



## FRANCHISE DISCLOSURE DOCUMENT

COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.

a Minnesota Corporation

6465 Wayzata Boulevard, Ste. 250

Minneapolis, MN 55426

(952) 476-0262

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

[franchise@collegenannies.com](mailto:franchise@collegenannies.com)

The franchise offered is for the operation of a College Nannies, Sitters and Tutors® business which will offer nanny placement services, babysitting services, homework help tutoring and college prep services.

The total investment necessary to begin operation of a College Nannies, Sitters and Tutors business is from \$151,500 to \$228,000. This includes the \$45,000 initial franchise fee that must be paid to us. If you purchase 2 franchised territories at the same time, the Initial Franchise Fee is \$80,000 for both. If you purchase 3 franchised territories at the same time, the Initial Franchise Fee is \$105,000 for all 3.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael Condon or Tom Ryan at 6465 Wayzata Boulevard, Ste. 250, Minneapolis, Minnesota 55426, telephone (952) 476-0262.

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

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

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

**Issuance Date: April 28, 2017**

## STATE COVER PAGE

Your state may have a franchise law that requires a franchise to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit D** for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE MEDIATED IN MINNESOTA. ANY CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN THE FEDERAL DISTRICT COURT IN MINNESOTA OR IN HENNEPIN COUNTY DISTRICT COURT IN MINNESOTA, ALTHOUGH THE GOVERNING LAW MAY PROVIDE THAT ANY PROVISIONS OF THE FRANCHISE AGREEMENT DESIGNATING JURISDICTION OUTSIDE OF THE STATE ARE VOID. IT MAY COST MORE TO LITIGATE WITH US IN MINNEAPOLIS, MINNESOTA THAN IN YOUR HOME STATE.

THERE MAY BE OTHER RISKS ASSOCIATED WITH THE FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Dates: See next page for state effective dates

## STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates.

California	_____, 2017
Hawaii	_____, 2017
Illinois	_____, 2017
Indiana	_____, 2017
Maryland	_____, 2017
Michigan	_____, 2017
Minnesota	_____, 2017
New York	_____, 2017
North Dakota	_____, 2017
Rhode Island	_____, 2017
South Dakota	_____, 2017
Virginia	_____, 2017
Washington	_____, 2017
Wisconsin	_____, 2017

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

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

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

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

## TABLE OF CONTENTS

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
ITEM 2 BUSINESS EXPERIENCE .....	4
ITEM 3 LITIGATION .....	5
ITEM 4 BANKRUPTCY .....	6
ITEM 5 INITIAL FEES .....	6
ITEM 6 OTHER FEES(1) .....	6
ITEM 7 ESTIMATED INITIAL INVESTMENT .....	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	11
ITEM 9 FRANCHISEE’S OBLIGATIONS .....	13
ITEM 10 FINANCING .....	14
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING .....	15
ITEM 12 TERRITORY .....	23
ITEM 13 TRADEMARKS .....	25
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	26
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	26
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	27
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	27
ITEM 18 PUBLIC FIGURES .....	29
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	29
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	29
ITEM 21 FINANCIAL STATEMENTS .....	41
ITEM 22 CONTRACTS .....	41
ITEM 23 RECEIPTS .....	41
Exhibit A	Financial Statements
Exhibit B	Franchise Agreement with Schedules and Amendments
Exhibit C	Sample Release
Exhibit D	List of State Administrators & Agents for Service of Process
Exhibit E	State Specific Addendum
Exhibit F	Manual Table of Contents
Exhibit G	List of Franchisees
Exhibit H	Receipts

**FRANCHISE DISCLOSURE DOCUMENT  
FOR PROSPECTIVE FRANCHISEES**

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**

**ITEM 1**

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

To simplify the language in this Franchise Disclosure Document “College Nannies, Sitters and Tutors,” “we” or “us” means College Nannies & Tutors Development, Inc., the Franchisor. “You” means the person or business entity that buys the franchise (the “Franchisee”). If a corporation, partnership or other entity is the Franchisee, “you” includes the Franchisee’s owners.

**The Franchisor**

We are a Minnesota corporation that was incorporated on February 28, 2005. We do business under the name College Nannies, Sitters and Tutors. Our principal business address is 6465 Wayzata Boulevard, Ste. 250, Minneapolis, MN 55426, telephone (952) 476-0262. Our agents for service of process are disclosed in **Exhibit D**.

We grant franchises for the operation of College Nannies, Sitters and Tutors businesses. We are also engaged in the administration of our franchise system. We do not have any predecessors. We do not operate any College Nannies, Sitters and Tutors businesses, although we have done so in the past. We have offered franchises since May 2005. We do not and have not offered franchises in other lines of business.

Our immediate parent is Bright Horizons Children’s Centers LLC, a Delaware limited liability company (“BHCC”), which acquired us on July 1, 2016. BHCC is owned by our ultimate parent Bright Horizons Family Solutions Inc., a Delaware corporation (“Bright Horizons”). Both BHCC and Bright Horizons have a principal business address of 200 Talcott Avenue South, Watertown, Massachusetts 02472. BHCC and Bright Horizons do not and have never offered franchises in any line of business. BHCC and Bright Horizons do not provide products or services to our franchisees, although Bright Horizons is a client of many of our franchisees in connection with its corporate back-up care business, as further described in Item 12.

**The Business**

College Nannies, Sitters and Tutors:

At College Nannies, Sitters and Tutors, our purpose is to *Build Stronger Families®*. This business concept is built on the foundation of our core values: can do, results matter, and leave it better. We do this by providing child care and educational support services via our certified role models (nannies, sitters and tutors) to busy families. These role models lead to happy children and successful students. From cradle to college, our services are designed to support families every step of the way.

Each College Nannies, Sitters and Tutors location has 3 distinct service segments: nannies, sitters and tutors.

Our nanny placement services include long-term placements with flexible scheduling options including full-time nannies, part-time nannies, after school nannies, and summer only nannies. Our sitter service leverages proprietary technology that allows parents to schedule safe, easy, hourly child care when and where it is convenient for them. Our tutoring services provide customized tutoring for college bound students, primarily for middle and high school students.

The nanny/sitter business segments also provide corporate back-up care through local, regional and national accounts, including a long-standing collaboration with our parent Bright Horizons® (the leading provider of employer-sponsored child care and early education services (NYSE: BFAM)). Under our arrangement with Bright Horizons, College Nannies, Sitters and Tutors franchisees may participate in providing back-up care services arranged through Bright Horizons for over 1,000 corporate clients. Corporate back-up care is hourly, on-call child care, driven by our proprietary and automated system and technology that allows individuals and businesses to schedule care in situations in which an employee needs temporary child care in order to attend work or a work-related function.

The other segment of the business, College Tutors, provides customized tutoring services for college bound students. The tutoring services “build stronger families” through one-on-one role model tutors who help each student reach his or her full potential. The College Nannies, Sitters and Tutors tutor services follow the same proprietary process as the nanny services, The Complete Family Approach®, which includes personalized instruction with the same tutor(s) each tutoring session, and a completely customized plan for each child. The tutors are intelligent and dedicated educators who are motivated to help children succeed through a holistic, relationship-based approach to learning. Each College Nannies, Sitters and Tutors community location provides homework help, academic coaching, college exam prep (ACT, SAT, PSAT tests as well as other localized tests) tutoring, study skills and test taking strategy support as well as individualized programs in reading, math, sciences, foreign languages, vocabulary and other areas.

