excluded from this item 19 because the Color Glo Business for such Territories commenced operations during the 2020 Reporting Period and were open less than the full 12 month Reporting Period.

As of the end of the 2021 Reporting Period, there were 71 franchised territories open and operating in the United States, and 65 of those Franchise territories were open for the full 2021 Reporting Period. Of the (6) Franchised Territories excluded from the 2021 table of this item (i) 1 Franchised Territory is excluded because of the Color Glo Business for such territory was not continuously open for the full 2021 Reporting Period and was mutually terminated; and (iii) 3 Franchise Territories are excluded from the 2021 Reporting Period due to retirement during the 2021 Reporting Period, and (ii) 2 Franchise Territories are excluded from item 19 because the Color Glo business for such Territories commenced operations during the 2021 Reporting Period and were open less than the full 12 months Reporting Period.

Part I and II of this Item 19 presents unaudited information about 65 Franchised Territories that were open and continuously operation from January 1, 2021 through December 31, 2021 (the 2021 Reporting Period) and 65 Franchised Territories that were open and continuously operating from January 1, 2020 through December 31, 2020 (the 2020 Reporting Period).

**PART I – STATEMENT OF AVERAGE AND MEDIAN GROSS SALES**

**TABLE 1A  
GROSS SALES OF THE 65 FRANCHISED TERRITORIES  
OPEN THE ENTIRE 2021 REPORTING PERIOD (NOTE 1)**

Average Gross Sales (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
\$63,233.22	\$463,178.00	\$77,472.00	\$21,531.00	50/77%	15/23%	32/50%	32/50%

**TABLE 1B  
GROSS SALES OF THE 65 FRANCHISED TERRITORIES  
OPEN THE ENTIRE 2020 REPORTING PERIOD (NOTE 1)**

Average Gross Sales (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
\$61,308.97	\$569,349.99	\$77,715.00	\$14,653.00	50/77%	15/23%	32/50%	36/50%

Footnotes to Tables 1A and 1B

- (1) Table 1A includes all 65 Franchised Territories open the entire 2021 Reporting Period and Table 1B includes all 65 Franchised Territories open the entire 2020 Reporting Period, regardless of the number of full calendar years in operation.

- (2) Gross Sales – As referenced above, “Gross Sales” means the results of the number of services performed multiplied by the price charged for the service.
- (3) Average Gross Sales – In the above charts, Average Gross Sales is defined by the total Gross Sales of each time period divided by the number of Franchised Territories. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) Median – This is the Median Gross Sales amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an even number of Franchised Territories were averaged.
- (5) High – Discloses the highest Gross Sales from a Franchised Territory within each time period.
- (6) Low – Discloses the lowest Gross Sales from a Franchised Territory within each time period.
- (7) Number & % Above Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales met or exceeded the Average Gross Sales.
- (8) Number & % Below Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Average Gross Sales.
- (9) Number & % Above Median – Refers to the number percentage of Franchised Territories for each time period whose Gross Sales met or exceeded Median Gross Sales.
- (10) Number & % Below Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Median Gross Sales.

**PART II: STATEMENT OF AVERAGE AND MEDIAN GROSS PROFITS**

**TABLE 2A  
GROSS PROFITS BY OF THE 65 FRANCHISED TERRITORIES  
OPEN THE ENTIRE 2020 REPORTING PERIOD**

Average Gross Profit (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
56,356.61	536,575.99	72,106.40	16,584.88	50/77%	15/23%	32/50%	32/50%

**TABLE 2B  
GROSS PROFITS BY OF THE 65 FRANCHISED TERRITORIES  
OPEN THE ENTIRE 2021 REPORTING PERIOD**

Average Gross Profit (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
58,203.84	436,650.88	71,568.00	11,584.88	50/77%	15/23%	32/50%	32/50%

## Footnotes to Tables 2A and 2B

- (1) Table 1A includes all 65 Franchised Territories open the entire 2021 Reporting Period and Table 1B includes all 65 Franchised Territories open the entire 2020 Reporting Period, regardless of the number of full calendar years in operation.
- (2) Gross Profit – As referenced above, “Gross Profit” means the total amount of money you receive for all goods sold and services rendered within your Franchise Territory or in connection with the Color Glo Tradename or marks, excluding sales tax, minus the cost of product for the goods sold and services rendered and royalty fee.
- (3) Average Gross Profit – In the above charts, Average Gross Profit is defined by the total Gross Profits of each time period divided by the number of Franchised Territories in each time period. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) Median – This is the Median Gross Profit amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an even number of Franchised Territories were averaged.
- (5) High – Discloses the highest Gross Profits from a Franchised Territory within each time period.
- (6) Low – Discloses the lowest Gross Profits from a Franchised Territory within each time period.
- (7) Number & % Above Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded the Average Gross Profits.
- (8) Number & % Below Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Average Gross Profits.
- (9) Number & % Above Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded Median Gross Profits.
- (10) Number & % Below Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Median Gross Profits.

## COVID 19 RELATED INFORMATION

Starting in March 2020, the COVID-19 virus pandemic impacted local, regional and national economies. New laws, rules and governmental orders were issued in response to the virus outbreak. As an essential business under the various local, state and federal orders/guidance, most franchisees were able to operate during the government mandated shut down period, and only 4 Franchised Territories closed for a portion of time during 2020 due to the COVID-19 pandemic. Of the 4 Franchised Territories that closed for a portion of time, 1 Franchised Territory closed for 1 week and 3 Franchised Territories closed for 4 weeks. All 4 Franchised Territories reopened after receiving designation as an essential service from their respective local government authority and such Franchised Territories are included in the table below. As of the date of this Disclosure Document, we do not intend to make any changes to our business model as a result of the COVID-19 pandemic.

## Notes to Parts I and II of Item 19:

1. **Some Franchised Territories have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**

2. The Gross Sales and Gross Profit information included this Item 19 relates only to the Franchised Territories that were continuously open and operating during the entire 2020 Reporting Period and entire 2021 Reporting Period (as explained above). The tables do not include Gross Sales and Gross Profit information for Franchised Territories open less than the applicable 2020 and 2021 Reporting Period. You should conduct an independent investigation of the costs and expenses you will incur in operating your Territory. Current and former franchisees listed in this Disclosure Document may be one source of this information.
3. Written substantiation of all data presented in this Item 19 will be made available to you on reasonable request.
4. You are responsible for developing your own business plan for your Business. We encourage you to consult with your own accounting, business, and legal advisors in doing so.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise territory, however, we may provide you with the actual records of that territory. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Gary Smith, our President at Color Glo International (7111 Ohms Lane Edina MN 55439, 952-835-1338), the Federal Trade Commission, and the appropriate state regulatory agencies.

Financial Performance information that differs from that included in Item 19 may be given only if: (a) a FRANCHISOR provides the actual records of an existing outlet you are considering buying; or (b) a FRANCHISOR supplements the information provided in their Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances. Written substantiation for the financial performance representation will be made available to the prospective FRANCHISEE upon request.

- a. (See: During the most recent calendar year individual gross sales of existing Color Glo FRANCHISEES ranged from \$20,000.00 to \$300,000.0. A new FRANCHISEE'S Financial results may differ from the results stated. The actual amount of revenue may vary among FRANCHISEES as each FRANCHISEE has the right to charge more for each service or to discount, as necessary. Your individual results may differ. There is no assurance that you will earn this much. The calculation does not include any estimate of a FRANCHISEE'S overhead expenses such as office space, vehicle purchase price or costs, insurance advertising, or legal and accounting fees. Paying for office space is optional to each FRANCHISEE The purchase price of a vehicle varies based upon the age and quality of the vehicle).

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

Other than the preceding financial performance representation, Color Glo International does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Color Glo International, Attn: Management; 7111 Ohms Lane, Edina, MN 55439, the Federal Trade Commission, and the appropriate state regulatory agencies.



## **ITEM 20: Outlets and Franchisee Information**

In some instances, current and former FRANCHISEES sign provisions restricting their ability to speak only about their experience with Color Glo International. You may wish to speak with current and former FRANCHISEES, but be aware that not all such FRANCHISEES will be able to communicate with you.

Franchise Owners & Locations as of August 31, 2021

**ALASKA**

Jason Palenske  
Color Glo of Alaska  
Anchorage, AK 99521  
907-441-7551

**ARIZONA**

Randy TonLoy  
Color Glo East Valley  
550 East McKellips #2027  
Mesa, AZ 85203  
480-430-7431

Shannon Hudgins  
Color Glo  
15897 N. 162<sup>nd</sup> Avenue  
Surprise, AZ 85374  
623-910-2878

**CALIFORNIA**

James Violante  
Color Glo International of Kern County  
1235 South Green Street  
Tehachapi, CA 93561  
661-823-8435

Ben Campos  
Color Glo  
29028 Summersweet Place  
Murrieta, CA 92563  
951-377-6846

Morgan Bigelow  
Color Glo  
7049 Cowan Court  
Anderson, CA 96007  
530-821-8077

Cecil King  
Color Glo  
5228 Moonlight Way  
Elk Grove, CA 95758  
916-296-6297

**COLORADO**

Marc Trujillo  
Color Glo  
612 Zoin  
Colorado Springs, CO 80910  
719-351-3422

Doris Spall  
Color Glo  
19390 Road 21  
Lewis, CO 81327  
970-759-5818

**FLORIDA**

Petra Garner  
Color Glo International, Inc.  
2420 Hilton Drive  
Navarre, FL 32566  
850-293-7666

Tom Kneuer  
Color Glo International of Central FL  
135 Teresa Lane  
Merritt Island, FL 32952  
407-948-3057

Jeff Rankin  
Color Glo of Ft. Lauderdale  
797 Wedge Lane  
Pompano Beach, FL 33069  
954-560-1099

Kenny Frenchman  
K & G Color Restoration, Inc.  
18887 SE Loxahatchee River Road  
Jupiter, FL 33458  
561-741-4000

Ben Yocum  
Color Glo of Naples  
270 Nottingham Drive  
Naples, FL 34109  
239-450-7332

**GEORGIA**

Michael Huddleston  
Color Glo  
42 Marton Drive  
Ray City, GA 31645  
229-834-3071

**IDAHO**

Gunner Harris  
CG/Treasure Valley  
873 North Christine Lane  
Boise, ID 83704  
208-375-0947

Tracy Shank  
CGI/Magic Valley  
P.O. Box 702  
Filer, ID 83328  
208-326-3295

**IOWA**

Dave & Nick DeBuhr  
Dave's Custom Fabricating  
1713 Continental Access Street  
Cedar Falls, IA 50613  
319-277-8974

Troy Roth  
5765 Derby Avenue SW  
Kalona, IA 52247  
319-430-6174

Rod Miller  
Color Glo of Eastern Iowa  
470 Woodbine Drive  
Marion, IA 52302  
317-241-8586

Bill Sachse  
Color Glo  
315 Cedar Avenue  
Charter Oak, IA 51439  
719-651-9920

**KANSAS**

Ed Laverentz  
Aero Int. Maint.  
2120 S. 343<sup>rd</sup> West  
Cheney, KS 67025  
316-542-0522

Colton Linville  
Renewed Interiors by Color Glo  
320 W. 17<sup>th</sup> Street  
Junction City, KS 66441  
785-307-9878

**MASSACHUSETTS**

Brian Dylewicz  
Color Glo of Central MA  
14 Benson Street  
Worcester, MA 01604  
508-755-2071

Dan Bowen  
Color Glo  
52 Woodland Drive  
Hanover, MA 02339  
339-933-1061

**MICHIGAN**

Brena Poe-Finkbeiner  
Great Lakes Color Glo  
9487 Country Club Lane  
Davidson, MI 48423

**MINNESOTA**

Todd Earle  
CGI/Twin Cities  
401 Pebblebrook Drive  
Bloomington, MN 55437  
612-835-0084

Joe Foerster  
Color Glo  
33025 Heather Street NW  
Cambridge, MN 55008  
612-390-8387

Matt Smith  
Color Glo  
6418 City West Parkway  
Eden Prairie, MN 55344  
612-384-6238

Randy Thoennes  
Color Glo of Alexandria  
6062 39<sup>th</sup> Avenue NE  
Alexandria, MN 53608  
800-630-5628

Dennis Stachowski  
Color Glo  
3926 Vera Cruz Avenue N.  
Robbinsdale, MN 55422  
612-618-7635

Bob Litke  
Color Glo  
P.O. Box 438  
Delano, MN 55328  
651-470-9586

**NEVADA**

David Giordano  
Color Glo  
2131 Inca Dove Court  
Sparks, NV 89441  
775-771-4824

Serge Chevrier  
Color Glo of Las Vegas  
041 Redbud Vine Street  
Las Vegas, NV 89085  
702-505-6985

**NEW MEXICO**

Mark Anderson  
P.O. Box 29331  
Santa Fe, NM 87592  
505-474-3702

**NEW YORK**

Jeff Burt  
Color Glo  
P.O. Box 304  
Hartwick, NY 13348  
607-293-8831

Bruce Raupp  
Color Glo International of Long Island  
10 Glenridge Avenue  
Stonybrook, NY 11790  
516-246-5180

**NORTH CAROLINA**

Dave Bondi  
Color Glo  
3346 Brooks Place  
Granite Falls, NC 28630  
828-446-0868

**OHIO**

Jack Hayes  
Color-Tech  
4911 Black Road  
Monclova, OH 43542  
419-878-0706

Rick Ross  
Ross's Color Glo  
8235 Sandy Point Road  
Elida, OH 45807  
419-642-6372

**OREGON**

Jeremy Eickhoff  
Color Glo of the Pacific NW  
P.O. Box 1087  
Fairview, OR 97024  
503-481-5990

Terry Hanson  
Color Glo of Oregon  
1112 SE Foxglove Drive  
Gresham, OR 97080  
503-666-9593

Richard Kitzel  
Main Jet, Inc.  
2214 Avengale Drive  
Eugene, OR 97408  
541-345-2737

Scott Thoensen  
Color Glo  
1525 SE Sandy Dell Road  
Troutdale, OR 97060  
503-618-8765

Adam Sears  
Sears Restoration  
PO Box 573  
Bend, OR 97709  
541-419-9035

**SOUTH CAROLINA**

George Elfering  
Elfering Enterprises, Inc.  
2128 Raven Trail  
West Columbia, SC 29169  
803-796-0059

Eve Coker  
Color Glo  
2210 Ulverston Drive  
Rock Hill, SC 29732  
980-254-7033

David Gimbel  
Color Glo  
210 Golden Bear Walk  
Duncan , SC 29334

**TENNESSEE**

Kenny O'Neal  
Color Glo of Nashville  
4076 Locerbie Circle

Springhill, TN 37174  
931-334-1692

**TEXAS**

Tarek Itani  
Upstate Color Glo  
111 Flint Lane  
Greer, SC 29651  
864-201-8751

**UTAH**

Chris O'Bryant  
Color Glo of Salt Lake County  
2987 Warr Road  
Salt Lake City, UT 84109  
801-898-3147

**WASHINGTON**

Greg Martsof  
Color Glo West  
21414 NE 174th Street  
Brush Prairie, WA 98606  
360-885-1925

Stacy Monson  
Tri-Cities Color Glo  
6855 W. Clearwater Ave. A101-378  
Kennewick, WA 99336  
509-947-1968

Julie Nord  
Color Glo of Thurston County  
1420 Marvin Rd. NE Ste C, PMB343  
Lacey, WA 98516  
360-352-2176

Mark Rissell  
Color Glo  
17803 51st Ave South  
Seatac, WA 98188  
206-679-8619

Gary Whitcomb  
Color Match  
PO Box 40066  
Spokane, WA 99202  
509-245-3506

Joe Blessen  
Color Glo  
PO Box 28  
Mead, WA 99021  
509-290-6266

Darren Pen  
Color Glo  
PO Box 517  
Everson, WA 98247

Steve Haugen  
Color Glo  
16212 Bothell Everett Hwy, Suite F241  
Milcreek, WA 98704



360-319-5825

419-265-6983

**WISCONSIN**

Marty Griffin  
Color Glo  
2242 Louisburg Road  
Cuba City, WI 53807  
608-744-2083

Jenni Vaught  
Color Glo  
2200 W. Greenbriar  
Ct.  
Oak Green, WI  
53154

Currently, no known franchisees have signed confidentiality clauses during the last three years.

Franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement for the most recent fiscal year, or who have not communicated with the Franchisor within ten weeks of the application date are as follows:

Don Piper  
 Color Glo  
 23700 South Yale, 2565 N 250 Road  
 Mounds, OK 74047  
*Retired – 25 years*

Joe Olson  
 Color Glo  
 92538 State Champ Road  
 Astoria, OR 97103  
*Retired – 10 Years*

Joe Denver  
 Color Glo  
 1873 North Hills Road  
 York, PA 17406  
*Retired – 10 years*

Marvin Banks  
 Color Glo  
 2294 Bucolo Avenue  
 Colorado Springs, CO 80951  
*Mutual Release*

**If you buy a franchise, your contact information may be disclosed to other buyers when you leave the Franchise system. Franchisees are not required to sign a confidentially clause within the last 3 years.**

**Systemwide Outlet Summary  
 For years 2019 to 2021  
 Table 1**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	76	75	-1
	2020	77	73	-4
	2021	73	71	-2
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	76	75	-1
	2020	77	73	-4
	2021	73	71	-2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
 For years 2019 to 2021**

**Table 2**

State	Year	Number of Transfers
California	2019	0
	2020	1
	2021	0
Colorado	2019	
	2020	1
	2021	0
Florida	2019	1
	2020	0
	2021	0
Georgia	2019	0
	2020	0
	2021	0
Louisiana	2019	0
	2020	0
	2021	0
Montana	2019	0
	2020	0
	2021	0
Nevada	2019	0
	2020	0
	2021	0
Oregon	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	2
	2021	2

**Status of Franchise Outlets  
For years 2019 to 2021**

**Table 3**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
AK	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
AZ	2019	3	0	0	1	0	0	3
	2020	3	0	0	1	0	0	3
	2021	3	0	0	1	0	1	2
CA	2019	8	3	1	1	0	1	9
	2020	9	1	0	0	0	0	10
	2021	10	0	0	2	0	0	8
CO	2019	4	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2021	4	0	0	0	0	0	4
CT	2019	1	0	0	0	0	0	1
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
FL	2019	11	0	0	1	0	0	10
	2020	11	0	0	1	0	2	8
	2021	8	0	0	1	0	0	7
GA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
HI	2019	1	0	0	0	0	0	0
	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
ID	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
IL	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	0	0	0	0	0	0	0
IN	2019	1	0	0	0	0	0	1
	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
IA	2019	3	0	0	0	0	0	3
	2020	3	1	1	0	0	0	3
	2021	3	0	1	0	0	0	4
KS	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
KY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
MA	2019	0	1	0	0	0	0	2
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
MI	2019	0	0	0	0	0	0	1
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MN	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
MT	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
NM	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NV	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NY	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NC	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OH	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
OK	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OR	2019	6	0	0	0	0	0	6
	2020	6	1	0	0	0	1	6
	2021	6	0	0	1	0	0	5
PA	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
SC	2019	1	1	0	0	0	0	2
	2020	2	1	1	0	0	0	1
	2021	1	2	0	0	0	0	3
TN	2019	1	1	0	1	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TX	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
UT	2019	3	0	0	1	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WA	2019	8	0	0	0	0	0	8
	2020	8	3	1	0	0	-1	9
	2021	9	0	0	0	0	0	9
WI	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Table 4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
INT'L	2019	50	2	0	0	0	0	52
TOTAL	2020	52	4	0	0	0	0	56
	2021	56	0	0	0	0	0	56
U.S.	2019	78	0	0	2	0	1	75
	2020	75	3	0	4	0	1	73
	2021	73	2	0	3	0	1	71

Status of Company-Owned Outlets  
for years 2018-2020

Table 5

Year	Outlets at Start of Year	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
2019	0	0	0	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0

Projected New Franchised Outlets  
as of August 31, 2020

State	Franchise Agreements Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Florida	0	2	0
New York	0	1	0
North Carolina	0	1	0
South Carolina	0	1	0
Texas	0	1	0
Total	0	6	0

Color Glo currently operates in the following Countries:

- |              |            |             |
|--------------|------------|-------------|
| 1. Armenia   | 4. Bahamas | 7. Cambodia |
| 2. Australia | 5. Bahrain | 8. Canada   |
| 3. Austria   | 6. Belgium | 9. Crete    |

10. Cypress
11. Denmark
12. UAE
13. Finland
14. Germany
15. Greece
16. Hong Kong
17. India
18. Ireland
19. Israel
20. Italy
21. Japan
22. Kazakhstan
23. Kuwait
24. Lebanon
25. Luxembourg
26. Malaysia
27. Mexico
28. Namibia
29. Netherlands
30. New Zealand
31. Nigeria
32. Norway
33. Oman
34. Portugal
35. Puerto Rico
36. Qatar
37. Romania
38. Russia
39. Saudi Arabia
40. Singapore
41. South Africa
42. South Korea
43. Spain
44. Sweden
45. Switzerland
46. Thailand
47. Tunisia
48. Ukraine
49. United States
50. Zimbabwe
51. United Kingdom
52. Lithuania
53. Albania
54. France
55. Holland
56. Indonesia

#### **ITEM 21: Financial Statements**

1. The franchisor's audited financial statements for our fiscal years ending August 31, 2017, August, 31, 2018, and August 31, 2019 are attached to Exhibit F" to reflect the year 2020.

**ITEM 22: Contracts**

Exhibit A is the Color Glo International FRANCHISE AGREEMENT.

**ITEM 23: Receipts**

Attached to this Disclosure Document as Exhibit I is a detachable acknowledgment of receipt.

**EXHIBIT A: Color Glo International Franchise Agreement**





*Specialists in* **COLOR RESTORATION & REPAIR**

FRANCHISE AGREEMENT

BETWEEN

COLOR GLO INTERNATIONAL,

A Division of CGI International, Inc.

7111 Ohms Lane

Minneapolis, Minnesota 55439

(952) 835-1338

and

Name(s) of

Franchisee

Street

City State Zip

Area Code Telephone

**COLOR GLO INTERNATIONAL**  
**FRANCHISE AGREEMENT**

**INDEX**

Contents

Article 1: Grant of the Franchised Area.....	1
Article 2: Term of License: Franchisee’s Right to Renew .....	2
Article 3: Franchisor’s Right to License the Trade Marks .....	3
Article 4: Initial Fee .....	4
Article 5: Maintenance Fee.....	5
Article 6: Annual License Fee and Product Purchases. ....	5
Article 7: Quality Control, Uniformity and Standards Required of the Franchisee .....	6
Article 8: Confidential Operating Manuals and Other Information.....	8
Article 9: Franchisor’s Termination Rights .....	10
Article 10: Franchisee’s Termination Rights.....	11
Article 11: Franchisee’s Obligations Upon Termination.....	12
Article 12. Franchisee’s Covenants Not to Compete.....	12
Article 13. Training: Franchisor’s Other Obligations.....	13
Article 14. Insurance.....	14
Article 15. Independent Contractors: Indemnification of the Franchisor .....	15
Article 16: Sales Reports .....	15
Article 17: Assignment of Franchise Agreement.....	16
Article 18: Enforcement.....	17
Article 19. Notices .....	19
Article 20. Definitions .....	20
Article 21. Acknowledgments .....	20

**FRANCHISE AGREEMENT**

day of \_\_\_\_\_, 20\_\_, by an

THIS FRANCHISE AGREEMENT, made and entered into this \_\_\_\_\_

between COLOR GLO INTERNATIONAL, a Division of CGI International, Inc., a Minnesota corporation, hereinafter referred to as the "FRANCHISOR", and \_\_\_\_\_ hereinafter referred to as the "FRANCHISEE".

WITNESSETH:

WHEREAS, the FRANCHISOR has developed a plan, method and system for color restoration of leathers, vinyls, velour, fabrics, carpet and wood grain panels and exterior bumper repair at reasonable prices under its COLOR GLO service mark (hereinafter referred to as the "Business System"); and

WHEREAS, the FRANCHISOR has the right to license the use of the name "COLOR GLO" and such other trade names, trademarks and service marks as may be designated by the FRANCHISOR for use in connection with the Business System (hereinafter "Marks"); and

WHEREAS, the FRANCHISEE desires, upon the terms and conditions herein fully set forth, to be trained and licensed by the FRANCHISOR to operate a business under the COLOR GLO Business Systems; and

WHEREAS, the FRANCHISEE has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this FRANCHISE AGREEMENT, and has had sufficient time to evaluate and investigate the COLOR GLO Business System, the competition in the field and the procedures and financial requirements associated with the Business System; and

WHEREAS, the FRANCHISEE has provided the FRANCHISOR with sufficient evidence to demonstrate that it has adequate financial resources to pay for the Initial Service Fee and the startup costs and expenses required for the FRANCHISEE's COLOR GLO business; and

WHEREAS, the FRANCHISEE recognizes the importance to the FRANCHISOR, to other COLOR GLO Franchisees and to the public of maintaining the distinctive standards, qualities, attributes and services identified by the COLOR GLO service mark and is willing to maintain such standards, qualities and attributes;

NOW, THEREFORE, the parties, in consideration of the mutual promises herein expressed and for other good and valuable consideration, the receipt and adequacy of which is acknowledged, hereby agree to the following provisions of the FRANCHISE AGREEMENT.

**ARTICLE 1**  
**GRANT OF THE FRANCHISED AREA**

(1) The FRANCHISOR hereby grants to the FRANCHISEE a personal license to operate a COLOR GLO business in conformity with the FRANCHISOR'S Business System and further grants the FRANCHISEE a personal license to operate the COLOR GLO business in the following area \_\_\_\_\_ hereinafter referred to as the "FRANCHISED AREA" and the FRANCHISEE hereby undertakes the obligation to operate a COLOR GLO business under the FRANCHISOR's Business System in strict compliance with the terms and conditions of the FRANCHISE AGREEMENT. The FRANCHISOR agrees that except as set forth herein it will not operate or license others to operate a COLOR GLO business in the FRANCHISED AREA provided the FRANCHISEE is in complete compliance with the terms and conditions of the FRANCHISE AGREEMENT. Except for limited product sales on the Internet to aviation customers, the FRANCHISOR further agrees that it will not sell the "COLOR GLO" products or process to any retail operations, with the exception of franchisees who qualify and are trained for the specialized "Color Glo" services specific to the aviation industry, in the FRANCHISED AREA provided the FRANCHISEE is in complete compliance with this FRANCHISE AGREEMENT. The FRANCHISEE must obtain the FRANCHISOR's prior written approval on any "assumed" or fictitious names adopted or filed by the FRANCHISEE.

(2) The rights and privileges granted to the FRANCHISEE under this FRANCHISE AGREEMENT are applicable only to this EXCLUSIVE TERRITORY, are personal in nature, and may not be used elsewhere or at any other location by the FRANCHISEE. The FRANCHISEE shall not have the right to sub-franchise and sublicense. The FRANCHISEE shall not have a right to assign or transfer its rights under this FRANCHISE AGREEMENT, except as specifically provided in the FRANCHISE AGREEMENT.

**ARTICLE 2**

**TERM OF LICENSE: FRANCHISEE'S RIGHT TO RENEW**

(A) The term of this FRANCHISE AGREEMENT shall be for ten (10) years commencing on the date of this FRANCHISE AGREEMENT. This FRANCHISE AGREEMENT shall not be considered executed and shall not be enforceable until it has been signed by both the FRANCHISEE and FRANCHISOR. This FRANCHISE AGREEMENT shall be terminated if the FRANCHISEE fails to commence operations of the COLOR GLO business within ninety (90) days of execution of the FRANCHISE AGREEMENT.

(B) The FRANCHISEE shall have the right to renew its license for the LICENSED AREA for continuing ten (10) year terms provided that the following conditions have been met:

(1) The FRANCHISEE has given the FRANCHISOR written notice at least ninety (90) days prior to the end of the term of this FRANCHISE AGREEMENT or any renewal term of its intention to renew; and

(2) The FRANCHISEE has complied with all of the material terms and conditions of this FRANCHISE AGREEMENT and has complied with the FRANCHISOR's material operating and quality standards and procedures; and

(3) All monetary obligations owed by the FRANCHISEE to the FRANCHISOR have been satisfied prior to renewal, and have been paid in a timely manner throughout the term of this FRANCHISE AGREEMENT; and

(4) The FRANCHISEE has agreed, in writing, to make such reasonable capital expenditures necessary to replace and modernize the supplies and equipment used in the FRANCHISEE's business so that the FRANCHISEE's business will conform to the FRANCHISOR's then- current standards.

(C) The FRANCHISEE shall have the right to renew its license for the LICENSED AREA by executing the then-current standard FRANCHISE AGREEMENT; however, the FRANCHISEE shall not be required to pay another Initial Fee if the FRANCHISEE exercises its right to renew. The FRANCHISOR will not offer to license the LICENSED AREA at the end of the term of this FRANCHISE AGREEMENT to any other person or entity on more favorable terms or conditions than those offered to the FRANCHISEE. The FRANCHISEE acknowledges that the terms and conditions of the then-current standard FRANCHISE AGREEMENT of the FRANCHISOR may, at that time, vary in substance and form from the terms and conditions of this FRANCHISE AGREEMENT.

### **ARTICLE 3**

#### **FRANCHISOR'S RIGHT TO LICENSE THE TRADE MARKS**

(A) The FRANCHISOR has the right to license the name "COLOR GLO" and other Marks and trade symbols. Any and all improvements by the FRANCHISEE relating to the Marks and Business System shall become the sole and absolute property of the FRANCHISOR who shall have the sole and exclusive right to register and protect all such improvements in its name. The FRANCHISEE's right to use and identify with the Marks and Business System shall exist concurrently with the term of this FRANCHISE AGREEMENT and such use by the FRANCHISEE shall inure exclusively to the benefit of the FRANCHISOR. The FRANCHISEE further agrees not to contest or aid in contesting, directly or indirectly, the validity or ownership of the Marks and Business System.

(B) The FRANCHISEE agrees that its personal right to use the name "Color Glo" as the name of the FRANCHISEE's business and its right to use the Marks and Business System applies only to the LICENSED AREA and only so long as the FRANCHISEE shall fully perform and comply with all of the conditions, terms and covenants of this FRANCHISE AGREEMENT. The FRANCHISEE acknowledges and agrees that the FRANCHISOR shall have the absolute right to license others to use the licensed Marks and Business System anywhere outside of the LICENSED AREA. The FRANCHISEE shall not have or acquire any rights in any of the Marks and Business System other than the right of use. The FRANCHISEE shall have the right to use the Marks and Business only in the manner prescribed, directed and approved by the FRANCHISOR in writing.

If, in the judgment of the FRANCHISOR, the acts of the FRANCHISEE infringe upon or demean the goodwill, standards of uniformity or quality, or business standing associated with the Marks and Business System, then the FRANCHISEE shall immediately, upon written notice from the FRANCHISOR, modify its use of the Marks and Business System in the manner prescribed by the FRANCHISOR in writing.