College Nannies and College Sitters businesses fulfill a critical role for busy parents. Our Nannies and Sitters are recruited, interviewed, screened and trained to be much more than a neighborhood babysitter. Through our proprietary process, The Complete Family Approach®, we aspire to serve as role models for the children in our care. Business logistics and all family and employee scheduling are managed by you through our proprietary and award-winning on-demand technology and mobile application solutions. And as the employer, the College Nannies, Sitters and Tutors franchisee handles all of the required tax filing, insurance and payroll calculations required by law, so that the parents do not have to worry about this responsibility.

You are required to establish a retail community location for your business. You will generally need 800 to 1,200 square feet which will include a small lobby, 2 to 4 professional offices, and appropriate tutoring stations. The site of your community location must be approved by us and your community location must be designed in accordance with our proprietary brand standards, which are outlined in our Location Playbook manual.



As part of the franchise award/selection process, we conduct a criminal background screen on all prospective franchisees and we may contact their personal, professional and financial references. You are required to make sure all of your employees pass the same criminal and reference investigation.

If you meet certain financial and operational qualifications, we may permit you to sign multiple franchise agreements and a multiple territory addendum for the purchase of multiple territories at the same time. In this case, you will generally pay a lower initial franchise fee under each franchise agreement and have different obligations with respect to when you must open the community location for your franchised business.

## **Market and Competition**

The market for nanny, sitter and tutoring services is developed, but rapidly evolving with the advance of technology. Parents are the primary target audience for these services while small to large companies and schools serve as secondary customers. Parents utilize customized nanny and babysitting services for child care needed on an occasional or regular basis ranging from a 3-hour babysitting need to 40+ hours of care on a weekly basis. Parents utilize customized tutoring and college prep services for homework help support to standardized college test prep support, among other areas. Small to large companies primarily utilize back-up care services which provide a temporary caregiver for employees that are unable to work due to short-term child care needs. These benefit packages are a growing segment for employers in a competitive marketplace to hire and retain talent and often are subsidized or sponsored entirely by the employer.

The business has seasonal changes which reflect the calendar of the local public and private schools. For example, certain portions of the business (such as the placement of summer nannies, homework help tutoring and test prep tutoring) are seasonal in nature.

With respect to the tutoring segment of the business, you will compete with other tutoring concepts such as Sylvan, Huntington, Mathnasium, Club Z and Kumon. With respect to the nanny placement side of the business, you will compete with other nanny/babysitting concepts such as SitterCity.com, Care.com, local nanny placement agencies and au pair agencies. We are not aware of any other companies or concepts which blend the nanny services with the tutoring services through a full-service employment model. There are no guarantees of your success, and there are business risks such as changing market conditions, availability of competent staff and the general economic climate.

## **Regulations**

You must comply with all laws which apply to the operation of your business including obtaining any required permits or licenses. Some states may require nannies to: (1) be specially screened; (2) review safety standards; (3) meet certain child care standards; (4) be bonded; or (5) have special driving permits in order to drive children.

There are other federal, state and local laws with which you will also need to comply. Examples of federal laws affecting most businesses are wage and hourly restrictions,

occupational health and safety, equal employment opportunity, taxes, communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act. Typically, state laws cover many of these same topics.

## **ITEM 2 BUSINESS EXPERIENCE**

### Founder + General Manager: Joseph Keeley

Mr. Keeley founded the College Nannies, Sitters and Tutors system and has been our General Manager since we were acquired by Bright Horizons in July 2016. Mr. Keeley was our President and Chief Executive Officer from February 2005 until July 2016.

### Director of Finance: Deborah Barnett

Ms. Barnett has been our Director of Finance since we were acquired by Bright Horizons in July 2016. Ms. Barnett was our Chief Financial Officer from July 2013 until July 2016 and our Director of Finance from December 2011 until July 2013. Ms. Barnett was a business consultant and Director of Financial Reporting for KSL Resorts in La Quinta, California, from May 2007 until December 2011.

### Director of Operations: Terri Stark

Ms. Stark has been Director of Operations since January 2012. From November 2010 to January 2012, she was a Project Manager for Operations at Regency Beauty Institute in Brooklyn Park, Minnesota.

### Director of Franchise Development: Michael Condon

Mr. Condon has been a Director of Franchise Development for us since November 2011. Mr. Condon was a Franchise Development Specialist for us from November 2010 to November 2011. From April 2007 to October 2010, he was a franchise consultant with FranChoice in Eden Prairie, Minnesota.

### Director of Franchise Development: Tom Ryan

Mr. Ryan has been a Director of Franchise Development for us since May 2016. Mr. Ryan was employed with Homewatch International, Inc. in Greenwood Village, Colorado as Director of Franchise Development from January 2015 to May 2016 and as a Franchise Development Consultant from March 2010 to January 2015.

### Director of Marketing: Tammie Lynn

Ms. Lynn has been our Director of Marketing since July, 2015. From June 2005 until June 2015, she was a Director of Marketing Communications for Lifetouch National School Studios in Minneapolis, Minnesota.

Senior Marketing Manager: Heather Hurley

Ms. Hurley has been our Senior Marketing Manager since January 2016. From August 2010 to January 2016, she was a Director of Marketing for Famous Dave's of America in Minnetonka, Minnesota.

Senior Manager, National Accounts: Heather Abello

Ms. Abello has been our Senior Manager of National Accounts since January of 2017. From September 2013 until January 2017 she was our Business Analyst + National Accounts Liaison. From November 2011 until September 2013, she was our Operations Specialist. From November 2007 until November 2011, she was our Franchise Support Specialist.

Training Manager: Peter Coffin

Mr. Coffin has been our Training Manager since April 2012. From November 2006 to March 2008, he was the Learning Center Manager and from April 2008 to March 2012, he was the General Manager for the St. Paul and Woodbury, Minnesota, College Nannies, Sitters and Tutors locations.

Director, Chairman: David Lissy

Mr. Lissy has been a member of our Board of Directors and our Chairman since July 2016. Mr. Lissy has been the Chief Executive Officer of our parent Bright Horizons, in Watertown Massachusetts, since January 2002.

Director, Secretary: Stephen Dreier

Mr. Dreier has been a member of our Board of Directors and our Secretary since July 2016. Mr. Dreier has been Executive Vice President of Bright Horizons since January 2016, and was Chief Administrative Officer for Bright Horizons from September 1997 until January 2016. Mr. Dreier has held various positions within Bright Horizons since August 1987.

Director: Mary Lou Burke Afonso

Ms. Afonso has been a member of our Board of Directors since July 2016. Ms. Afonso has been the Chief Operations Officer—North America for Bright Horizons since January 2014, and was Senior Vice President—Client Relations for Bright Horizons from December 2005 until January 2014.

**ITEM 3  
LITIGATION**

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

The initial franchise fee is 45,000, which is paid to us at the signing of the Franchise Agreement, is fully earned by us on signing the Franchise Agreement and is not refundable. Except as described below, the initial franchise fee is identical for all franchisees. We do not finance the initial franchise fee and we do not generally offer installment payment terms for first time franchisees. However, in situations where an existing franchisee is purchasing additional franchise territories, we allow you to pay the initial franchise fee in installments. The number of installments varies based on the number of additional franchise territories you purchase (as described in Item 10 below), however you must always pay at least 50% of the initial franchise fee at the time you sign the Franchise Agreement.