(C) If there is a claim by any party that its rights are superior and if the FRANCHISOR determines that such claim is legally meritorious, then upon receiving written notice from the FRANCHISOR, the FRANCHISEE, at its expense, will immediately use such changes and amendments to the conflicting marks as may be required by the FRANCHISOR and, if so required, the FRANCHISEE will immediately cease using the conflicting marks. The FRANCHISEE will not make any changes or amendments whatsoever in or to the use of the Marks and Business System unless directed by the FRANCHISOR in writing.

(D) The FRANCHISEE will have no obligation to and shall not, without the written consent of the FRANCHISOR, defend or enforce the licensed Marks in any Court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. However, the FRANCHISEE will give the FRANCHISOR prompt and timely written notice of any claims or complaints made against the FRANCHISEE with respect to the Marks and will, at its expense, cooperate in all respects with the FRANCHISOR in any Court or other proceedings involving the Marks. The cost and expense of all litigation incurred by the FRANCHISOR including attorney's fees, specifically relating to the Marks, shall be paid by the FRANCHISOR. However, the FRANCHISEE may, at its option and expense, retain an attorney to represent it individually in all such litigation and Court proceedings, and shall do so with respect to matters involving only the FRANCHISEE (i.e. not involving the FRANCHISOR or its interests); however, the FRANCHISOR's legal counsel shall have the absolute right to control and conduct such litigation. The FRANCHISOR shall have no liability to the FRANCHISEE for any costs that the FRANCHISEE incurs in such litigation and the FRANCHISEE shall pay for all costs, including attorneys' fees, which it may incur under the ARTICLE.

#### **ARTICLE 4**

#### **INITIAL FEE**

Upon signing this FRANCHISE AGREEMENT, the FRANCHISEE shall pay the FRANCHISOR in cash or another form of payment that will make the funds immediately accessible to the FRANCHISOR, such as cashier's check or wire transfer, an initial franchise fee is \$33,000.00. Generally, the Exclusive Territory covered by each FRANCHISE AGREEMENT will include at least a population of 500,000 (or a portion thereof) in your licensed area. For each 10,000 population exceeding 500,000 you will pay an additional \$500.00.

Should the FRANCHISEE request a larger Exclusive Territory, the FRANCHISOR may grant a larger Exclusive Territory to the FRANCHISEE, at our discretion, upon the payment of the additional fee. Generally in this case, the extra territory to be included in the FRANCHISEE's Exclusive Territory and would be capable of supporting a Sub-Franchisee.

Other than situations where a FRANCHISEE desires a larger than normal Exclusive Territory, the initial franchise fee is uniform for all FRANCHISEES. The initial fee is nonrefundable

In addition when you sign the FRANCHISE AGREEMENT, you must pay the FRANCHISOR a Start-Up Fee of \$21,500.00 (plus shipping), which includes legal and administrative costs, initial training costs for 2 people (but not travel) and the purchase of the start-up kit containing an initial supply of all required Color Glo products and supplies. This fee is not refundable. Other than as described in this Article 4, you are not required to pay the FRANCHISOR or an affiliate any additional sums before you begin the franchised business.

## **ARTICLE 5**

### **MAINTENANCE FEE**

In addition to the Initial Fee and Start-Up Fee, the FRANCHISEE shall, for the term of this FRANCHISE AGREEMENT, pay the FRANCHISOR 4% of gross sales, including cash, or a minimum of \$150.00 a month for the first full year of business; \$200.00 for the second full year of business; and \$300.00 a month for each following full year of business. See Note 1 for definition of Gross Revenue.

*Note 1: "Gross Revenue" means the total amount of money you receive for all goods sold and services rendered within your Exclusive Territory or in connection with the Color Glo trade name or marks, excluding sales tax.*

B. The Maintenance Fee shall be payable to the FRANCHISOR by the FRANCHISEE during the entire term of this FRANCHISE AGREEMENT and is a material provision of this FRANCHISE AGREEMENT. The FRANCHISEE's obligation to pay the FRANCHISOR the Maintenance Fee under the terms of this FRANCHISE AGREEMENT shall be absolute and shall remain in full force and effect until the term of this FRANCHISE AGREEMENT has expired or until this FRANCHISE AGREEMENT is terminated in accordance with the terms and conditions set forth in this FRANCHISE AGREEMENT.

C. The Maintenance Fee payable by the FRANCHISEE shall be paid to the FRANCHISOR on or before the 15th day of each month for the preceding month. In the event the FRANCHISEE fails to remit the Maintenance Fee due to the FRANCHISOR within fifteen (15) days after the end of each month, as provided for in this FRANCHISE AGREEMENT, a surcharge in the amount of \$5.00 shall be added to the unpaid balance due to the FRANCHISOR.

D. The Maintenance Fee is, in part, payment to the FRANCHISOR for: (1) the services and materials provided to the FRANCHISEE by the FRANCHISOR pursuant to ARTICLE 13 of this FRANCHISE AGREEMENT; (2) costs incurred in protecting the Marks and Business System licensed to the FRANCHISEE; (3) legal fees and accounting fees incurred by the FRANCHISOR to comply with federal, state and local laws, including all continuing requirements under franchise laws; (4) the services to be performed by the FRANCHISOR under this FRANCHISE AGREEMENT; AND (5) selling, general and administrative expenses.

## **ARTICLE 6**

## **ANNUAL LICENSE FEE AND PRODUCT PURCHASES**

During each twelve (12) month period under this FRANCHISE AGREEMENT, the FRANCHISEE shall pay the FRANCHISOR an annual License Fee of (\$2,500.00) Two Thousand, Five Hundred Dollars per year due and payable on the 15<sup>th</sup> of each month in the amount of \$208.33. Product purchases are counted toward the annual license fee. The \$208.33 paid monthly will be used as a credit from which products may be ordered. Shipping and handling fees will be billed separately. Should the product order exceed the current credit on file than the difference will be paid by credit card at the time of the product being shipped. Failure to comply with this Article 6 shall be deemed a material breach of this FRANCHISE AGREEMENT and shall constitute cause for termination under Article 9.

## **ARTICLE 7**

### **QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF THE FRANCHISEE**

It is recognized by the FRANCHISEE that the FRANCHISOR and its predecessors have expended large sums of money to popularize the Marks and Business System licensed to the FRANCHISEE so that the same represents very valuable goodwill distinctive of the FRANCHISOR's business and reputation. It is also recognized that the FRANCHISOR must promulgate, from time to time, uniform standards of quality and service regarding the business operations of the FRANCHISEE's COLOR GLO business so as to protect (for the benefit of all Franchisees and the FRANCHISOR), the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and Business System. Accordingly, to insure that all Franchisees will maintain the uniform requirements and quality standards for goods and services associated with COLOR GLO businesses and with the Marks and Business System, the FRANCHISEE agrees to maintain the uniformity and quality standard required by the FRANCHISOR for all products and services and agrees to the following terms and conditions to assure the public that all COLOR GLO businesses will be uniform in nature and will sell and dispense quality products and services.

(A) The FRANCHISEE will operate its business so that it is clearly identified and advertised as a COLOR GLO business. However, the style and form of the words "COLOR GLO" in any advertising must have the prior written approval of the FRANCHISOR. Whenever practical, the FRANCHISEE will use the name "COLOR GLO" and the other Marks which now or hereafter may form a part of the FRANCHISOR's Business System, on all vehicles, uniforms, paper supplies, advertising materials, signs or other articles in the identical combination and manner as may be prescribed by the FRANCHISOR in writing. The FRANCHISEE will, at its expense, comply with all notices of registration required by the FRANCHISOR and will, at its expense; comply with any other trademark, trade name, service mark, copyright or patent notice marking requirements.

(B) The FRANCHISEE shall not use the words "COLOR GLO" or anything confusingly similar or "CGI" in its corporate or partnership name but must file a certificate of assumed name indicating that FRANCHISEE shall hold itself out to the public as an independent



contractor operating its business pursuant to a license from the FRANCHISOR. The FRANCHISEE shall clearly indicate on its business checks, stationery, purchase orders, business cards, receipts, promotional

materials and other written materials that the FRANCHISEE is the owner of the business and that the FRANCHISEE is a COLOR GLO franchisee.

(C) The FRANCHISEE will use only approved advertising and promotional materials. In the event that the FRANCHISEE desires to use any unapproved advertising or promotional materials bearing the name "COLOR GLO" or other Marks, then the FRANCHISEE must obtain written approval from the FRANCHISOR prior to using any such materials.

(D) The FRANCHISEE will use the Marks and Business System in strict compliance with the standards, operating procedures, specifications, requirements and instructions required of all COLOR GLO Businesses, which may be amended and supplemented by the FRANCHISOR from time to time.

(E) The FRANCHISEE will sell only those products and services in connection with COLOR GLO Marks or Business System which have been approved by the FRANCHISOR in writing and will offer for sale all products and services prescribed by the FRANCHISOR. The FRANCHISEE will conform to all quality and customer service standards prescribed by the FRANCHISOR in writing.

(F) The FRANCHISEE will use only the approved COLOR GLO restoration products in connection with the COLOR GLO restoration process and shall not use any products which have not been approved by the FRANCHISOR. The FRANCHISEE shall not substitute, alter, dilute or in any way change or modify the approved COLOR GLO product. The FRANCHISOR agrees that it has taken all reasonable and necessary steps to insure that FRANCHISEE will have access to the COLOR GLO products and has made arrangements for the dissemination of the FRANCHISOR's formulas to its FRANCHISEES in the event the FRANCHISOR or its successors are unable for any reason to sell said product to the Franchisees.

(G) The FRANCHISEE acknowledges and agrees that the FRANCHISOR must police the use of its COLOR GLO products to insure that only authorized Franchisees of the FRANCHISOR use the COLOR GLO products. The FRANCHISEE shall not, directly or indirectly, sell or resell any COLOR GLO products.

(H) The FRANCHISEE will purchase, from vendors and suppliers approved in writing by the FRANCHISOR, all equipment, supplies, products and services (sometimes referred to in this FRANCHISE AGREEMENT as "goods and services"), which the FRANCHISOR determines must meet the standards of quality and uniformity symbolized by and associated with the Marks and Business System. If the FRANCHISEE desires to purchase these goods or services from any vendors or suppliers for any reason, then the FRANCHISEE shall have the right and option to purchase them from other vendors or suppliers; provided however, that such goods and services must conform in quality to the FRANCHISOR's standards and specifications.

If the FRANCHISEE desires to purchase any goods and services from such other sources, then the FRANCHISEE shall submit samples and specifications to the FRANCHISOR for testing to determine whether the goods and services comply with the FRANCHISOR's standards and specifications and the prior written approval of the FRANCHISOR must be obtained by the FRANCHISEE prior to the

time that any unapproved goods and services are used in the FRANCHISEE's COLOR GLO Business.

(I) All mechanical equipment shall be kept in good working order by the FRANCHISEE at all times and shall meet the FRANCHISOR's quality standards. Any replacement equipment must comply with the FRANCHISOR's then-existing specifications.

(J) The FRANCHISEE will, at its expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of the FRANCHISEE's business.

(K) The FRANCHISEE will pay on a timely basis all of its obligations and liabilities due and payable to the FRANCHISOR, suppliers, lessors and creditors. The FRANCHISEE shall be absolutely and exclusively responsible and liable for the prompt payment of all taxes payable as a result of the FRANCHISEE's business. The FRANCHISOR shall have no liability for these or any other taxes and the FRANCHISEE will indemnify the FRANCHISOR for any such taxes that may be assessed or levied against the FRANCHISOR which arise or result from the FRANCHISEE's business. In the event that FRANCHISEE does not meet any of its monetary obligations to FRANCHISOR in a timely fashion, FRANCHISOR can require the FRANCHISEE to post an irrevocable letter of credit in such amount as FRANCHISOR reasonably deems necessary to secure FRANCHISEE's monetary obligations to FRANCHISOR. FRANCHISOR expressly reserves the right to withhold or delay the shipment of COLOR GLO cleaning compounds to FRANCHISEE if the FRANCHISEE is in arrears with respect to any amount owed to FRANCHISOR and FRANCHISEE fails to post the required letter of credit.

(L) The FRANCHISEE will comply with such programs of standardization as may from time to time be promulgated by the FRANCHISOR to promote the common business image and to protect the goodwill associated with the Marks and Business System.

(M) The FRANCHISEE will hire a sufficient number of adequately trained and competent persons to guarantee efficient service to the FRANCHISEE's customers. If requested by FRANCHISOR, FRANCHISEE will provide FRANCHISOR with an up-to-date customer list in the form prescribed as well as copies of customer invoices. FRANCHISOR shall have the right to contact FRANCHISEE's customers to ascertain the quality of work performed and the level of customer satisfaction.

(N) The FRANCHISOR will have the absolute right to photograph employees, equipment, vehicles, and other goods, fixtures and equipment at the FRANCHISEE's business at all reasonable times.

## **ARTICLE 8**

### **CONFIDENTIAL OPERATING MANUALS AND OTHER INFORMATION**

(A) In order to protect the reputation and goodwill of the FRANCHISOR and to maintain uniform operating standards under the Marks and Business System, the FRANCHISEE shall conduct its business in accordance with the FRANCHISOR's Confidential Operating Manuals

(hereinafter the "Manuals"), one copy of which the FRANCHISEE acknowledges having received on loan from the FRANCHISOR for the term of this FRANCHISE AGREEMENT.

(B) The FRANCHISEE shall at all times treat the Manuals, and other manuals created for or approved for use in the operation of the FRANCHISEE's COLOR GLO business, and the information contained therein as secret and confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. The FRANCHISEE shall not at any time, without the FRANCHISOR's prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

(C) The Manuals shall at all times remain the sole property of the FRANCHISOR. The FRANCHISOR may from time to time revise the contents of said Manuals and the FRANCHISEE expressly agrees to comply with each new or changed standard. The FRANCHISEE shall at all times insure that its copy of said Manuals is kept current and up to date, and in the event of any dispute as to the contents of said Manuals, the terms of the master copy of the Manuals maintained by the FRANCHISOR shall be controlling.

(D) The FRANCHISEE shall not, during the term of this FRANCHISE AGREEMENT or thereafter, communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the methods of operation of the COLOR GLO business which may be communicated to the FRANCHISEE, or of which the FRANCHISEE may be apprised, by virtue of the FRANCHISEE's operation under the terms of this FRANCHISE AGREEMENT. The FRANCHISEE shall divulge such confidential information only to such of its employees as must have access to it in order to operate the COLOR GLO business. Any and all information, knowledge and know-how, including, without limitation, drawings, materials, equipment, methods, procedures, specifications, techniques and other data, which the FRANCHISOR designates as confidential shall be deemed confidential for purposes of this FRANCHISE AGREEMENT, except information which the FRANCHISEE can demonstrate came to its attention prior to disclosure thereof by the FRANCHISOR; or which, at the time of disclosure by the FRANCHISOR to the FRANCHISEE, had become part of the public domain, through publication or communication by others; or which after disclosure to the FRANCHISEE by the FRANCHISOR, becomes a part of the public domain, through publication or communication by others.

(E) The FRANCHISOR reserves the right to require the FRANCHISEE to have all of FRANCHISEE's employees and agents (and all officers, directors, and shareholders if the FRANCHISEE is a corporation; and all partners if the FRANCHISEE is a partnership) to execute agreements, in a form satisfactory to the FRANCHISOR, to maintain the confidentiality during the course of employment and thereafter of all information designated by the FRANCHISOR as confidential. Copies of the executed agreements shall be submitted to the FRANCHISOR upon request.