If you purchase 2 franchised territories at the same time, the Initial Fees are \$80,000 for both which must be paid in full upon the signing of the 2 franchise agreements. If you purchase 3 franchised territories at the same time, the Initial Fees are \$105,000 for all 3 which must be paid in full upon the signing of the 3 franchise agreements.

The above-described fees are the only payments you must make to us for services or goods provided before your franchised business begins operating.

## ITEM 6 OTHER FEES(1)

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Royalty (2)	5% of Gross Revenues. Minimum royalty of \$625/month starting 12 months after we sign the Franchise Agreement ("Effective Date"), \$1,250/month starting 24 months after the Effective Date of the Franchise Agreement, and \$1,875/month starting 36 months after the Effective Date of the Franchise Agreement. (See note 2)	Payable on the 5th business day of each month for the previous month.	Payable to us.
Brand Fund Contributions (3)	2% of Gross Revenues	Payable on the 5th business day of each month for the previous month	Payable to us.

<b>Column 1 Type of Fee</b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Technology Fee (4)	\$225 per month	Payable on the 5th business day of each month for the previous month	May be increased.
Local Marketing Expenditures	Greater of 2% of Gross Revenues or \$15,000/year.	As incurred	This is in addition to the Brand Fund Contributions.
Multi-Area Marketing and Cooperative Advertising	Varies	As incurred	See Note (5).
Renewal Fee	\$2,000	Upon signing new Franchise Agreement	
Relocation Fee	\$3,000	Before relocation	We must approve relocation.
Transfer Fee	\$10,000 plus the cost of training (\$2,000)	Before transfer	We must approve transfers.
Audit Fees	Cost of Audit	Upon demand after audit	Only payable if there is an understatement of revenues of 2% or more.
Interest	1-1/2% per month	Upon demand	Not to exceed maximum amount permitted by law.
Principal Operator/Owner Classroom Training Fee	\$2,000 per week	At time of training	See Note (6).
Manager Training Fee	\$99 per person	Upon demand	See Note (7).
Late Fee	\$100	Upon demand	Payable if you are more than 5 days late in the payment of any amount owed to us.

Notes:

- (1) All fees are non-refundable unless otherwise noted.
- (2) Royalty. You pay us a non-refundable Royalty equal to 5% of your Gross Revenues from your College Nannies, Sitters and Tutors business. Gross Revenues mean the gross amount, whether in money or other form of consideration, earned or received by you from any source in connection with the operation of the Franchised Business, or with any similar or related activity arising directly or indirectly from whatever source. "Gross Revenues" shall not include any sales tax or other taxes collected from you and transmitted to the appropriate taxing authority and refunds actually paid to clients. We will collect this fee by means of direct debit. Beginning 12 months after the Effective

Date of the Franchise Agreement, the monthly royalty will be the greater of 5% of Gross Revenues or \$625 (\$12,500 x 5%). Beginning 24 months after the Effective Date, the monthly royalty will be the greater of 5% of Gross Revenues or \$1,250 (\$25,000 x 5%). Beginning 36 months after the Effective Date, the monthly royalty will be the greater of 5% of Gross Revenues or \$1,875 (\$37,500 x 5%). You are required to complete training within 6 months of signing the Franchise Agreement. Any replacement Principal Operator that we approve and new managers that you hire must complete training within 6 months of assuming their duties.

- (3) Brand Fund Contributions. You must contribute 2% of Gross Revenues to the Brand Fund. We have the right to increase the amount of the Brand Fund contribution up to a maximum of 2.5% of Gross Revenues. We will collect these Contributions by means of direct debit. These contributions are not refundable.
- (4) Technology Fee. The Monthly Technology Fee is for data storage, CNeT support and up to 3 email licenses per territory.
- (5) Multi-Area Marketing and Cooperative Advertising. We have the right to designate local or regional advertising coverage areas and to require you to participate and contribute your share. All contributions will be credited against your local minimum advertising requirement.
- (6) Principal Operator Classroom Training Fee. We will provide you (if you are an individual) or your Principal Operator with Principal Operator Classroom Training at no cost to you when you first sign the Franchise Agreement. You must pay this fee for any substitute Principal Operator that has not completed training or if your Principal Operator needs to repeat the training for any reason. You must also pay the travel and living expenses, wages and benefits for you, your owners or your Principal Operator to attend training in Minnesota.
- (7) Manager Training Fee. All key managers must complete manager training within 6 months of their hire date. Key managers include Family Placement Managers, Role Model Managers, Tutoring Managers and Recruiting Managers. You must pay this fee for each of the new key managers that you appoint for your business to attend training and you must also pay any travel and living expenses and wages and benefits that may be incurred in association with their attending training. Training is held at our national support center in Minnesota but may be held in other locations from time to time. The typical franchisee has 1-2 key managers attend initial training.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT <sup>(1)(2)</sup>				
Column 1 TYPE OF EXPENDITURE	Column 2 AMOUNT	Column 3 METHOD OF PAYMENT	Column 4 WHEN DUE	Column 5 TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>(3)</sup>	\$45,000	Lump sum	At signing of Agreement	Us
Initial Marketing and Recruiting <sup>(4)</sup>	\$20,000	As incurred	As incurred	Media, Suppliers
Construction and Remodeling <sup>(5)</sup>	\$30,000-\$65,000	Typically, 50% down at inception of project and 50% at final inspection	Before opening	Contractors, Landlord, Suppliers
Furnishings, Equipment, Supplies and Technology <sup>(6)</sup>	\$15,000 - \$25,000	As incurred	Before opening	Suppliers
Signage	\$4,000 - \$9,000	Lump sum	Before opening	Supplier
Legal and Accounting <sup>(7)</sup>	\$1,000 - \$3,000	As arranged	As arranged	Attorney and Accountant
Training Expenses <sup>(8)</sup>	\$1,500 - \$3,000	As incurred	During training	Third Parties
Insurance <sup>(9)</sup>	\$4,000 - \$6,000	As arranged	Before opening	Insurance Companies
Tutoring Materials <sup>(10)</sup>	\$1,000-\$2,000	Before opening	Before opening	Suppliers
Additional Funds/Working Capital (initial 3 months) <sup>(11)</sup>	\$30,000 - \$50,000	As incurred	During the first 3 months of opening	Landlord, Employees, Suppliers
<b>TOTAL<sup>(12)</sup></b>	<b>\$151,500- \$228,000</b>			

Notes:

- (1) U.S. Dollars. All dollars specified are in U.S. currency.
- (2) Basis. This schedule has been prepared with the benefit of our franchisees' experience in operating College Nannies, Sitters and Tutors businesses.
- (3) Initial Franchise Fee. See Item 5 for a description of the initial franchise fees payable.
- (4) Initial Marketing and Recruitment. You must spend at least \$20,000 on initial marketing within the first 6 months of your operations. These funds must be spent according to the specifications in the Manual and will include expenses for the acquisition of a direct mail list, newspaper and magazine advertising, online marketing and recruitment, printing and postage costs.

- (5) Construction and Remodeling. The amount of construction and remodeling costs will vary dramatically depending upon the type of location, the terms of your lease, if applicable, and whether your landlord pays for leasehold improvements which are in turn reflected in your lease payment. You will generally need 800 to 1,200 square feet which will include a small lobby, 2 or 4 professional offices, and designated space for tutoring stations.
- (6) Furnishings, Equipment, Supplies and Technology. Before beginning operations, you must purchase an assortment of office equipment including computers, a printer, a voice telephone system and other items as prescribed in the Manual, as well as furnishings and supplies.
- (7) Legal and Accounting. This item is the estimated cost of basic legal services if you choose to retain a professional to review your franchise agreement and form your business entity.
- (8) Training Expenses. You must make arrangements and pay the expenses for you and your first hired manager to attend the training certification program including transportation, lodging, meals and wages (if applicable). The amount expended will depend, in part, on the distance you must travel and the type of accommodations you choose. The estimate is for 2 persons' travel expenses plus the training fee.
- (9) Insurance. This estimate is for the entire annual premium. You must obtain and pay for insurance in such amounts and of such coverage as we prescribe. In some states, the cost of the insurance may be significantly higher.
- (10) Tutoring Materials. You will need to purchase a variety of tutoring and test prep materials as further described in the manual.
- (11) Additional Funds. This amount of working capital is estimated to be sufficient to cover any initial operating/working capital expenses (including rent, employee wages, ongoing marketing and other costs) that are not covered by fees collected during the first 3 months of operation. Because many of your costs are fixed, the amount of working capital will vary based on the number of families you serve. We have based this estimate on the experience in opening and operating College Nannies, Sitters and Tutors franchised businesses during the past 9 years.
- (12) Total. The figures above are estimates only and may vary depending on location. These figures do not include any applicable sales tax. Your initial investment will also vary considerably depending upon the method and amount of financing that you use. We will not finance any portion of your initial investment.



## **ITEM 8**

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

#### **Required Sources; Rebates**

As of the date of this Disclosure Document, we do not require you to purchase or lease any products or services directly from us or entities affiliated with us. As of this date, we do not receive revenues from any required purchases or leases. Although we reserve the right to do so, neither we nor any affiliate currently receive any rebates or similar payments from suppliers.

#### **Approved Suppliers**

In order to maintain the uniformly high standards and reputation of our franchise system, we will formulate standards and specifications we deem necessary to protect our marks and image. Accordingly, you will be required to purchase certain items from suppliers designated or approved by us. This requirement applies to signage, furniture, fixtures, testing materials, accounting software, payroll services, merchant services, tutoring and child development materials and screening services. You are required to conduct criminal background screens according to the Manual on all of your employees and nannies/sitters/tutors placed. Orange Tree Employment Screening currently is our approved supplier for national, state and county pre-employment background screens. You are required to purchase or lease computer hardware and software and fixtures which meet our specifications. You are required to purchase your office and community location furniture from one of our approved suppliers. You are also required to purchase learning materials from a variety of vendors that meet our specifications and are outlined in our Manual. You are required to use Microsoft O365 for your email system, QuickBooks Online Plus as your accounting system, Marsh & McLennan Agency LLC for your insurance, Apex Print Technologies and Business Impact Group for printing, direct mail and collateral fulfillment and ADP for processing of payroll for your business (or Avitus if your business is located in California). Required vendors are subject to change. As of the date of this Disclosure Document, none of our officers have an ownership interest in any of our suppliers.

Specifications may include minimum standards for quality, quantity, delivery, design, appearance, durability, style, price range and other related restrictions. If you propose to purchase any items from a supplier not previously approved in writing by us, but which you believe meet our quality control specifications, you must first notify us. We may require, among other things, submission of sufficient samples, specifications, photographs, drawings and other related information to determine whether items meet our specifications. The proposed supplier will pay a charge not to exceed the reasonable costs of inspection and the actual cost of the test.

We apply the following general criteria, among others, in considering whether the supplier will be designated as an approved supplier:

1. Ability to provide the books, tests and learning materials used in our designated program;
2. Ability to produce the products and meet our standards and specifications for quality and uniformity;

3. Production and delivery capabilities and ability to meet supply commitments;
4. Integrity of ownership (to assure that its association with us would not be inconsistent with our image);
5. Financial stability; and
6. The negotiation of a mutually satisfactory license to protect our intellectual property rights.

These criteria are only examples, and the criteria may change at any time in our sole discretion. We may modify the standards and specifications and will provide you with the approved lists as we deem advisable.

We will advise you within 60 days whether the proposed supplier meets our specifications, and our approval will not be unreasonably withheld. You will be notified in writing of our approval or disapproval of your proposed supplier. You will be notified in writing of a revocation of any approved supplier. Suppliers must maintain standards based on our written specifications and any modifications. Failure to correct a deviation from the System's specifications will result in the revocation of status as an approved supplier.

We may negotiate discounted prices for products with suppliers and you may, in that event, purchase products at the discounted price. We currently have no purchasing or distribution cooperatives serving the System. We do not provide any material benefits to franchisees for use of designated or approved sources. We currently receive rebates from the suppliers of email/marketing subscription services (3%). We will retain and use such payments as we deem appropriate. We also reserve the right to add a mark-up on products sold to you by us in the future. As of the date of this Disclosure Document, we are not an approved supplier of any products or services. Further, there are no suppliers in which any of our officers have an ownership interest.

The estimated proportion of the required purchases, purchases from approved suppliers and purchases in accordance with our specifications to all purchases in establishing the business is 60% to 70% and in the operation of the franchised business is 20% to 40%.

## **Insurance**

You must carry insurance policies protecting you and us. More specifically, you must carry: 1) worker's compensation as required by the laws of your state; 2) general liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate with professional liability included; 3) non-owned automobile liability insurance with minimum limits of \$1,000,000 per occurrence; and 4) any other insurance required by us or by your lease.

Except as described in this Item 8, there are no other requirements for you to purchase or lease based on our specifications or from approved suppliers.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. References are to the Franchise Agreement unless otherwise specified.**

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	Sections 5.A and 6.B	Items 7 and 11
b. Pre-opening purchases/leases	Sections 5.A, 6.B and D	Items 7 and 8
c. Site development and other pre-opening requirements	Sections 5.A and 6.B	Item 11
d. Initial and ongoing training	Sections 5.B and D	Item 11
e. Opening	Section 5.B	Item 11
f. Fees	Sections 2, 3, 4, and 11	Items 5 and 6
g. Compliance with standards and policies/operating manual	Section 6	Items 8 and 11
h. Trademarks and proprietary information	Section 7 Section 2.E in Owner Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 6 and 7	Item 16
j. Warranty and customer service requirements	None	Not applicable
k. Territorial development and sales quotas	Section 2.B	Item 12
l. Ongoing product/service purchases	Section 6	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 3 and 6	Item 17
n. Insurance	Section 8	Item 8
o. Advertising	Section 4	Items 6 and 11
p. Indemnification	Section 9	None
q. Owner's participation/ management/ staffing	Section 6 Section 1.C in Owner Agreement	Items 11 and 15
r. Records and reports	Section 4	Item 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
s. Inspections and audits	Section 4	Items 6 and 11
t. Transfer	Sections 11 and 12 Section 4 in Owner Agreement	Items 6 and 17
u. Renewal	None	Item 17
v. Post-termination obligations	Section 15 Section 2.B in Owner Agreement	Item 17
w. Non-competition covenants	Section 10 Section 2.B in Owner Agreement	Item 17
x. Dispute resolution	Section 17 Section 5.B in Owner Agreement	Item 17
y. Other	None	Not applicable