(F) FRANCHISEE acknowledges that the FRANCHISOR's list of authorized Franchisees is FRANCHISOR's proprietary information. FRANCHISEE agrees that it will not contact the other COLOR GLO Franchisees for purposes of soliciting or marketing purposes or for any reason unrelated to the COLOR GLO business.

(G) The FRANCHISOR shall have the right to use and incorporate into the Business System for the benefit of other Franchisees of the FRANCHISOR or company-owned businesses, any modifications, changes and improvements, in whole or in part, developed or discovered by the FRANCHISEE or its employees or agents in connection with the FRANCHISEE's COLOR GLO business, without any liability or obligation to the developer thereof. In addition, the FRANCHISOR shall have the right to introduce on an experimental or research basis different products, methods or procedures to a limited number of licensed or company-owned COLOR GLO business without offering such products, methods or procedures to all Franchisees.

(H) FRANCHISEE must permanently display, at his/her own expense, on all vehicles FRANCHISEE use in the franchised service, COLOR GLO signs of any nature, form, color, number, location and size containing any legends that FRANCHISOR has designated in writing.

## **ARTICLE 9**

### **FRANCHISOR'S TERMINATION RIGHTS**

(A) In addition to the other rights of termination contained in this FRANCHISE AGREEMENT, the FRANCHISOR shall have the right and privilege to terminate this FRANCHISE AGREEMENT, as provided herein, if (1) the FRANCHISEE fails to commence operations of the COLOR GLO business within ninety (90) days from the date of this FRANCHISE AGREEMENT; (2) the FRANCHISEE violates any material provision, term or condition of this FRANCHISE AGREEMENT, including, but not limited to, failure to pay any monetary obligations to the FRANCHISOR; (3) the FRANCHISEE or any of its managers, directors, officers or majority stockholders are convicted of, plead guilty to or no contest to (a) a charge of violating any law relating to the COLOR GLO business or (b) any felony; (4) the FRANCHISEE fails to conform to the Business System or the standards of uniformity and quality for the products and services promulgated by the FRANCHISOR in connection with the Business System; (5) the FRANCHISEE fails to pay in a timely manner any of its non-contested or liquidated obligations or liabilities (including, if applicable, federal and state taxes) due and owing to the FRANCHISOR, suppliers, banks, purveyors, creditors or any federal, state or municipal government; (6) FRANCHISEE is insolvent within the meaning of any state or federal law, files for bankruptcy or is adjudicated a bankrupt under any state or federal law;

(7) the FRANCHISEE makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (8) any check issued by the FRANCHISEE is dishonored because of insufficient funds or closed accounts; (9) the FRANCHISEE fails to purchase and pay for the equipment, fixtures or supplies required for the business operations of a COLOR GLO business prior to the opening of the FRANCHISEE's business; (10) the FRANCHISEE voluntarily or otherwise abandons the COLOR GLO business; or

(11) the FRANCHISEE is involved in any act or conduct which materially impairs the goodwill associated with the name "COLOR GLO" or with any other Marks of the Business System.

(B) The FRANCHISOR shall not be entitled to terminate this FRANCHISE AGREEMENT unless and until: (1) written notice by personal service or registered or certified mail setting forth the alleged breach in detail has been delivered to the FRANCHISEE by the FRANCHISOR; and (2) after receiving the written notice the FRANCHISEE fails to correct the

alleged

breach within the period of time specified by applicable law. In the event that applicable law does not specify a time period to correct an alleged breach, then the FRANCHISEE shall have thirty (30) days after receipt of written notice by personal service or registered or certified mail to correct the alleged breach. If the FRANCHISEE fails to correct the alleged breach within the applicable period of time specified by law or within thirty (30) days after receiving written notice of the alleged breach and the FRANCHISOR's notice of intent to terminate, then this FRANCHISE AGREEMENT may be terminated by the FRANCHISOR as provided in this FRANCHISE AGREEMENT. For the purposes of this FRANCHISE AGREEMENT, an alleged breach of this FRANCHISE AGREEMENT by the FRANCHISEE shall be deemed to be "corrected" if both the FRANCHISOR and FRANCHISEE agree in writing that the alleged breach has been corrected.

(C) Nothing in the ARTICLE 9 shall preclude the FRANCHISOR from seeking other remedies under state law against the FRANCHISEE, including but not limited to, damages suffered by the FRANCHISOR as a result of FRANCHISEE's breach of the FRANCHISE AGREEMENT or other conduct detrimental to the FRANCHISOR and its interests.

(D) In the event that the provisions of this ARTICLE 9 are inconsistent with applicable state law, then the applicable state law shall apply.

(E) In the event of termination according to the provisions of this ARTICLE 9 all business and financial rights and obligations between the FRANCHISEE and the SUBFRANCHISEE(S), if any, will be automatically transferred as business and financial rights and obligations between the FRANCHISOR and the SUBFRANCHISEE(S), as the FRANCHISOR takes the place of the FRANCHISEE. However, any financial and business obligations in the contract between the FRANCHISEE and the SUBFRANCHISEE which are not approved by the FRANCHISOR shall not obligate the FRANCHISOR.

## **ARTICLE 10**

### **FRANCHISEE'S TERMINATION RIGHTS**

(A) The FRANCHISEE shall have the right and privilege to terminate this FRANCHISE AGREEMENT, as provided herein, if the FRANCHISOR violates any material provision, term or condition of this FRANCHISE AGREEMENT.

The FRANCHISEE shall not be entitled to terminate this FRANCHISE AGREEMENT or to commence an action against the FRANCHISOR for injunctive relief, violation of any state or federal law, violation of common law (including allegations of fraud and misrepresentation), recession, general or punitive damages, or termination, unless and until: (1) written notice by personal service or registered or certified mail setting forth the alleged breach in detail has been delivered to the FRANCHISOR by the FRANCHISEE; and (2) the FRANCHISOR fails to correct the alleged breach within thirty (30) days after receipt of the written notice by personal service or registered or certified mail. If the FRANCHISOR fails to correct the alleged breach as provided herein within thirty (30) days after receiving written notice of the alleged breach and the FRANCHISEE's notice or intent to terminate, then this FRANCHISE AGREEMENT may be terminated by the FRANCHISEE as provided in this FRANCHISE AGREEMENT. For the purposes of this FRANCHISE AGREEMENT, an alleged breach of this FRANCHISE AGREEMENT by the

FRANCHISOR shall be deemed to be “corrected” if both the FRANCHISOR and FRANCHISEE agree in writing that the alleged breach has been corrected.

(B) The FRANCHISEE must give the FRANCHISOR immediate written notice of an alleged breach or violation of this FRANCHISE AGREEMENT after the FRANCHISEE has knowledge of, determines, or is of the opinion that there has been an alleged breach or violation of this FRANCHISE AGREEMENT by the FRANCHISOR. If the FRANCHISEE fails to give written notice to the FRANCHISOR of an alleged breach of this FRANCHISE AGREEMENT within one (1) year from the date that the FRANCHISEE has knowledge of, determines or is of the opinion that there has been an alleged breach by the FRANCHISOR, then the alleged breach shall be deemed to be condoned, approved and waived by the FRANCHISEE, and the alleged breach or violation shall not be deemed to be a breach or violation of this FRANCHISE AGREEMENT.

(C) Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. St. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and 180 days’ notice for non-renewal of the franchise agreement.

## **ARTICLE 11**

### **FRANCHISEE’S OBLIGATIONS UPON TERMINATION**

In the event this FRANCHISE AGREEMENT is terminated for any reason, then the FRANCHISEE will (1) not use the FRANCHISOR’s name, marks, designs, commercial symbols and business systems; (2) within five (5) days after termination, pay all amounts due and owing to the FRANCHISOR; (3) not use any names, signs, decor, commercial symbols, logos, business features or the like which would be confusingly similar to the FRANCHISOR’s; (4) remain liable for any leases or other contracts for equipment, supplies, rental and other business contracts then in effect; (5) maintain records of the operation of the FRANCHISEE’s COLOR GLO business in a secure place for five (5) years; (6) return to FRANCHISOR by first class prepaid United States mail all manuals, advertising materials, and all other printed materials pertaining to the operation of the COLOR GLO business; and (7) comply with all other applicable provisions of the FRANCHISE AGREEMENT. Upon termination of this FRANCHISE AGREEMENT for any reason, the FRANCHISEE’s right to use the name COLOR GLO and the other marks in the business shall terminate immediately.

## **ARTICLE 12**

### **FRANCHISEE’S COVENANTS NOT TO COMPETE**

(A) The FRANCHISEE will not, during the term of this FRANCHISE AGREEMENT, on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm entity, partnership or corporation, own operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other color restoration of leathers, vinyls, velour, fabrics, carpet and wood grain panels business or any other competitive business.



(B) The FRANCHISEE will not, for a period of one (1) year after the termination or expiration of this FRANCHISE AGREEMENT, on its own account or as an employee, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business which offers services similar to the services offered by COLOR GLO businesses, including but not limited to color restoration of leathers, vinyls, velour, fabrics, carpet and wood grain panel businesses which is located in the LICENSED AREA or within a twenty-five (25) mile radius of any COLOR GLO licensed area. The FRANCHISEE expressly agrees that the one (1) year period and the twenty-five (25) mile radius are the reasonable and necessary time and distance needed to protect the FRANCHISOR if this FRANCHISE AGREEMENT is terminated for any reason. (Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the states of Michigan, North Dakota and South Dakota and may be unenforceable in the state of California. By law, in Indiana, the restrictive covenant is limited to the LICENSED AREA.)

(C) The FRANCHISEE agrees that damages alone cannot adequately compensate the FRANCHISOR if there is a violation of these noncompetitive covenants and that injunctive relief is essential for the protection of the FRANCHISOR. The FRANCHISEE therefore agrees that in case of any alleged breach or violation of this ARTICLE by it, the FRANCHISOR may seek injunctive relief, in addition to all other remedies that may be available to the FRANCHISOR at equity or law.

### **ARTICLE 13**

#### **TRAINING: FRANCHISOR'S OTHER OBLIGATIONS**

(A) The FRANCHISOR will, at its expense, provide training to the FRANCHISEE in the FRANCHISEES AREA or at such other location designated by the FRANCHISOR to familiarize and acquaint the FRANCHISEE with the operation of a COLOR GLO business. The training will consist of on-the-job instruction on basic operating skills and such topics as may be selected by the FRANCHISOR. The period of training will be three (3) weeks and shall be scheduled by the FRANCHISOR in its sole discretion. If applicable, the FRANCHISEE shall be responsible for the payment of any salaries, expenses, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel costs and other expenses for persons being trained and will comply with all applicable state and federal laws pertaining to employees.

FRANCHISOR will have additional training for new products and services introduced at the International Seminar. FRANCHISEE's attendance, which will not exceed three days in duration, is mandatory. FRANCHISEE must pay for any travel and daily living expenses for this additional training. FRANCHISOR may charge a registration fee to offset its costs. The registration fee includes seminar meals and FRANCHISEE's seminar workbook.

(B) Consistent with the FRANCHISOR's uniform requirements and quality standards adopted from time to time, the FRANCHISOR will (1) provide the FRANCHISEE with a schedule of all supplies and equipment necessary and required for the operation of the FRANCHISEE's COLOR GLO business; (2) provide the FRANCHISEE upon request with an approved list of vendors and suppliers of the supplies and equipment required for the FRANCHISEE's business; (3) provide advertising production materials upon request in the type and quantity determined by

the

FRANCHISOR in its sole discretion; (4) maintain supervision over the FRANCHISEE's business to assure compliance with the FRANCHISOR's uniform requirements and quality standard; (5) inspect the FRANCHISEE's business as often as the FRANCHISOR deems necessary; (6) protect the Marks and Business System for the benefit of all Franchisees; (7) provide the FRANCHISEE with an initial supply of COLOR GLO products and other materials as set forth and described in Schedule A which is attached hereto; and (8) provide the FRANCHISEE with the Manuals and all continuing supplements and modifications to the Manuals. The FRANCHISOR reserves the right to revise, combine or eliminate the Manuals at any time during the term of the FRANCHISE AGREEMENT.

#### **ARTICLE 14**

#### **INSURANCE**

The FRANCHISEE shall procure and maintain in full force and effect, at its sole cost and expense, insurance policies insuring the FRANCHISEE, the FRANCHISOR, and their respective officers, directors and employees from and against liability claims or expenses connected to such claims including bodily injury, personal injury, death, property damage, contractual liability, and all other occurrences resulting from the operation of the business. Such policy or policies shall:

Be written by insurer(s) licensed and admitted to write coverage in the state in which the FRANCHISEE'S business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide;

Name FRANCHISOR and its affiliates, and their partners officers, subsidiaries, shareholders, directors, regional directors, agents, and employees as additional insured's on a primary noncontributory bases to the general liability policy and the auto liability policy;

The additional insured coverage must be provided on an Additional Insured Grantor of FRANCHISOR; and

Comply with FRANCHISOR'S written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within FRANCHISOR'S written notice to you.

Such policies shall include, at the minimum, the following policies:

Comprehensive general liability insurance, including products and completed operations, in an amount of not less than the following combined single limits: \$1,000,000 per occurrence and \$2,000,000 completed operations/products aggregate.

All "risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis.

Automobile liability coverage, including coverage of owned, non-owed, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit.

Workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than \$1,000,000.

## **ARTICLE 15**

### **INDEPENDENT CONTRACTORS: INDEMNIFICATION OF THE FRANCHISOR**

(A) The FRANCHISOR and FRANCHISEE are each an independent contractor. Neither the FRANCHISOR nor the FRANCHISEE shall make any agreements, representations or warranties in the name of or on behalf of the other or that their relationship is other than Franchisor and Franchisee and neither the FRANCHISOR nor the FRANCHISEE shall be obligated by or have any liability under any agreements, representations or warranties made by the other nor shall the FRANCHISOR be obligated for any damages to any person or property directly or indirectly arising out of the operation of the FRANCHISEE's business conducted pursuant to this FRANCHISE AGREEMENT, whether caused by the FRANCHISEE's negligent or willful action or failure to act. The FRANCHISEE agrees to indemnify the FRANCHISOR against and to reimburse the FRANCHISOR for all such obligations and damages for which it is held liable and for all costs reasonably incurred by the FRANCHISOR in the defense of any such claim brought against it or in any action in which it is named as a party including without limitation reasonable attorneys' fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. The FRANCHISOR shall have the right to defend such claim against it.

The FRANCHISOR agrees to indemnify the FRANCHISEE against and to reimburse the FRANCHISEE for any obligations or liability for damages attributable to agreements, representations or warranties of the FRANCHISOR, or caused by the negligence or willful action of the FRANCHISOR, and for costs (as hereinabove defined) reasonably incurred by the FRANCHISEE in defense of any such claim brought against him or the LICENSED AREA or in any action in which he is named as a party, provided that the FRANCHISOR shall have the right to participate in and, to the extent the FRANCHISOR deems necessary, to control any litigation or proceeding which might result in liability or of expense to the FRANCHISEE subject to such indemnification. The indemnities and assumptions of liabilities and obligations set forth in this FRANCHISE AGREEMENT shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this FRANCHISE AGREEMENT.

(B) The FRANCHISEE will pay costs and expenses, including reasonable attorneys' fees, incurred by the FRANCHISOR in enforcing any term, condition or provision of this FRANCHISE AGREEMENT or in seeking to enjoin any violation of this FRANCHISE AGREEMENT in the event the FRANCHISOR prevails.

## **ARTICLE 16**

### **SALES REPORTS**

(A) The FRANCHISEE will maintain an accurate written record of gross sales and will remit a signed and verified statement of the monthly gross sales generated by, at, or from the FRANCHISEE's business using such forms as the FRANCHISOR may prescribe in writing. The monthly statement of gross sales shall accompany the FRANCHISEE's monthly Maintenance Fee

and, thus, shall be provided to the FRANCHISOR on or before the 15th day of each month for the preceding calendar month.