## ITEM 10 FINANCING

We may provide direct financing to you as follows:

Item Financed (Source)	Amount Financed	Term (Months)	APR %	Monthly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fees <sup>(1)</sup>	\$22,500 to \$52,500	12 to 24	Greater of 2% over prime rate <sup>(2)</sup> or 7%	Currently, \$1,947 to \$2,351	None	Personal Guarantee	Loss of Franchise and Repayment of Outstanding Loan Balance	None
Other Financing	None							

(1) If you are an existing franchisee who is acquiring one or more additional franchise territories and if you meet our credit standards, we will finance the initial fee(s). If you are purchasing one additional territory, you must make an initial down payment of 50% of the initial fee and the remainder must be paid over 12 months. If you are purchasing 2 additional territories, you must make an initial down payment of 50% of the initial fees for both territories, and the remainder must be paid over 18 months. If you are purchasing 3 additional territories, you must make an initial down payment of 50% of the initial fees for all 3 territories, and the remainder must be paid over 24 months. No person other than the franchisee's owners must personally guarantee the debt. There is no requirement that you waive defenses or other legal rights or bars you from asserting a defense.

(2) Prime rate means the most recent consensus prime rate published by the Wall Street Journal (determined on the date you sign the Franchise Agreement).

Except as described above, neither we nor any affiliate of ours offers direct or indirect financing to you. We do not guarantee your note, lease or other obligations. We do not

currently place financing with anyone and do not receive payment for placement of financing. We do not have any past or present practice or intention to sell, assign, or discount to any third party, any financing arrangements. If you secure a business loan backed by the Small Business Administration (SBA), we will execute with you the mandated SBA Addendum to the Franchise Agreement.

## **ITEM 11**

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING**

**Except as listed below, College Nannies & Tutors Development, Inc. is not obligated to provide any assistance to you.**

#### **Individual Franchise:**

##### **Pre-Opening Obligations:**

Before you open your franchised business:

1. We will designate your territory and evaluate the location of your Business. (See Section 5.B.ii of the Franchise Agreement.)
2. We will provide you with specifications for signage, layout, décor and similar items. (See Section 5.B.ii of the Franchise Agreement.)
3. At your request, we will provide consultation as to your selection, training and supervision of staff. (See Section 5.B.iii of the Franchise Agreement.)
4. We will furnish you with specifications for all equipment, inventory and supplies for the operation of your business and a list of approved suppliers for certain of these items. (See Section 5.B.iv of the Franchise Agreement.)
5. We will advise you on your initial marketing, recruiting and public relations efforts. (See Section 5.B.v of the Franchise Agreement.)
6. We will provide pre-training and an initial training program in the operation of the Franchised Business for you as further described below. (See Sections 5.B.vi and 6.D of the Franchise Agreement.)
7. We will loan to you our confidential Manual which will include specifications for equipment, supplies, inventory, management and operation. The Manual is confidential and remains our property. We may modify the Manual, but these modifications will not alter your status and rights under the Franchise Agreement. At our option, we may provide you with an electronic version of the Manual instead of a paper version. (See Section 5.C.i of the Franchise Agreement.) The Manual contains both mandatory and suggested standards and procedures that we develop to ensure the brand standards for College Nannies, Sitters and Tutors businesses and information relating to your obligations as a franchisee.

### **Obligations After Opening:**

During the operation of the Franchised Business:

1. We will provide you with updates to the Manual. (See Section 5.C.i of the Franchise Agreement.)
2. We may hold periodic conferences or meetings to discuss marketing techniques, new developments, advertising programs, business procedures and other topics. (See Section 5.C.ii of the Franchise Agreement.)
3. We will formulate advertising and promotional programs as further described in this Item 11. (See Sections 4 and 5 of the Franchise Agreement.)
4. We will provide you with ongoing consultation in such form and at such times as we deem appropriate. (See Section 5.C.iv of the Franchise Agreement.)
5. We will, on a periodic basis, conduct, as we deem advisable, inspections of the Franchised Business and its operations and evaluations of the operations. We specifically have the right to conduct unannounced visits at any time during business hours. Any inspection of your Business by us is to protect our interest in the Marks and System and is not to control the day-to-day operation of your Community Location or for supervision of your employees. (See Sections 4.M and 6.N of the Franchise Agreement.)
6. We will provide ongoing consultation to help resolve operating problems. (See Section 5.C.v. of the Franchise Agreement.)
7. We will conduct product research and development that we deem appropriate to improve the System. (See Section 5.C.vi of the Franchise Agreement.)

### **Site Selection**

We do not select the location of your business. Site selection is your responsibility. You are required to establish a community location within 12 months of the date of the franchise agreement. The location of your business must be approved by us. In order to accomplish this, you will provide us with information about your potential location. We will approve or disapprove the proposed location within 30 days of your submission. If we do not approve the proposed location, you will have to find an alternative location of which we approve. This may delay the opening of your business. Under the franchise agreement, we have the right to terminate if you do not begin operations within 12 months of the date of the Franchise Agreement or if you do not have a location for your community location within 12 months of the date of the franchise agreement. The criteria that we use in evaluating a site include safety for visitors, adequate visible exterior signage, adequate space, adequate access and parking, and cleanliness and appearance of location.

If you sign multiple franchise agreements at the same time under a multiple territory addendum, you will be required to open your second community location within 30 months of the date of the franchise agreement, and open your third community location (if applicable)

within 48 months. If you sign multiple franchise agreement at the same time for territories that are physically adjacent to one another, we may permit you to open a single community location that covers 2 territories or 2 community locations to cover 3 territories.

## **Marketing**

### Brand Fund:

We will establish, maintain and administer a College Nannies, Sitters and Tutors Brand Fund. You will contribute 2% of your gross revenues to the Brand Fund. Payments to the Brand Fund are made at the same time and in the same manner as the Royalty. We will oversee all marketing programs and have sole control over creative concepts, materials and media used in such programs including the placement and allocation. We will use the Brand Fund to develop and administer advertising, marketing, recruiting and public relations materials. The scope of the marketing will initially be local and regional but we have the right to change the scope at any time. We cannot and do not ensure that any particular franchisee will benefit directly or pro rata from the Brand Fund expenditures. For each of our company-owned or affiliate-owned College Nannies, Sitters and Tutors businesses, we will make contributions to the Brand Fund on the same basis as the contributions required of franchisees. Our Franchise Advisory Council provides input on advertising and marketing issues, including the Brand Fund. However, we have sole determination how the Brand Fund will be used. We will administer and control the Brand Fund and we will have the absolute and unilateral right to determine how, when and where the monies in the Brand Fund will be spent. This includes the right to use Brand Fund monies for (a) broadcast or print advertising; (b) the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising for both recruitment of staff and customers for our franchisees; (c) any marketing or related research and development; (d) advertising and marketing expenses, including payment for research and development; (e) services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies; (f) marketing meetings; (g) development and enhancement of web pages and internet access provider costs; and (h) administrative costs.

All sums paid by you to the Brand Fund will be maintained in a separate account from our general funds and shall not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Brand Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Brand Fund and salaries for marketing support personnel. If we do not spend the monies in the Brand Fund in the year they were collected, they will be used the following year. Monies in the Brand Fund are not used to solicit the sale of franchises. We have the right to increase the required Contribution to the Brand Fund up to a maximum of 2.5% of gross revenues upon 30 days' written notice. During the fiscal year ended December 31, 2016, we collected Brand Fund Contributions totaling \$628,710 and spent \$633,029 (over 100%) in Brand Fund and marketing programs. Of the \$633,029, 26% was spent on national marketing initiatives, 18% invested in our digital footprint (website development, website presence, social media and technology upgrades); 17% was spent on administration and support; 17% on our matching funds programs; 10% was spent on national recruitment and retention programs; 6% on public relations; 4% was

spent on franchisee design support; 1% was spent on legal and trademark management; and 1% was spent on printing costs.

Although we intend the Brand Fund to be of perpetual duration, we have the right to terminate it if we choose. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been expended for advertising and promotional purposes.

An unaudited accounting of Brand Fund contributions and expenditures will be prepared annually and will be made available to you upon request. At our option, any such annual accounting may include an audit of the contributions and expenditures of the Brand Fund prepared by an independent certified public accountant selected by us and prepared at the expense of the Brand Fund.

Although we do not have a separate advertising council, our Franchise Advisory Council (“FAC”) provides input on our advertising and marketing activities. Members of the FAC are elected by all franchisees. The FAC serves only in an advisory capacity and does not have any operational or decision-making power. We have the right to change or dissolve the FAC or the marketing committees at any time.

#### Other Advertising:

In addition to the contributions to the Brand Fund, you must spend at least \$20,000 on initial marketing and recruitment in the first 6 months of operating your business. You must also spend the greater of 2% of gross revenues or \$15,000 per year on approved local advertising.

Before using any promotional and advertising materials, you will submit to us, for our prior approval, all information pertaining to promotional materials and advertising initiated by you. In the event written disapproval of any such advertising and promotional material has not been given by us to you within 20 days from the date such information has been received by us, the materials will be deemed approved.

You must submit documentation of your advertising expenditures at such times and in such form as we designate. If you fail to make any required advertising expenditures, we have the right to require you to contribute the amount of any deficiency to the Brand Fund to be used by us for general advertising and promotion.

We reserve the right to require that local or regional advertising cooperatives be formed, changed, dissolved or merged.

You may not independently market or operate your Business or use words or symbols that are the same as or similar to the Marks on the internet, in any website, domain name, link, social media platform, mobile app, blog, metatag or search technique, except as designated by us or permitted by our then-current policies regarding online activity. The website for your only through our home page. All internet marketing must be coordinated through and approved by us.



## Training

We will provide training as described in the following charts:

### TRAINING/CERTIFICATION PROGRAM FOR A COLLEGE NANNIES, SITTERS AND TUTORS FRANCHISE

#### Telephone Pre-Training Conference Calls Before Attendance at Training

Subject	Hours of Classroom Training By Phone	Hours of on the Job Training*	Location
<b>Call 1:</b> Welcome, vendor introduction, training schedule, training goals established, business infrastructure	1	10	Your home
<b>Call 2:</b> Business startup infrastructure; community location build-out	1	20	Your home
<b>Call 3:</b> Service delivery and CNeT introduction	1	20	Your home
<b>Call 4:</b> HR, staffing and recruitment	1	20	Your home
<b>Call 5:</b> Business Plan, Marketing Plan, competitive analysis	1	10	Your home
<b>Call 6:</b> Business metrics	1	10	Your home
<b>Total</b>	6	90	Your home

\*We have a pre-training process in which we engage in a series of telephone conversations (identified in charts as “classroom training”) and then you have a series of start-up and training activities (identified in charts as “on the job training”) that you must complete on your own.

#### College Nannies, Sitters and Tutors In Person Classroom Training

We have a class-room based training process in which we engage in a series of three Fast Track training sessions held in Minneapolis, MN. Fast Track I & II are both 3 full days of classroom work. Fast Track III is one full day. Prior to those in-person trainings, you have a series of start-up and training activities (identified in charts as “on the job training”) that you must complete on your own.

Our Fast Track program is designed to expedite the opening or commencement of Business. The first session is focused on the basics of the sitter service line and items needed to immediately start the Business. The second session is offered 4-6 weeks later and completes the remaining segments of the training plan. The third session is generally offered at month six of your business operations and designed to support and refine individual franchisee's business plans.

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
<b><u>Fast Track I</u></b>			
<b><u>Day 1:</u></b>	8	0	Minneapolis, MN
Introduction, company history and overview, and vision for the future			
Business Planning			
Marketing: Recruiting Basics & Brand			
Working Session: Writing your recruiting plan			
<b><u>Day 2:</u></b>	8	0	Minneapolis, MN
Service, sales + pricing			
Human Resources - Recruitment			
Human Resources – Hiring and Retaining			
Launching College Sitters			
<b><u>Day 3:</u></b>	8	0	Minneapolis, MN
Launching BUCA			
Accounting Basics			
Technology overview			
<b><u>Fast Track II</u></b>			
<b><u>Day 1:</u></b>	8	0	Minneapolis, MN
Business Refinement			
Marketing: Brand, service differentiations			
Business plan development			
<b><u>Day 2:</u></b>	8	0	Minneapolis, MN
Consultative sales process			
Recruiting + Retention			
Advanced technology			
<b><u>Day 3:</u></b>	8	0	Minneapolis, MN
BUCA management + business growth			
Financial Health			
Setting goals and action plans			
Plan presentations			
<b><u>Fast Track III</u></b>			
<b><u>Day 1:</u></b>	8	0	Minneapolis, MN
Business Refinement			
Planning for growth			
<b>Total</b>	56	0	

Terri Stark is in charge of the training/certification program. Ms. Stark has over 16 years of training and management experience and joined us in 2012. Other trainers include Joe Keeley (15 years in the industry and 11 years with us), Peter Coffin (9 years in the industry and joined us in 2012), Toni Hasselfeldt (13 years in the industry and joined us in 2012), Heather Abello (14 years in teaching and training and 11 years with us), Debbie Barnett (over 20 years in the financial industry and joined us in 2011), Tammie Lynn (over 20 years in retail marketing and communication and joined us in 2015), and Heather Hurley (16 years in marketing and joined us in 2016).

These instructors may be assisted in providing the training by other persons who have experience in some facet of the operation of a College Nannies, Sitters and Tutors business. The initial training programs (self-managed and in-classroom Fast Track I & II) will generally be conducted within 3 months after signing the Franchise Agreement. It is offered on a pre-determined schedule 4 times per year but we may schedule additional classes when we have a new franchisee that is ready to be trained.

When you sign the franchise agreement, we will provide you with franchise owner training at no cost to you. If you need to repeat the training, the cost is \$2,000 per person. You must pay all travel and living expenses, wages and benefits associated with the initial training program for all of your attendees. The initial training program is mandatory for you (if you are an individual) or for the Principal Operator (if you are an entity). At least 1 person associated with you or your business must complete the training program to our satisfaction before the opening of the Franchised Business. Training is provided to Principal Operators and management level employees only. Training will be held at our franchise support center in Minnesota. The primary instructional materials used in the training program consist of: 1) Training Manual, 2) Operations Manual, 3) CNeT system, and 4) other learning materials.

We reserve the right to require you to attend additional training. Ongoing training or re-training may be required as determined by us including in the event you hire a new Principal Operator for the Business. The cost of attending any future training or retraining shall be paid by you. The current cost of additional training is \$2,000 per person per week.