(B) The FRANCHISEE will make all of its books and records available for Color Glo related services and for inquiries to the FRANCHISOR at all reasonable times for review and audit by the FRANCHISOR or its designee, and the books and records for each fiscal and calendar year of the FRANCHISEE shall be kept in a secure place by the FRANCHISEE and shall be available for audit by the FRANCHISOR for at least five (5) years. In the event that an audit by the FRANCHISOR results in a determination that the monthly Maintenance Fees paid to the FRANCHISOR are deficient (underpaid) by more than two percent (2%), then the FRANCHISEE shall pay the FRANCHISOR for all reasonable costs and expenses (including salaries of the FRANCHISOR's employees, travel costs, room and board, and audit fees) that it has incurred as a result of the audit.

## ARTICLE 17

### ASSIGNMENT OF FRANCHISE AGREEMENT

(A) The FRANCHISE AGREEMENT may be assigned and transferred by the FRANCHISOR by giving thirty (30) days prior written notice to the FRANCHISEE and shall inure to the benefit of the FRANCHISOR's successors and assigns. Any such assignment or transfer shall require the assignee to fulfill the FRANCHISOR's obligations under this FRANCHISE AGREEMENT.

(B) This FRANCHISE AGREEMENT may be transferred or assigned by the FRANCHISEE to a corporation which is owned or controlled by the FRANCHISEE, provided that the FRANCHISEE and all of the shareholders of the assignee corporation remain primarily liable for the FRANCHISEE's obligations under this FRANCHISE AGREEMENT, and further provided that the FRANCHISEE furnishes prior written proof to the FRANCHISOR substantiating that the corporation will be financially able to perform all of the terms and conditions of this FRANCHISE AGREEMENT. The FRANCHISEE will give the FRANCHISOR fifteen (15) days written notice prior to the proposed date of assignment or transfer of this FRANCHISE AGREEMENT to an owned or controlled corporation of the FRANCHISEE; however, the transfer or assignment of this FRANCHISE AGREEMENT shall not be valid or effective until the FRANCHISOR has received the legal documents which it deems necessary to properly and legally document the transfer or assignment of this FRANCHISE AGREEMENT to the corporation as provided herein.

(C) In the event of the death or permanent disability of the FRANCHISEE, this FRANCHISE AGREEMENT may be assigned, transferred or bequeathed by the FRANCHISEE to any person or beneficiary. However, the assignment of this FRANCHISE AGREEMENT to the transferee, assignee or beneficiary shall not be valid or effective until the FRANCHISOR has received the properly executed legal documents which its legal counsel deems necessary to properly and legally document the transfer, assignment or bequest of this FRANCHISE AGREEMENT, and until the transferee, assignee or beneficiary agrees to be unconditionally bound by the terms and conditions of this FRANCHISE AGREEMENT and to personally guarantee the performance of the FRANCHISEE's obligations under this FRANCHISE AGREEMENT.

(D) If the FRANCHISEE desires to sell its COLOR GLO business, the FRANCHISEE may list the business with a third party (such as a broker, sales agent or consultant) provided that the listing agreements contain exclusion for any purchaser located by the FRANCHISOR. There shall be no commission or other remuneration payable as a result of a sale of the FRANCHISEE's COLOR GLO business to a purchaser located by the FRANCHISOR.

(E) The FRANCHISEE shall not sell, assign or transfer any interest in the COLOR GLO business without the prior written consent of the FRANCHISOR. The FRANCHISOR shall not unreasonably withhold its consent to any transfer of an interest in the FRANCHISEE or in this FRANCHISE AGREEMENT, subject to any or all of the conditions set forth below which the FRANCHISOR may, in its sole discretion, deem necessary. The conditions which the FRANCHISOR may impose prior to the time of the transfer, including any transfer by a trustee in bankruptcy, are as follows:

(1) All of FRANCHISEE's obligations under this FRANCHISE AGREEMENT (including all accrued monetary obligations and fee reports) shall have been satisfied, and the FRANCHISEE shall not be in default under this FRANCHISE AGREEMENT.

(2) The FRANCHISEE shall have agreed to observe all applicable post-term obligations and covenants contained in this FRANCHISE AGREEMENT.

(3) The transferee Franchisee shall be personally liable to discharge all of the FRANCHISEE's obligations under this FRANCHISE AGREEMENT.

(4) The transferee Franchisee shall have demonstrated to the FRANCHISOR's satisfaction that he meets the FRANCHISOR's managerial, financial, and business standards for new Franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct the licensed business (as may be evidenced by prior related business experience or otherwise) and that he has the then-current equipment package to operate the COLOR GLO business.

(5) Prior to the date of transfer, the transferee Franchisee shall have successfully completed the training program prescribed by the FRANCHISOR. The current FRANCHISEE will be required to be available to the transferee FRANCHISEE for a period of 90 days to assist the transferee FRANCHISEE in developing the relationship necessary to take over the current FRANCHISEE's existing accounts as well as any on-site technical support the transferee FRANCHISEE requires while taking over the current FRANCHISEE's existing business. Any and all costs of training shall be the responsibility of the FRANCHISEE.

(F) If this FRANCHISE AGREEMENT is assigned, transferred or bequeathed to another person or entity, or if the FRANCHISEE transfers his capital stock to another person or entity, then the FRANCHISEE will pay the FRANCHISOR a fee of Ten Thousand (\$10,000.00) for the cost incurred by the FRANCHISOR for attorneys' fees, accountants' fees, out-of-pocket expenses, long distance telephone calls, and the time of its employees.

## **ARTICLE 18**

### **ENFORCEMENT**

(A) The Franchise Agreement Requires you to resolve disputes with us by mediation only in the state of Minnesota out-of-state litigation/arbitration/ mediation may force you to accept a less favorable settlement for dispute. It may also cost you more to litigate/arbitrate/mediate with us in Minnesota than in your state. The Franchise Agreement states that Minnesota law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws. Should mediation not resolve the dispute, the FRANCHISOR shall be entitled to seek temporary and permanent injunctions and orders of specific performance enforcing the provisions of this FRANCHISE AGREEMENT relating to FRANCHISEE's use of the licensed Marks and Business System, the obligations of the FRANCHISEE upon termination or expiration of this FRANCHISE AGREEMENT and assignment of the licensed business and ownership interests in FRANCHISEE, and to prohibit any act or omission by FRANCHISEE, the FRANCHISEE's employees that constitutes a violation of any applicable law, ordinance or regulation, is dishonest or misleading to the FRANCHISEE's customers, or prospective customers, or other COLOR GLO businesses, or constitutes a danger to the FRANCHISEE's employees or customers or to the public, or may impair the goodwill associated with the licensed Marks or Business System. If the FRANCHISOR secures any such injunction or order of specific performance, the FRANCHISEE agrees to pay to the FRANCHISOR an amount equal to the aggregate of its cost of obtaining such relief, including without limitation reasonable attorneys' and expert witness fees, costs or investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages incurred by the FRANCHISOR as a result of the breach of any such provision.

(B) All provisions of this FRANCHISE AGREEMENT are severable and this FRANCHISE AGREEMENT shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this FRANCHISE AGREEMENT than required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this FRANCHISE AGREEMENT or any specifications, standard or operating procedure prescribed by the FRANCHISOR is invalid or unenforceable, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure shall be modified to the extent required to be valid and enforceable. Such modifications to this FRANCHISE AGREEMENT shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions.

(C) The FRANCHISOR and FRANCHISEE may by written instrument unilaterally waive any obligation of or restriction upon the other under the FRANCHISE AGREEMENT. No acceptance by the FRANCHISOR of any payment by the FRANCHISEE and no failure, refusal or neglect of the FRANCHISOR or FRANCHISEE to exercise any right under this FRANCHISE AGREEMENT or to insist upon full compliance by the other with its obligations hereunder, including without limitation any mandatory specification, standard or operating procedure, shall constitute a waiver of any provision of this FRANCHISE AGREEMENT.

(D) The FRANCHISEE agrees that it will not, on grounds of the alleged non-performance by the FRANCHISOR of any of its obligations hereunder; withhold payment of any amounts due the FRANCHISOR.

(E) The rights of the FRANCHISOR and FRANCHISEE hereunder are cumulative and no exercise or enforcement by the FRANCHISOR or FRANCHISEE of any right or remedy hereunder shall preclude the exercise or enforcement by the FRANCHISOR or FRANCHISEE of any other right or remedy hereunder or which the FRANCHISOR or FRANCHISEE is entitled by law to enforce.

(F) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.), this FRANCHISE AGREEMENT and the franchise relationship shall be governed by the laws of the state in which the LICENSED LOCATION is located.

(G) This FRANCHISE AGREEMENT is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

(H) This Agreement and all exhibits to this FRANCHISE AGREEMENT constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

The preambles are part of this FRANCHISE AGREEMENT. The headings of the ARTICLES are for convenience only and do not define, limit, or construe the contents of the ARTICLES. The term "FRANCHISEE" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be. If the FRANCHISEE consists of more than one individual, then all individuals shall be bound jointly and severally by the terms and conditions of this FRANCHISE AGREEMENT.

You acknowledge that you are entering into this FRANCHISE AGREEMENT as a result of your own independent investigation of our franchised business and not as a result of the representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees that are contrary to the terms set forth in this FRANCHISE AGREEMENT, or in any disclosure documents, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

## **ARTICLE 19**

### **NOTICES**

All notices to the FRANCHISOR shall be in writing and shall be made by personal service or sent by prepaid registered or certified United States mail addressed to the FRANCHISOR at its principal place of business, 7111 Ohms Lane, Minneapolis, Minnesota 55439, or at such other address as the FRANCHISOR may designate in writing. All notices to the FRANCHISEE shall be prepaid by personal service or sent by registered or certified United States mail addressed to the FRANCHISEE at the LICENSED LOCATION, or such other address as the FRANCHISEE may designate in writing.



## **ARTICLE 20**

### **DEFINITIONS**

For purposes of this FRANCHISE AGREEMENT, the following words shall have the following definitions:

A “Abandon” as used in ARTICLE 9(A)(10) shall mean that the conduct of the FRANCHISEE, including acts of omission as well as commission, indicating a willingness, desire or intent to discontinue operating the licensed business in accordance with the quality standards, uniform requirements and Business System set forth in this FRANCHISE AGREEMENT.

B. “Gross sales” shall mean the gross total dollar income collected of the FRANCHISEE’s COLOR GLO business from all cash and credit sales of every kind and nature derived from the FRANCHISEE’s business. Gross sales include, but are not limited to, all of FRANCHISEE’s revenues arising out of services performed in color restoration of leathers, vinyls, velour, fabrics, carpet and wood grain panels and all other work billed to customers under a COLOR GLO invoice. “Gross sales” shall not include sales taxes.

## **ARTICLE 21**

### **ACKNOWLEDGMENTS**

(A) The FRANCHISEE acknowledges that it has conducted an independent investigation of the business licensed hereunder, and recognizes that the business venture contemplated by this FRANCHISE AGREEMENT involves business risks and that its success will be largely dependent upon the ability of the FRANCHISEE as an independent business person.

(B) The FRANCHISEE acknowledges that it has received, read and understood this FRANCHISE AGREEMENT and that the FRANCHISOR has fully and adequately explained the provisions of it to the FRANCHISEE’s satisfaction and that the FRANCHISOR has accorded the FRANCHISEE time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this FRANCHISE AGREEMENT.

(C) The FRANCHISEE acknowledges that he received a copy of this FRANCHISE AGREEMENT at least five (5) business days prior to the date on which this FRANCHISE AGREEMENT was executed. The FRANCHISEE further acknowledges that he has received a Franchise Disclosure Document at least ten (14) business days prior to the date on which this FRANCHISE AGREEMENT was executed.

IN WITNESS WHEREOF, the FRANCHISOR and FRANCHISEE have respectively signed and sealed this FRANCHISE AGREEMENT as of the day and year first above written.

“FRANCHISOR”

COLOR GLO INTERNATIONAL,  
A Division of CGI International, Inc.

In the presence of:

\_\_\_\_\_

By \_\_\_\_\_  
Gary E. Smith

Its \_\_\_\_\_ President \_\_\_\_\_

NOTE: This is a legal document which grants specific rights to and imposes certain obligations upon the FRANCHISOR and FRANCHISEE. Consult legal counsel to be sure that you understand your rights and duties. Please insert the name and address of your attorney below.

Attorney's Name \_\_\_\_\_

Address \_\_\_\_\_

“FRANCHISEE”

In the presence of:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
FRANCHISOR'S REPRESENTATION

THE FRANCHISOR REPRESENTS THAT THIS REGISTERED PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY FALSE STATEMENT REGARDING A MATERIAL FACT.

Appendix A to Franchise Agreement

**Acknowledgement Appendix to Color Glo International Franchise Agreement**

As you know, you and we are entering into a Franchise Agreement for the operation of a Color Glo International ® franchise. The purpose of this Acknowledgement Appendix is to determine whether any statement or promises were made to you that we have not authorized or may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question. All representations requiring prospective franchisees to consent to a release, estoppels or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**\*Acknowledgement and Representations\***

1. Did you receive a copy of our Franchise Disclosure Document (all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement?  
Check one:  YES  NO - If no, please comment \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. Have you studied and reviewed carefully our Franchise Disclosure Agreement?  
Check one:  YES  NO - If no, please comment \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement? Check one:  YES  NO - If no, please comment:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document? Check one:  NO  YES - If yes, please describe in detail: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Color Glo International or CGI International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earning, income or profit levels at any Color Glo International location or business, or likelihood of success at your franchised business? Check one:  NO  YES – If yes, please describe in detail:  
\_\_\_\_\_  
\_\_\_\_\_

- 
- 
6. Except as stated in Item 19 of our Franchise Disclosure Document did any employee or other person speaking on behalf of Color Glo International or CGI International, Inc. make any statement or promise regarding the costs involved in operation a franchise or that is contrary to, or different from the information contained in the Franchise Disclosure Document. Check one:  NO  YES – If yes, please describe in detail: \_\_\_\_\_

- 
- 
7. Do you understand that the franchise granted is for the right to operate the Business in the territory, as stated in Article 1 Grant of License: Licensed area and we agree that except as set forth herein we will not operate or license others to operate a Color Glo business in the License Area provided the Franchisee is in complete compliance with the terms and conditions of the FRANCHISE AGREEMENT as stated in paragraph A.  
Check one:  YES  NO – If no, please comment \_\_\_\_\_

- 
- 
8. Do you understand that the Franchise Agreement (and the representations in the Franchise Disclosure Document) constitutes the entire agreement between you and us concerning the franchise for the business, meaning that any prior verbal or written statements not set out in the Franchise Agreement will not be binding?  
Check one:  YES  NO – If no, please comment \_\_\_\_\_

- 
- 
9. Do you understand that the success or failure of your business will depend in a large part upon your skills and experience, your business acumen, your location, the local market for the service under the Color Glo registered trademarks, interest rates, the economy, inflation, the number of employees you may hire and their compensation, competition and other economic and business factors? Further you do understand that the economic and business factors that exist at the time you open your business may change?  
Check one:  NO  YES – If yes, please comment \_\_\_\_\_

- 
- 
10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Article 12 Franchisee Covenants not to compete is an appropriate remedy to protect the interest of the Color Glo system if you violate the covenants? Further, do you understand that the term “Franchisee” for the purpose of the non-compete covenants is defined broadly in subparagraphs 12-A, 12-B and 12-C such that any actions in violation of the covenants by those holding any interest in the franchise entity may result in an injunction, default and termination of the Franchise Agreement?

Check one:  YES  NO – If no, please comment \_\_\_\_\_

11. Except as stated in Article 7 Quality Control, Uniformity and Standards required of the Franchisee. The Franchisee will operate its business so that it is clearly advertised as a Color Glo business but as stated in Subparagraph 7-B the Franchisee shall not use the word “Color Glo” or anything similar, or “CGI” in its corporate or partnership name but must file a certificate of assumed name indicating that the Franchisee shall hold itself out to the public as an independent contractor operation its business pursuant to a license from the Franchisor.

Check one:  YES  NO – If no, please comment \_\_\_\_\_

You understand that your answers are important to us and that we will rely on them by signing this addendum, you are representing that you have considered each question carefully and responded truthfully to the above questions. If more space is needed for any answer, continue on a separate sheet and attach.

NOTE: If the recipient is a corporation, partnership, Limited Liability Company or other entity, each of its principal owners must execute this acknowledgement.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

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

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

APPROVED ON BEHALF OF  
CGI INTERNATIONAL, INC.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

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

EXHIBIT B: List of State Administrators; Agent for Service of Process

LIST OF STATE ADMINISTRATORS, AGENT FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b><u>CALIFORNIA</u></b>	Department of Business Oversight Securities Regulation/Legal Division 320 W. 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 213-576-7589	Corporations Commissioner 320 W. 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013
<b><u>ILLINOIS</u></b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<b><u>INDIANA</u></b>	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b><u>MARYLAND</u></b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-7044	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<b><u>MICHIGAN</u></b>	Michigan Department of Attorney General Consumer Protection Division Attention: Franchise Section G. Mennen Williams Building, First Floor 525 West Ottawa Street Lansing, MI 48933 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau G. Mennen Williams Building, First Floor 525 West Ottawa Street Lansing, MI 48933
<b><u>MINNESOTA</u></b>	Minnesota Department of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101 651-539-1600	Minnesota Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101

<b><u>NEW YORK</u></b>	Office of the New York State Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23 <sup>rd</sup> Floor New York, NY 10271 212-416-8222	New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001
------------------------	---	--



<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b><u>NORTH DAKOTA</u></b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismark, ND 58505-0510 701-328-4712	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor Dept 414 Bismark, ND 58505-0510 701-328-4712
<b><u>RHODE ISLAND</u></b>	Division of Securities Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920	Director of Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920
<b><u>SOUTH DAKOTA</u></b>	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of South Dakota Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501-3185
<b><u>VIRGINIA</u></b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, First Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
<b><u>WASHINGTON</u></b>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8700	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
<b><u>WISCONSIN</u></b>	Department of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 608-266-1365	Wisconsin Commissioner of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703

## EXHIBIT C: Table of Contents to the Operations Manual

### Table of Contents

Introduction to Color Glo.....	
• History of CGI .....	
• Quality & Our Environment .....	
Color Glo Product Line.....	
• Bases .....	
• Color Glo Base Basics .....	
• Cleaners & Solvents.....	
• Additives & Conditioners .....	
• Top Coatings & Flatteners .....	
• Deodorizers & Neutralizers .....	
• Dash Repair Products.....	
• Velour Adhesives & Promoters .....	
• Colorants.....	
• Aniline Leather Dyes .....	
• Cyanoacrylates, Adhesive & Activators .....	
• Fillers & Hot Cure .....	
• Graining Products .....	
• Non-Aerosol Products.....	
Equipment .....	
• Compressor & Related Supplies .....	
• Air Brush & Related Supplies.....	
• Heat Gun & Related Supplies .....	
• Miscellaneous Equipment/Supplies .....	
• Spray Gun & Related Supplies .....	
• Ultra Torch & Related Supplies.....	
• Velour Supplies.....	
• Deodorizing Supplies.....	
• Adhesive Supplies.....	
• Graining Supplies .....	
• Automotive Carpet Cover .....	
• Sponges & Backing/Reinforcing Supplies.....	
• Heel Pads .....	
• Safety Supplies & Masking Paper .....	
• Sandpaper & Masking Tape.....	
• Supplies.....	
• Gloves .....	
• Velour Fibers .....	
• Respirator.....	
• Sewing System.....	
• Headlight Restoration System.....	
• Specialty Furniture Cleaning .....	
• Craftsman’s Choice & Boutique Services Retail Product Lines.....	

Color Mixing & Matching .....

Cleaning .....

- Example 1 – Ink Stain on Leather.....
- Example 2 – Carpet Red Stain Removal.....

Grain-It Process .....

Leather, Leather and More Leather.....

- Automotive Leather Repair.....
- Residential & Commercial Leather Repair.....
- Example 1 – Tear/Cut in Leather Repair .....
- Example 2 – Heavily Worn Full-Finished Leather.....

Vinyl Repair.....

- Example Repair – V Shape Cut .....

Cloth & Velour Repair.....

- Example Repair – Cigarette Burn Repair .....

Hard Plastic Repair .....

- Example Repair – Hard Plastic Drill Hole Repair .....

Headlight Restoration Process .....

FAA Guidelines .....

Freezing Effects .....

Hazmat Review.....

- HAZMAT Test .....

EXHIBIT D: List of Franchisor Supplied Equipment and Supplies

PART #	QTY. TO SHIP	DESCRIPTION	
<b>COMPRESSOR AND RELATED SUPPLIES</b>			
101-SIL	1	COLOR GLO COMPRESSOR - WHEELS	
102	1	AIR HOSE (50')	
103	1	COMPRESSOR CONNECTION KIT	
107	1	QUICK RELEASE CONNECTOR (MALE)	
108	1	AIR BLOW GUN	
149	1	EXTENSION CORD (100' 12 GAGE-3 OUTLET)	
151	1	EXTENSION CORD (25' 14 GAGE SINGLE OUTLET)	
152	1	CORD REEL	
153	1	RYOBI SANDER	
<b>HEAT GUN &amp; SPRAY GUN &amp; SUPPLIES</b>			
121	1	BINKS AIR BRUSH KIT	
132	1	REDUCTION NOZZLE (20MM)	
136	1	REDUCTION NOZZLE (9MM)	
137	1	STEINEL HEAT GUN	
138	1	WIRE PROTECTION TUBE	
179	1	SPRAY GUN MATINTENANCE KIT	
180	1	SATA SPRAY GUN	
185	1	AIR MICRO METER	
<b>HEATING IRON &amp; SUPPLIES</b>			
140	1	HEATING IRON (BLACK BARON)	
142	1	TEFLON MAT (12" X 12")	
154	1	STEAM IRON	
<b>SMALL HAND TOOLS</b>			
143	1	COOLING PLATE	
144	1	PALLET KNIFE (3" OFFSET)	
146	1	1" MINI PALLET KNIFE, OFFSET	
147	1	DIP SPRAYER/MOUTH ATOMIZER	
164	1	12" CUT OFF BLADE FOR PAPER TAPER	
165	1	DELUXE PAPER TAPER (NO BLADE)	
167	1	6" BLADE	
168	1	TRU COLOR LIGHT	
169	1	REPLACEMENT BULB FOR TRU COLOR LIGHT	
170	1	OPTIVISOR	
173	1	UNDER HOOD LIGHT	
205	1	HOT STAPLE GUN	
210	1	COOLING PAD (SET OF 2)	
<b>ULTRA TORCH KIT &amp; SUPPLIES</b>			
190	1	SELF IGNITING ULTRA TORCH W/ IRON SHOE	
<b>DASH &amp; VELOUR REPAIR KITS &amp; SUPPLIES</b>			
209	1	VELOUR SUB-PATCH	
206	1	SPRAY TEXTURE, 13.5 OZ	
222	2	S.B.V. ADHESIVE	

222G	1	S.B.V. ADHESIVE - GLASS BOTTLE, 2 OZ.	
223	1	APPLICATOR TIP FOR SBV	
226	1	BASE PROMOTER, AEROSOL, 9.5 OZ.	
224	1	VELOUR FABRIC ADHESIVE	
228	1	VELOUR PENS 36/PK	
233	2	VELOUR SPRAY ADHESIVE, AEROSOL, 4.5OZ	
235-K	1	VELOUR WICKING SEALANT KIT (WITH CLEANER)	
236	1	VELOUR MATTE SPRAY, 2 OZ.	
299	1	SDRP, 8 OZ.	
920	1	VELOUR TOOL KIT W/GLASS PUFFER	
4100	1	VELOUR KIT, INCLUDES ALL VELOURS	

**VEHICLE BASES, PRIMERS. PROTECTANTS, & CLEANERS**

301	1	CARPET BASE, GAL	
302	1	DELUXE BASE, GAL.	
305	1	VINYL LEATHER BASE, GAL	
306	1	FURNITURE BASE, GAL.	
307	1	FABRIC BASE, GAL	
310	1	CROSSLINKER, 8 OZ.	
312-P	1	NU REZ, 16 OZ.	
314	1	"S" REDUCER, GAL.	
320	1	NU-LEATHER, GAL.	
321	1	VY-NU, GAL.	
322	1	NU-LEATHER 2, QT.	
326	1	FEEL MODIFIER, QT	
328	2	"NO-GLOSS" FLAT ADDITIVE, 8 OZ.	
329	1	FLAT TOP COAT, QT.	
330	1	GLOSS COAT, 16OZ.	
331	1	BYCAST LEATHER TOP COAT, 16 OZ.	
372	2	COLOR CLEAN, GAL.	
382	1	ALL PURPOSE SOLVENT, GAL.	
383	1	LO SOLVENT CLEANER, GAL.	
387	1	WAX & SILICONE REMOVER, GAL.	
388	1	GUM REMOVER, 2OZ.	
390	1	UNIVERSAL CLEANER, GAL.	
392	1	RED STAIN REMOVER, 2 PART KIT	
393	1	RED WINE STAIN REMOVER	
394	1	STAIN GUARD, 1 QT.	
301P	1	PEARLESCENT ADDITIVE FOR CARPET BASE	
395	12	TOP SLIP,10 OZ. AEROSOL	

**STANDARD COLORANTS**

401	2	BLACK	
402	2	WHITE	
404	2	DARK BROWN	
407	1	LIGHT BROWN	
412	1	ROYAL BLUE	
413	1	RUST RED	
414	1	YELLOW GOLD	
415	1	X-BLACK	

**SPECIAL BLEND COLORANTS**

405	1	FIRE RED	
406	1	KELLY GREEN	
410	1	PURPLE	
417	1	STONE	
418	1	OPAQUE RED	
420	1	CADET BLUE	
422	1	CHARCOAL	
423	1	DOVE GRAY	
426	1	GRAY	
427	1	BIQUE	
428	1	LIGHT GREEN	
433	1	SADDLE	
434	1	ANTELOPE	
435	1	KAHKI	

**BLEND COLORANTS**

403	1	CANARY YELLOW	
409	1	YELLOW ORANGE	
411	1	REGAL RED	
416	1	X-BROWN	
419	1	CRANBERRY	
421	1	BLACK CHERRY	
424	1	SADDLE GOLD	
425	1	WINE RED	
429	1	ORANGE	

**METALLICS**

430	1	DARK GOLD METALLIC	
431	1	LIGHT GOLD METALLIC	
432	1	SILVER METALLIC	

**COLORESCENTS**

440	1	SILVER WHITE	
441	1	WHITE	
443	1	SILVER GREEN	
444	1	SILVER RED	
445	1	SILVER BLUE	

**ADHESIVES, ACTIVATORS, & SUPPLIES**

503	1	SUPER VINYL ADHESIVE, 1 OZ. QUICK STICK, 1	
511	2	OZ.	
511C	1	CAP FOR QUICK STICK BOTTLE QUIK STIK ACTIVATOR (6 OZ.	
515	2	AEROSOL)	
517	4	BONDING GEL, 3 GR	
518	1	LIQUID BONDING GEL, 1 OZ.	
519	2	C.A.B., 1 OZ.	
202	2	DASH COMPOUND, 4 OZ	
204	2	D.C.A., 1 OZ.	
520	1	DEBONDER, 1 OZ.	
521	1	QUICK CURE EPOXY, 8 OZ.	

523	1	EPOXY ADDITIVE	
<b>REPAIR SUPPLIES</b>			
598	1	BLEMISH FILLER, 1QT.	
599	1	LEATHER FLEX, 1 OZ. BLACK	
600	1	LEATHER FLEX, 1 OZ. GRAY	
601	1	LEATHER FLEX, 1 OZ. WHITE	
602	1	HOT CURE, WHITE, 4 OZ.	
603	1	HOT CURE, GRAY, 4 OZ.	
604	1	HOT CURE, BLACK, 4 OZ.	
605	1	HOT CURE, RED, 4 OZ.	
606	1	HOT CURE, BLUE, 4 OZ.	
608	1	HOT CURE, NATURAL, 4 OZ.	
609	1	LOW TEMP HOT CURE, 4 OZ.	
610	1	GRAY LOW TEMP HOT CURE, 4 OZ.	
613	1	COLD CURE, 4 OZ.	
614	1	CRACK FILLER, 1 OZ.	
641	1	BACKING FABRIC, (4" X 36")	
642	1	REPAIR GAUZE (STANDARD)	
643	1	REPAIR GAUZE (HEAVY DUTY)	
644	1	HARD PLASTIC BACKER	
645	1	WOVEN GRAPHITE	
651	1	GRAINING PAPER (1 OF EACH GRAIN) 15PK	
673	1	GRAIN COPIER KIT	
0001	1	NUBUCK CLOTH	
0002	1	DEGREASER, AEROSOL, 6 3/4OZ.	
0003	1	INK-AWAY REMOVER KIT, 1OZ.	
0005	4	MICRO FIBER CLOTH	
205	1	HOT STAPLE GUN	
175	1	TECH KIT, COMPLETE	
<b>MINI HEEL PADS</b>			
701	1	RED	
702	1	TAUPE	
703	1	MAROON	
704	1	DARK GREEN	
705	1	GRAY	
707	1	DARK BLUE	
708	1	SLATE GRAY	
709	1	BROWN	
710	1	SADDLE	
711	1	CARAMEL	
713	1	BLACK	
714	1	CHARCOAL	
<b>SMALL HEEL PADS</b>			
731	1	RED	
732	1	TAUPE	
733	1	MAROON	
734	1	DARK GREEN	

735	1	GRAY	
737	1	DARK BLUE	
738	1	SLATE GRAY	
739	1	BROWN	
740	1	SADDLE	
741	1	CARAMEL	
743	1	BLACK	
744	1	CHARCOAL	

**LARGE HEEL PADS**

761	1	RED	
762	1	TAUPE	
763	1	MAROON	
764	1	DARK GREEN	
765	1	GRAY	
767	1	DARK BLUE	
768	1	SLATE GRAY	
769	1	BROWN	
770	1	SADDLE	
771	1	CARAMEL	
773	1	BLACK	
774	1	CHARCOAL	

**MISCELLANEOUS MATERIALS & SUPPLIES**

6111	10	APPLICATION SPONGES (WHITE)	
6116	10	APPLICATION SPONGES (ORANGE)	
		PACK/ABSORBENT CLOTH TOWELS	
6201	1	(12)	
780-21	1	AUTO CARPET COVER, 300'	
781	1	AUTO CARPET COVER DISPENSER	
800	1	MASKING PAPER, 12"	
801	1	MASKING PAPER, 9"	
802	2	MASKING PAPER, 3"	
803	2	MASKING PAPER, 6"	
811	1	SANDPAPER, PACK	
813	1	3/4" MASKING TAPE	
814	1	1" MASKING TAPE	
815	1	1 1/2" MASKING TAPE	
821-20	1	SCUFF PAD, WHITE, 20/COUNT	
822-20	1	SCUFF PAD, GREY, 20/COUNT	
831	1	PAPER/POLY TARP (9' X 12')	
832	1	MIXING STICKS, 100/PACK	
833	1	RAZOR BLADES, 100/BOX	
833-P	1	PLASTIC RAZOR BLADES, 100/BOX	
834	2	MIXING BRUSH, 5 COUNT	
835	1	WIPE-ITS, BUNDLE OF 76	
837	4	MIXING CUPS, 4 OZ., PACK OF 25	
838	2	MIXING CUPS, 8 OZ, PACK OF 25	
839	2	MIXING CUPS, 1 OZ. (10 COUNT)	
841	1	SMALL HAND MIXER	