We require manager training for all key managers of your community location, including all new managers that you appoint in connection with the opening of your business. The current cost of Manager Training is \$99 per person. You must pay all travel and living expenses, wages and benefits associated with the manager training program. Any future managers must attend training at your expense.

## **Computer Requirements**

You must purchase (or lease), use, maintain and update computer and other systems and software programs which meet our specifications as they evolve over time and which, in some cases, may only be available from designated suppliers. The required computer system can access the internet and has the capabilities to receive a high-speed internet connection. The system must have Microsoft Office 2013/Office 365 business or later software (Outlook, Excel, PowerPoint and Word). The computer system will be used in the day-to-day operation of the business primarily to access our proprietary internet based database system named CNeT and

must utilize the supported browser of our discretion. The system will also be used to report and communicate with us for your accounting and record keeping and for other uses as we designate. You must maintain your systems network and you must promptly update and otherwise change your computer hardware and software systems as we require, at your expense. You must pay all amounts charged by any supplier or licensor of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs. We will have direct access to the data regarding the Franchised Business.

Except as noted below, we do not specify a particular brand or model of computer equipment. Our current specifications for your computer are as follows:

ITEM	REQUIREMENTS
Computers	PC IBM compatible
Processor	Intel Core i3/Intel Core M or higher
Operating System	Windows 7 or newer
Processor	2.0GHz or higher
Memory	4 GB RAM or higher
Disk Space	128 GB
Web Browser	Google Chrome 46 or newer
Internet Connection	Business grade ADSL/SDSL/Broadband/Cable Connection 6Mb down/1 Mb up
Monitor	720P or higher resolution monitor (2 monitors are preferred for optimal efficiency)
Software	Microsoft Office 2013/Office 365 business or newer
Printer	Small business class networked printer/copier

We do not currently require that purchase your computer hardware or software from any particular supplier and you may obtain these items from any supplier that can provide equipment meeting the above standard. The cost of the Computer System (hardware and software) is \$2,000. The estimated annual cost of any optional or required maintenance, updating, upgrading or support contracts is \$250. You may only use or download software we have designated or approved. If you use or download any unauthorized software, you will be liable for any resulting damage and repair costs. We contractually reserve the right to require you to upgrade your computer system. There are no contractual limitations on our ability to require you to upgrade your computer system. Further, there are no contractual limits on our ability to have independent access to the information and data stored on your computer system.

## Operations Manual

The Table of Contents of the Manual is contained in **Exhibit F** to this Disclosure Document. The total number of pages in the Manual is 265.

## **Opening**

The length of time between signing the Franchise Agreement and opening your business will vary. We estimate that the typical length of time between the date you sign the Franchise Agreement and the date you open for business will be 2 to 4 months.

## **ITEM 12 TERRITORY**

You will receive a protected territory (“Territory”). We will not locate another College Nannies, Sitters and Tutors company-owned or franchised business in your Territory. Although there are no restrictions on us or other franchisees from accepting orders from consumers in your Territory, we and other franchisees are not allowed to market or solicit customers in your Territory. We have reserved the right to use other channels of distribution such as the Internet or other direct marketing sales to make sales in your area under the Marks or under different trademarks. We will not pay any compensation for accepting orders from customers in your Territory. You are restricted from marketing or soliciting business from customers outside your Territory but you are not restricted from accepting business from customers who are located outside your Territory.

As of the date of this Disclosure Document, neither we nor our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark that will sell goods or services similar to those that you will offer. Our parent Bright Horizons operates child care and adult care centers, and the back-up care services described elsewhere in this Disclosure Document, under the mark “Bright Horizons” throughout the country, including within the Territories of our franchisees. Bright Horizons also offers college admissions advising services for high school students under the mark “College Coach” and educational advising tuition management services under the mark “EdAssist” throughout the country, including within the Territories of our franchisees.

The Territory will be delineated by zip codes and we will determine the size and parameters of the Territory. In determining the Territory, we consider the number of “qualified households,” as determined using the most current available census data. A household is considered a “qualified household” for purposes of this determination when the following 2 characteristics are met: (1) household income is equal to or greater than \$100,000 and (2) there is at least one child present (under 18 years old) in that household. Typically, each Territory will be comprised of at least 5,000 qualified households according to the most current available census data. However, because the census is conducted only once every 10 years, the Territory may not actually include 5,000 qualified households at the time you sign the franchise agreement or during its term.

You may not conduct advertising or otherwise solicit customers outside of the Territory. You will operate your business from locations approved by us and you must receive our permission before relocating. Except as described in this Item 12, neither we nor our affiliates will operate or grant franchises for businesses within your Territory that offer the same services you do under any of our trademarks.

Although we and other franchisees are prohibited from soliciting customers in your Territory, customers can choose which business to patronize. Thus, there is no protection from other franchised or company-owned businesses from servicing families and students who reside within your Territory. There is no compensation payable for servicing customers who reside in your Territory.

We do not have the right to alter the size of the Territory without your consent. Continuation of your Territory is not dependent upon your achieving a certain sales level, market penetration or other contingency. We do not have the right to unilaterally alter your Territory.

You may not relocate the franchised business without our prior written approval. Any relocation must be within the Territory, and must meet our then-current standards for site approval including proximity to other College Nannies, Sitters and Tutors business and demographics of the neighborhood.

With respect to national, regional and local accounts, we have the right to set the terms and conditions (including pricing) of providing services and to determine which College Nannies, Sitters and Tutors businesses will service the accounts. You have the right not to participate in the national/regional/local account program. We do not provide a list of our national, or local regional accounts to prospective franchisees.

Our parent Bright Horizons is a national account of ours with respect to corporate back-up care services. Under our preferred vendor arrangement with Bright Horizons, which predates Bright Horizons' acquisition of us, multiple College Nannies, Sitters and Tutors franchisees located in the same general market area may be listed as "preferred partners" to be contacted when the need for back-up care services arises in that general market. Bright Horizons utilizes College Nannies, Sitters and Tutors franchisees and other providers for its corporate back-up care programs. Bright Horizons determines the basis upon which back-up care service jobs are offered to eligible providers in the market, and no franchisee is guaranteed any minimum number or proportion of back-up care referrals.

The Franchise Agreement contains no limitations other than as stated above on our right to establish other franchises or to offer products and services in other channels of distribution. Specifically, we and our affiliates reserve the right to:

1. Use and license others to use the Marks and System at any location other than in the Territory;
2. Use, and license others to use, other proprietary marks or methods which are not the same as or confusingly similar to the Marks, at any location (including within the Territory) which may be the same as, similar to or different from the services offered by College Nannies, Sitters and Tutors businesses;
3. Sell any products or services anywhere, whether or not using the Marks, through various channels of distribution (including Internet, wholesale, mail order, and retail channels). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce except as we approve;

4. Develop or own other franchise systems for the same or similar products and services using different Marks than those licensed to you;

5. Purchase or be purchased by, or merge or combine with, competing businesses wherever located; and

6. Offer franchises in the future on terms we deem appropriate, including terms that differ from those in our current Franchise Agreement.

### **ITEM 13 TRADEMARKS**

We grant you the right to operate a business under the name “College Nannies, Sitters and Tutors” and other marks as we may designate from time to time (“Marks”). You may also use such other current or future Marks which we designate to operate your College Nannies, Sitters and Tutors business.