842	1	CHEMICAL RESISTENT GLOVES	
843L	1	NEO PRO DISPOSABLE GLOVES (L) 100/BOX	
		DIAMOND GRIP DISPOSABLE GLOVES (L)	
844L	1	100/BOX	
850	1	FILTER, MESH/PAPER	
<b>MISCELLANEOUS MATERIALS &amp; SUPPLIES CONTINUED</b>			
874	1	INJECTOR NEEDLE, (10 COUNT)	
879	1	SYRINGE, 1 CC, (10 COUNT)	
		THERMAL	
345	1	FOGGER	
554	1	STORAGE CAN FOR DESICCANT	
7025	1	SAFETY GOGGLES	
7032-8	1	EYE WASH 4OZ	
7300	1	RESPIRATOR, HALF FACE	
RP7301	1	3M 60926 CARTRIDGES	
952	1	PIPETTES (50/PACK)	
<b>DEODORIZERS &amp; NEUTRALIZERS</b>			
347	1	BUBBLEGUM, 1 GAL	
343	1	LEATHER SCENT KIT	
340	1	EXCEL DEODORIZER, GAL.	
341	12	SMOKE ODOR BE-GONE, 5 OZ. AEROSOL	
		MUST-GO DEODORIZER,	
351	1	GAL.	
<b>BOTTLES &amp; CAPS</b>			
1302	1	16 OZ. METAL CAN, OBLONG	
1305	1	1 GAL. METAL CAN, OBLONG	
1109	12	32 OZ. BOTTLE	
3301	12	POP TOP, 28MM	
1407	1	5 GALLON JUG	
514	5	2 OZ. SPRAY PUMP	
3403	34	YORKER SPOUT, 28MM	
4502	1	1 QT. COMPRESSED AIR SPRAYER	
4501	6	TRIGGER SPRAYER, 28MM	
<b>PRODUCT LABELS</b>			
LBL301	4	CARPET BASE LABEL	
LBL302	4	DELUXE BASE LABEL	
LBL306	4	FURNITURE BASE LABEL	
LBL305	4	VINYL LEATHER BASE LABEL	
LBL307	4	FABRIC BASE LABEL	
LBL314	4	"S" REDUCER LABEL	
LBL320	4	NU-LEATHER LABEL	
LBL321	4	VY-NU LABEL	
LBL372	4	COLOR CLEAN LABEL	
LBL382	4	ALL PURPOSE SOLVENT LABEL	
LBL383	4	LO SOLVENT LABEL	
LBL387	4	WAX & SILICONE REMOVER LABEL	
LBL390	4	UNIVERSAL CLEANER LABEL	
LBL340	4	EXCEL DEODORIZER LABEL	

LBL351	4	MUST-GO DEODORIZER LABEL	
<b>BROCHURES</b>			
G10	250	PLANES, TRAINS & AUTOMOBILES BROCHURE	
<b>BUSINESS SUPPLIES</b>			
K01	1	OPERATIONS MANUAL	
F02	250	TRI-FOLD BUSINESS CARDS	
F10	250	ENVELOPES	
F05	250	INVOICES	
F09	250	LETTERHEAD	
F11	250	BLUE BUSINESS CARDS	
0007	1	BUSINESS CARD TRUCK HOLDER (SET OF 2)	
0008	1	COLOR GLO COOLER	
<b>UNIFORM</b>			
U01	1	COLOR GLO CAP	
U03	1	COLOR GLO APRON	
U02	1	COLOR GLO SHIRT	
<b>SIGNS</b>			
DVP	1	DECALS VEHICLE PACKAGE	
<b>CD</b>			
<b>ROM</b>			
D03	1	COLOR GLO LOGO'S ON USB STICK	
D04	1	COLOR GLO SDS ON USB STICK	
<b>PRICE BOOK/REORDER CATALOG</b>			
F12	1	MONTHLY SALES REPORTS (PACK OF 12)	
F13	1	REORDER PRICE BOOK	
<b>ANILINE DYES, QT.</b>			
470	1	DARK BROWN ANILINE DYE, 32 OZ.	
471	1	GOLDEN BROWN ANILINE DYE, 32 OZ.	
472	1	LIGHT BROWN ANILINE DYE, 32 OZ.	
473	1	GREEN ANILINE DYE, 32 OZ.	
474	1	BLACK ANILINE DYE, 32 OZ.	
		YELLOW ANILINE DYE, 32	
475	1	OZ.	
476	1	BLUE ANILINE DYE, 32 OZ.	
477	1	BORDEAUX ANILINE DYE, 32 OZ,	
478	1	RED ANILINE DYE, 32 OZ.	
479	1	NEUTRAL ANILINE DYE, 32 OZ.	
<b>HEADLIGHT RESTORATION</b>			
H13	1	HEADLIGHT KIT	
<b>SEWING TOOLS</b>			
929	1	SEWING PALM - RIGHT HAND	
930	1	SEWING KIT COMPLETE	
931	1	UPHOLSTERY THREAD - 3/PK	
<b>CRAFTSMAN'S CHOICE PRODUCTS</b>			
CC104	5	CLEANING PEN	
CC105	5	INK REMOVER PEN	
CC108	1	TOUCH SCREEN CLEANER	
CC109	2	DEODORANT POWDER, VEHICLE USE	

CC109 XL	2	DEODORANT POWDER, ROOM USE AUTO	
CC110	1	KIT	
CC111	1	HOME KIT	
CC112	1	MINI KIT	
CC113	1	DEALER KIT	
CC115- Q	1	AGE STOP, QUART	
CC117- Q	1	AGE STOP FLAT, QUART	
<b>VEHICLE GRAPHICS</b>			
SGK-S	1	136 GRAPHIC STARTER KIT	



EXHIBIT E: List of Craftsman's Choice Products & CGI Boutique Services

Craftsman's Choice Products & CGI Boutique Services

**CRAFTSMAN'S CHOICE PRODUCTS**

CC104	5	CLEANING PEN
CC105	5	INK REMOVER PEN
CC108	1	TOUCH SCREEN CLEANER
CC109	2	DEODORANT POWDER, VEHICLE USE
CC109 XL	2	DEODORANT POWDER, ROOM USE
CC110	1	AUTO KIT
CC111	1	HOME KIT
CC112	1	MINI KIT
CC113	1	DEALER KIT
CC115-Q	1	AGE STOP, QUART
CC117-Q	1	AGE STOP FLAT, QUART

**BOUTIQUE SERVICES PRODUCT LINE**

B001	LIGHT BROWN POLISH
B002	GOLDEN BROWN POLISH
B003	DARK BROWN POLISH
B004	BLACK POLISH
B005	NEUTRAL POLISH
B006	FURNITURE POLISH

EXHIBIT F: CGI International Financial Statements



# Financial Statements

CGI International, Inc.

Edina, Minnesota

For the years ended August 31, 2021, 2020 and 2019



*Edina Office*

5201 Eden Avenue, Ste 250  
Edina, MN 55436  
P 952.835.9090  
F 952.835.3261

*Mankato Office*

100 Warren Street, Ste 600  
Mankato, MN 56001  
P 507.625.2727  
F 507.388.9139

CGI International, Inc.  
Table of Contents  
August 31, 2021, 2020 And 2019

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	3
<b>Financial Statements</b>	
Balance Sheets	5
Statements of Operations and Retained Earnings (Deficit)	6
Statements of Cash Flows	7
Notes to the Financial Statements	8





## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
CGI International, Inc.  
Edina, Minnesota

We have audited the accompanying financial statements of CGI International, Inc. (the Company), a Minnesota corporation, which comprise the balance sheets as of August 31, 2021, 2020 and 2019, and the related statements of operations and retained earnings (deficit) 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the presentation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in 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 misstatements 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. And 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 financial statements referred to above present fairly, in all material respects, the financial position of CGI International, Inc. as of August 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Abdo  
Minneapolis, Minnesota  
December 28, 2021

FINANCIAL STATEMENTS

CGI International, Inc.  
Balance Sheets  
August 31, 2021, 2020 and 2019

	2021	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 5,042	\$ 12,568	\$ 37,005
Accounts and contract receivable	203,164	283,742	133,039
Inventories, net	305,808	353,287	285,838
Total Current Assets	514,014	649,597	455,882
<b>Other Assets</b>			
Deferred tax asset	141,000	79,000	50,000
Total Assets	\$ 655,014	\$ 728,597	\$ 505,882
<b>Liabilities and Stockholders' Equity (Deficit)</b>			
<b>Current Liabilities</b>			
Current portion of note payable - Shareholder	\$ -	\$ -	\$ 47,500
Current portion of PPP note payable	-	28,986	-
Current portion of notes payable	28,392	26,714	-
Accounts payable	100,339	66,522	194,109
Accrued expenses	15,646	14,494	42,446
Lines of credit	67,035	61,939	69,123
Total Current Liabilities	211,412	198,655	353,178
<b>Long-term Liabilities</b>			
Note payable to shareholder, net of current portion	110,000	97,500	-
PPP note payable, net of current portion	58,485	29,498	-
Notes payable, net of current portion	291,231	319,881	-
Total Long-term Liabilities	459,716	446,879	-
Total Liabilities	671,128	645,534	353,178
<b>Stockholders' Equity</b>			
Common stock, \$1 par value, 25,000 shares authorized, 826 shares issued and outstanding,	826	826	826
Additional paid-in capital	45,299	45,299	45,299
Retained earnings (deficit)	(62,239)	36,938	106,579
Total Stockholders' Equity	(16,114)	83,063	152,704
Total Liabilities and Stockholders' Equity	\$ 655,014	\$ 728,597	\$ 505,882

See Independent Auditor's Report and Notes to the Financial Statements.

**CGI International, Inc.**  
**Statements of Operations and Retained Earnings (Deficit)**  
**For the Years Ended August 31, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Sales and Franchise Fees			
Initial franchise fees and transfers	\$ 59,400	\$ 111,500	\$ 174,500
Continuing franchise fees	231,614	216,687	236,906
Product sales, equipment sales and related shipping fees	<u>1,072,540</u>	<u>1,197,387</u>	<u>1,413,717</u>
Total Sales and Franchise Fees	1,363,554	1,525,574	1,825,123
Cost of sales	<u>852,433</u>	<u>824,158</u>	<u>876,273</u>
Gross Profit	511,121	701,416	948,850
Operating expenses	<u>717,537</u>	<u>783,978</u>	<u>769,791</u>
Income (Loss) From Operations	(206,416)	(82,562)	179,059
Other Income (Expense)			
Interest expense	(28,457)	(18,874)	(11,269)
Gain on PPP loan forgiveness	58,484	-	-
Other income	<u>15,832</u>	<u>3,405</u>	<u>-</u>
Income (Loss) Before Income Taxes	(160,557)	(98,031)	167,790
Provision For Income Tax Benefit (Expense)	<u>61,380</u>	<u>28,390</u>	<u>(47,390)</u>
Net Income (Loss)	(99,177)	(69,641)	120,400
Retained Earnings (Deficit), Beginning of Year	<u>36,938</u>	<u>106,579</u>	<u>(13,821)</u>
Retained Earnings (Deficit), End of Year	<u>\$ (62,239)</u>	<u>\$ 36,938</u>	<u>\$ 106,579</u>

See Independent Auditor's Report and Notes to the Financial Statements.

CGI International, Inc.  
Statements of Cash Flows  
For the Years Ended August 31, 2021, 2020 and 2019

	2021	2020	2019
Cash Flows From Operating Activities			
Net income (loss)	\$ (99,177)	\$ (69,641)	\$ 120,400
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Gain on PPP loan forgiveness	(58,484)	-	-
Gain on SBA debt forgiveness	(15,832)	-	-
Change in deferred taxes	(62,000)	(29,000)	44,000
Change in operating assets and liabilities			
Accounts and contracts receivable	80,578	(150,703)	(58,105)
Inventories	47,479	(67,449)	(128,127)
Accounts payable	33,817	(127,587)	92,069
Accrued expenses	1,152	(27,952)	10,767
Checks in excess of cash in bank	-	-	(39,005)
Settlement payable	-	-	(4,479)
Net Cash Provided By (Used In) Operating Activities	(72,467)	(472,332)	37,520
Cash Flows From Financing Activities			
Net borrowings (payments) on line of credit	5,096	(7,184)	69,123
Proceeds from note payable to shareholder	64,350	65,000	-
Proceeds from notes payable	-	350,000	-
Proceeds from PPP note payable	58,485	58,484	-
Payments on note payable to shareholder	(51,850)	(15,000)	(70,000)
Payments on notes payable	(11,140)	(3,405)	-
Net Cash Provided By (Used In) Financing Activities	64,941	447,895	(877)
Net Increase (Decrease) In Cash and Cash Equivalents	(7,526)	(24,437)	36,643
Beginning Cash and Cash Equivalents	12,568	37,005	362
Ending Cash and Cash Equivalents	\$ 5,042	\$ 12,568	\$ 37,005
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest	\$ 28,457	\$ 18,874	\$ 11,269
Income taxes	\$ -	\$ -	\$ -

See Independent Auditor's Report and Notes to the Financial Statements.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 1: Summary of Significant Accounting Policies**

**Nature of Business**

CGI International, Inc. (the Company), a Minnesota corporation, was incorporated in 1975 and is a franchisor/manufacturer/distributor of ceiling, wall and automotive cleaning and color systems and products, worldwide. As of August 31, 2021, 2020 and 2019 there were:

	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>
<b>Domestic Franchisees</b>			
Franchised locations open at beginning of the period	73	71	75
New Franchised locations opened during the period	2	2	1
Franchised locations closed during the period	(4)	-	(5)
Franchised shops open at the end of the period.	<u>71</u>	<u>73</u>	<u>71</u>
<b>Foreign Franchisees</b>			
Franchisees at beginning of period	54	54	52
New Franchisees rights sold during the period	-	-	2
Franchised locations closed during the period	-	-	-
Franchisees licenses active at the end of period	<u>54</u>	<u>54</u>	<u>54</u>

**COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, many states and jurisdictions in which the Company operates have issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

In response to the pandemic, in May 2020, the Company entered into a promissory note agreement with US Bank in the amount of \$58,484 pursuant to Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). In June 2021, the SBA approved the Company’s PPP loan forgiveness application for the full loan amount. In January 2021, the Company entered into a loan agreement with Bank of Maple Plain in the amount of \$58,485 pursuant to the second round of PPP under the CARES Act. See Note 5 for further details.

In April 2020, the CARES Act also provided relief on debt payments whereby the SBA committed to pay principal and interest on existing SBA loans for 6 months in 2020. This relief applies to the West Town Bank & Trust credit facility listed in Note 5. The total forgiveness obtained for the year ended August 31, 2021 was \$15,832.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the Company cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future results of operations, and therefore any prediction as to the ultimate impact on the Company’s financial condition, liquidity, and future results of its operations is uncertain.

During the year ended August 31, 2021, the Company shows a net operating loss and a retained deficit. The Company has seen a drop in revenues as a result of the COVID 19 pandemic. Management expects revenue to increase subsequent to year end. The Company has availability to draw additional funds under the shareholder note, if needed. Management expects that its plans and forecasts of operations will allow CGI International, Inc. to continue operating as a going concern. Based on the aforementioned plans, the Company believes it will have sufficient liquidity resources to execute its business plans and meet all obligations through the year ended August 31, 2022.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents. The balances in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of August 31, 2021, 2020, and 2019 there were no balances in excess of FDIC insurance limits.

### **Accounts and Contracts Receivable**

Accounts and contracts receivable, which are generally unsecured, include only those accounts considered by management to be collectible. Management provides for probable uncollectible amounts through a charge to earnings and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts. Management determines the likelihood of collectability of receivables on an individual customer basis, based on length outstanding, likelihood of collecting, and the customer's current economic status. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to accounts receivable. No allowance for doubtful accounts has been provided as of August 31, 2021, 2020 and 2019, since management expects all receivables to be collectible.

### **Inventories**

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value, with cost determined using the first-in first-out method.

### **Income Taxes**

Income taxes are provided for tax effects of transactions reported in the financial statements and consist of taxes currently due on federal and state returns at tax rates in effect at the end of the reporting period. See Note 7 for material deferred tax differences as of the end of August 31, 2021, 2020 or 2019.

The Company files income tax returns in the U.S. federal jurisdiction and the State of Minnesota. With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2018.

The Company has reviewed its income tax filings and believes its income tax filing positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flow.

The Company recognizes accrued interest related to unrecognized tax benefits, if any, in interest expense and penalties as a component of the income tax provision. During the year ended August 31, 2021 the Company did not recognize any tax penalties or interest in relation to unrecognized tax benefits.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Shipping and Handling Costs**

Shipping and handling costs are recorded as a component of sales for inventory shipped to customers and as a component of cost of goods sold for inventory purchased for resale.

**Presentation of Sales Tax**

Certain states and municipalities impose a sales tax on the Company's sales to non-exempt customers. The Company collects the sales tax from customers and remits the entire amount to the proper government authorities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of sales.

**Advertising**

Costs associated with advertising are charged to expense as incurred. Advertising costs for the years ended August 31, 2021, 2020 and 2019 were \$101,707, \$94,404 and \$93,312, respectively.

**New Accounting Pronouncements**

The FASB issued ASU 2016-02, Leases (Topic 842) during February 2016, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. To meet that objective, the FASB is amending the FASB Accounting Standards Codification and creating Topic 842, Leases. Leasing is utilized by many entities as a means of gaining access to assets, of obtaining financing, and/or of reducing an entity's exposure to the full risks of asset ownership. The prevalence of leasing and impact on the balance sheet raises the importance of leasing to users of financial statements. The absence of detailed reporting can impinge providing a faithful representation of an entities' risks and exposures from leasing transactions. Prior standards did not require lessees to recognize assets and liabilities arising from operating leases on the balance sheet. As a result, long-standing requests from many financial statement users has been to provide a complete and understandable picture of an entity's leasing activities. Users criticized prior lease accounting standards for failing to meet the needs of users because the standards did not always provide a faithful representation of leasing transactions. As a result, there had been long-standing requests from many users of financial statements to change the accounting standards to require recognition of the rights and obligations resulting from leases as assets and liabilities. This ASU is effective for fiscal years beginning after December 15, 2021. At this time, the Company has not determined the potential impact on its financial statements.

**Subsequent Events**

The Company has evaluated subsequent events through December 28, 2021, the date the financial statements were available to be issued.



CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

## Note 2: Revenue Recognition

### Revenue Recognition Policy

Wholesale revenues are recorded at the time of product shipment which is at a point in time.

The Company collects ongoing fees (royalties) receivable from franchisees based upon the franchisees' previous months' gross revenue. Royalty revenue is recognized at a point in time when the underlying revenue is earned by the franchisees and received by the Company.

The Company also collects annual license fees for franchise rights from franchisees. Annual license fees are billed to franchisees monthly and are recognized at the point in time when billed.

Initial franchise fees and transfer fees charged to franchisees are collected prior to, or contemporaneously with, the first day of the term of a franchise agreement. The Company has determined that substantially all of these fees are related to services, training, and start-up inventory provided to franchisees in conjunction with the commencement of franchisee operations. As a result, the Company recognizes all revenue from initial franchise fees at a point in time when initial training has been provided and start-up inventory has been shipped to the franchisee, which is when the Company's performance obligations are deemed to have been satisfied.

### Contract Balances

Billing for ongoing fees, annual license fees, and wholesales of products generally occurs concurrently with the recognition of revenue. The Company offers payment terms resulting in accounts receivable, which is considered a contract asset. The Company will occasionally receive deposits from customers before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized. The beginning balance of accounts receivable as of September 1, 2018 was \$74,934.

## Note 3: Inventories

Inventories consisted of the following as of August 31, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Finished Goods	\$ 209,067	\$ 240,499	\$ 195,847
Raw Materials	<u>106,741</u>	<u>122,788</u>	<u>99,991</u>
Total Inventory	315,808	363,287	295,838
Less: Inventory Reserve	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total	<u>\$ 305,808</u>	<u>\$ 353,287</u>	<u>\$ 285,838</u>

## Note 4: Lines of Credit

The Company has two approved credit lines with maximum borrowings of \$65,000 and \$5,000, respectively. The combined outstanding balances of both these lines as of August 31, 2021, 2020 and 2019 were \$67,035, \$61,939 and \$69,123, respectively. The lines of credit are renewed annually. The lines of credit had an interest rate of 8.25 and 21.90 percent, respectively as of August 31, 2021 and were secured by the Company's assets.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 5: Notes Payable**

The Company has a note payable to a stockholder. The note is scheduled to mature August 31, 2025 and is to accrue interest at 2 percent annually. All principal and unpaid accrued interest is due to the stockholder upon maturity and is unsecured. As of August 31, 2021, 2020 and 2019, the balance of the note was \$110,000, \$97,500, and \$47,500, respectively.

In January 2021, the Company entered into a promissory note agreement with Bank of Maple Plain in the amount of \$58,485 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum, requires monthly payments of \$1,328 beginning May 2022, and is scheduled to mature in January 2026. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within 24 weeks of receiving the funding subject to certain limitations dependent on use of loan proceeds. The Company intends to use all of the PPP proceeds towards qualifying expenses and pursue forgiveness of the loan amount. The Company believes that 100 percent of the loan will be forgiven but cannot predict the outcome at this time. The balance of the note at August 31, 2021 was \$58,485.

In May 2020, the Company entered into a promissory note agreement with US Bank in the amount of \$58,484 pursuant to PPP created by the CARES Act and governed by SBA. The note accrued interest at 1 percent per annum, required monthly payments of \$3,291 beginning December 2020, and was scheduled to mature in May 2022. In June 2021, the SBA approved the Company's PPP loan forgiveness application for the full loan amount which resulted in \$58,484 to be recognized as other income in the accompanying statements of operations and retained earnings (deficit).

In May 2020, the Company entered into a promissory note agreement with West Town Bank & Trust which is secured by substantially all assets of the Company and by personal guarantees of the Company's stockholders. The note requires monthly payments of principal and interest of \$3,886. The note carries a variable interest rate at the Prime Rate plus 2.75 percent. As of August 31, 2021 the note bore interest at 6 percent. The balance of the note at August 31, 2021 was \$319,623.

Scheduled future maturities of long-term debt are as follows:

<u>Year Ending August 31</u>	<u>Amount</u>
2022	\$ 28,392
2023	30,143
2024	32,002
2025	33,976
2026	36,072
Thereafter	<u>159,038</u>
Total	<u>\$ 319,623</u>

**Note 6: Operating Lease Commitments**

The Company operates from office and warehouse space located in Edina, Minnesota. The Company leases this space under the terms of a 60-month agreement expiring April 30, 2022. The Company is required to pay monthly base rent payments as well as any common area maintenance charges. Rent expense for the years ended August 31, 2021, 2020 and 2019 was \$84,622, \$83,698 and \$82,624, respectively.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 6: Operating Lease Commitments (Continued)**

Future minimum lease payments are as follows:

<u>Year Ended August 31,</u>	<u>Amount</u>
2022	<u>\$ 52,492</u>
Total	<u>\$ 52,492</u>

**Note 7: Income Taxes**

Income tax benefit (expense) consisted of the following as of August 31, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal: Deferred	\$ 46,000	\$ 18,000	\$ (33,000)
State: Current Year	(620)	(610)	(3,390)
State: Deferred	16,000	11,000	(11,000)
Total	<u>\$ 61,380</u>	<u>\$ 28,390</u>	<u>\$ (47,390)</u>

The primary components of the Company's deferred tax assets and liabilities as of August 31, 2021 are as follows:

<u>Deferred Tax Assets</u>	<u>2021</u>		
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Net Operating Loss Carryforward	\$ 99,000	\$ 39,000	\$ 138,000
Temporary Difference	2,000	1,000	3,000
Net Deferred Tax Asset	<u>\$ 101,000</u>	<u>\$ 40,000</u>	<u>\$ 141,000</u>

The deferred tax benefit for the year ended August 31, 2021 consists of the following:

	<u>2021</u>		
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Net Operating Loss Carryforwards	<u>\$ 46,000</u>	<u>\$ 16,000</u>	<u>\$ 62,000</u>
Deferred Income Tax Benefit	<u>\$ 46,000</u>	<u>\$ 16,000</u>	<u>\$ 62,000</u>

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 7: Income Taxes (Continued)**

The primary components of the Company's deferred tax assets and liabilities as of August 31, 2020 are as follows:

Deferred Tax Assets	2020		
	Federal	State	Total
Net Operating Loss Carryforward	\$ 47,000	\$ 29,000	\$ 76,000
Temporary Difference	2,000	1,000	3,000
Net Deferred Tax Asset	<u>\$ 49,000</u>	<u>\$ 30,000</u>	<u>\$ 79,000</u>

The deferred tax benefit for the year ended August 31, 2020 consists of the following:

	2020		
	Federal	State	Total
Net Operating Loss Carryforwards	\$ 18,000	\$ 11,000	\$ 29,000
Deferred Income Tax Benefit (Expense)	<u>\$ 18,000</u>	<u>\$ 11,000</u>	<u>\$ 29,000</u>

The primary components of the Company's deferred tax assets and liabilities as of August 31, 2019 are as follows:

Deferred Tax Assets	2019		
	Federal	State	Total
Net Operating Loss Carryforward	\$ 29,000	\$ 18,000	\$ 47,000
Temporary Difference	2,000	1,000	3,000
Net Deferred Tax Asset	<u>\$ 31,000</u>	<u>\$ 19,000</u>	<u>\$ 50,000</u>

The deferred tax expense for the year ended August 31, 2019 consists of the following:

	2019		
	Federal	State	Total
Net Operating Loss Carryforward	\$ (33,000)	\$ (11,000)	\$ (44,000)
Deferred Income Tax Benefit (Expense)	<u>\$ (33,000)</u>	<u>\$ (11,000)</u>	<u>\$ (44,000)</u>

The Company's estimate of future average income tax rates for purposes of determining the carrying amount of deferred tax assets and liabilities is 21 percent for federal and 9.8 percent for state for the years ended August 31, 2021, August 31, 2020, and August 31, 2019.

CGI International, Inc.  
Notes to the Financial Statements  
August 31, 2021, 2020 And 2019

**Note 7: Income Taxes (Continued)**

As of August 31, 2021 the Company has available net operating loss carryforwards as follows:

August 31,	Federal	Loss Expires	State	Loss Expires
2015	\$ 59,654	8/31/2035	\$ 102,513	8/31/2030
2017	95,397	8/31/2037	94,817	8/31/2032
2020	98,640	No expiration	98,030	8/31/2035
2021	<u>219,661</u>	No expiration	<u>219,041</u>	8/31/2036
	<u>\$ 473,352</u>		<u>\$ 514,401</u>	

The Company evaluated available evidence supporting the realization of its deferred tax assets and determined that no valuation allowance was required at August 31, 2021, 2020, and 2019.

**Note 8: Significant Concentrations of Credit Risk**

**Foreign Sales**

Foreign sales for the years ended August 31, 2021, 2020 and 2019 were \$824,256, \$987,214, and \$1,167,346, respectively.

**Major Customers**

There was one customer that accounted for approximately 33% of total product sales for each year ending August 31, 2021, 2020 and 2019.

**Vendors**

The Company purchases a majority of select raw materials from few suppliers. Any disruption in the supply of these raw materials could have a significant impact on the Organization's operations.

**Note 9: Related Party**

**Stockholder Compensation**

There are consulting fees paid to two outside organizations for the services of two stockholders during the years end August 31, 2021, 2020, and 2019 in the amount of \$90,604, \$84,900 and \$77,334, respectively.

**Note Payable to Shareholder**

The Company has a note payable to a stockholder for cashflow of Company operations. See Note 5 for additional details. As of August 31, 2021, 2020 and 2019 there was interest accrued on the note of \$459, \$1,372, and \$25,957, respectively.

## STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

California	Pending
Florida	August 1, 2021
Illinois	Pending
Indiana	July 1, 2021
Michigan	March 20, 2021
Minnesota	Pending
New York	January 17, 2021
North Dakota	May 19, 2021
Rhode Island	June 2, 2021
South Dakota	Sept. 27, 2021
Virginia	Pending
Washington	January 4, 2022
Wisconsin	February 13, 2021

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 H: Receipts

### 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 Color Glo International offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

If Color Glo International 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 B.

You must also receive a Franchise Agreement containing all material terms at least ten (10) business days before you sign any Franchise Agreement.

The Franchisor is Color Glo International, located at 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439. (952) 835-1338 / (800) 333-8523.

Issuance Date: January 4, 2022

The franchise seller for this offering is Gary E. Smith, President, Chief Operating Officer and Director, and/or Scott L. Smith, Chief Financial Officer, CGI International, Inc., 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439. (952) 835-1338 / (800) 333-8523.

Color Glo International authorizes the respective state agencies identified on Exhibit B to receive Service of Process for it in that particular state.

This Disclosure Document included the following Exhibits:

- A. Franchise Agreement
- B. List of State Administrators
- C. Table of Contents to Operations Manual
- D. List of Franchisor Equipment & Supplies
- E. List of Craftsman's Choice & CGI Boutique Products
- F. CGI International Financial Statements
- G. State-Specific Addenda
- H. Receipts

I have received a Franchise Disclosure Document dated: \_\_\_\_\_

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

## 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 Color Glo International offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale.

If Color Glo International 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 B.

You must also receive a Franchise Agreement containing all material terms at least ten (10) business days before you sign any Franchise Agreement.

The Franchisor is Color Glo International, located at 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439. (952) 835-1338 / (800) 333-8523.

Issuance Date: January 4, 2022

The franchise seller for this offering is Gary E. Smith, President, Chief Operating Officer and Director, and/or Scott L. Smith, Chief Financial Officer, CGI International, Inc., 7111-7115 Ohms Lane, Minneapolis, Minnesota 55439. (952) 835-1338 / (800) 333-8523.

Color Glo International authorizes the respective state agencies identified on Exhibit B to receive Service of Process for it in that particular state.

This Disclosure Document included the following Exhibits:

- A. Franchise Agreement
- B. List of State Administrators
- C. Table of Contents to Operations Manual
- D. List of Franchisor Equipment & Supplies
- E. List of Craftsman's Choice & CGI Boutique Products
- F. CGI International Financial Statements
- G. State-Specific Addenda
- H. Receipts

I have received a Franchise Disclosure Document dated: \_\_\_\_\_.

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