We have the following service mark registrations with the United States Patent and Trademark Office (“UPTO”):

<b>Mark</b>	<b>Register</b>	<b>Registration/ Application Date</b>	<b>Registration/ Application Number</b>	<b>Status</b>
<b>College Nannies + Sitters + Tutors</b>	Principal	April 25, 2017	5,189,242	Registered
<b>Building Stronger Families</b>	Principal	February 2, 2010	3,744,325	Registered
<b>College Nannies &amp; Tutors</b>	Principal	May 10, 2011	3,957,138	Registered
<b>College Nannies</b>	Principal	November 15, 2011	4,055,361	Registered
<b>College Sitters</b>	Principal	April 11, 2017	5,179,295	Registered
<b>College Tutors</b>	Principal	April 24, 2012	4,130,891	Registered
<b>College Nannies + Tutors</b>	Principal	July 9, 2013	4,364,372	Registered

No registration has been up for renewal. We have filed or intend to file all required affidavits. We also claim common law rights in the Marks. In addition, we use a number of unregistered Marks. You must follow our rules when you use any of our Marks. You cannot use the Marks as part of a business entity name or domain name or with modifying words, designs or symbols except for those which we license to you. You may not use any of the Marks or any variations of them in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You may not use the Marks on your employment applications, employee evaluation forms, benefits statements, payroll checks or other documents or materials relating to your employees.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court. There is no pending infringement, opposition or cancellation, or material litigation involving the Marks.

There are no agreements currently in effect which limit our right to use or license the use of the Marks that are material to the franchise.

We are not obligated to protect your right to use the Marks, to protect you from claims of infringement or unfair competition, or to take affirmative action when notified of uses or claims. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights to any Mark. We have the sole right to decide to take any action we deem appropriate and will have the right to control exclusively any litigation or USPTO proceeding arising out of any infringement, challenge or claim, or otherwise relating to any Mark. You must cooperate with us in connection with any litigation or USPTO proceeding. If it becomes advisable at any time in our sole determination to modify or discontinue the use of any name or Mark and/or use one or more additional or substitute names or Marks, we will reimburse you for the tangible costs (including replacing signs and materials) associated with the change.

Under the Franchise Agreement, you agree not to contest, directly or indirectly, the ownership, title, right or interest in the name or Marks or contest our right to register, use or license others to use the names and Marks.

We do not know of any infringing uses that could materially affect the use of the Marks in any state.

#### **ITEM 14**

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

We do not claim rights in any patents that are material to our business. We have no pending patent applications. We claim proprietary rights and copyright protection to all confidential information, all information contained in the Manual, and all information contained on our Website. We also claim copyright protection on our operational materials and on other proprietary materials specifically created by us or by others for use in the System, including the advertisements, printed materials and forms used in the operation of a Franchised Business. The Manual and other proprietary materials have not been registered with any copyright office. You must promptly inform us if you learn about unauthorized use of the confidential information. We are not obligated to take any action but will respond to this information as we deem appropriate.

#### **ITEM 15**

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

The Franchise Agreement provides that the Franchised Business must at all times be under the direct, on-premises supervision of a “Principal Operator” that you designate. Your Principal Operator may have an ownership interest in you or the Franchised Business, but this is



not required. Your Principal Operator must meet our standards for business and managerial experience and other qualifications, provide acceptable references, and pass our required background checks. You must obtain our approval of your initial and any substitute Principal Operator as meeting our standards and qualifications. Your Principal Operator must attend and successfully complete the initial training/certification program. We have the right to require other owners of the Business who are not your Principal Operator to attend training or an owner orientation program, as we designate. Your Principal Operator must devote his or her full time and best efforts to the operation of the Franchised Business. He or she is the person responsible for overseeing the day-to-day operation of the Franchised Business and will be the person with whom we may conduct all communications relating to the Franchised Business. As long as you have an approved Principal Operator in place, your owners are not required to participate in the day-to-day operation of the Business, or devote any specific amount of time to overseeing its operations, although you are ultimately responsible for ensuring that the Business is operated according to our required standards.

## **ITEM 16**

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

The Franchise Agreement provides that you must offer, and may only offer, the products and services that we authorize in the Manual, as they may be updated or otherwise changed in writing. There are no Contractual limits on our right to change the types of authorized goods and services. You are prohibited from offering or selling products and services not authorized by us. We reserve the right to change the types of authorized services and products. There are currently no limitations imposed by us on the persons to whom you may provide products and services, except that you may not solicit customers outside of your Territory, and that you may not offer child care services in your community locations. You are restricted as to the software you may use or download onto your computer.

## **ITEM 17**

### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

<b>THE FRANCHISE RELATIONSHIP</b>			
<b>Provision</b>		<b>Section in Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 3.A.	The term is 10 years
b.	Renewal or extension of the term	Section 3.B	You may qualify to enter into a new FA after 10 years

THE FRANCHISE RELATIONSHIP			
Provision		Section in Agreement	Summary
c.	Requirements for you to renew or extend	Section 3.B	You may sign a new FA if: (1) you provide notice, (2) you are not in breach, (3) you upgrade your business, (4) you pay a \$2,000 renewal fee, and (5) you sign a release (except as provided on Exhibit E). If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from these in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 14	If we violate any material obligation and fail to cure within 30 days of notice
e.	Termination by us without cause	None	Not applicable
f.	Termination by us with cause	Section 13	We can only terminate you if you default.
g.	“Cause” defined – curable defaults	Section 13.B	You have 30 days to cure: non-payment of fees, non-submission of reports, and any other default note listed in Section 13.B
h.	“Cause” defined – non-curable defaults	Section 13.A	Non-curable defaults: abandonment, insolvency, conviction of a crime, repeated defaults even if cured, trademark misuse, unapproved transfer, maintaining false books, and endangering well-being of a child.
i.	Your obligations on termination/non-renewal	Section 15	Obligations include cessation of operations, noncompetition, adherence to covenants, and payment of amounts due. (Also see r., below).
j.	Assignment of contract by us	Section 11.A	No restriction on our right to assign.
k.	“Transfer” by you - defined	Section 1.M	Includes transfer of contract or assets or ownership change.
l.	Our approval of transfer by you	Section 11.B	We have the right to approve all transfers but will not unreasonably withhold approval.
		Section 4 of Owner Agreement	We have right to approve transfers of ownership interests in the franchisee entity.
m.	Conditions for our approval of transfer	Section 11.B	New franchisee qualifies and signs current agreement, transfer fee paid, training arranged, and you sign release (exceptions provided in Exhibit E).
n.	Our right of first refusal to acquire your business	Section 12	We can match any bona fide offer for your business.
o.	Our option to purchase your business	Section 15.B	We reserve the right to purchase all assets upon termination, at fair market value but excluding good will or going concern value.

<b>THE FRANCHISE RELATIONSHIP</b>			
<b>Provision</b>		<b>Section in Agreement</b>	<b>Summary</b>
p.	Your death or disability	Section 11.C	We must approve transfer or estate must transfer business to designee within 6 months.
q.	Non-competition covenants during the term of the franchise	Section 10.B	No involvement in competing business anywhere.
		Section 2.A of Owner Agreement	No involvement in competing business anywhere.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10.C	No competing business for 2 years within the territory or within 10-mile radius of territory.
		Section 2.B of Owner Agreement.	No competing business for 2 years within the territory or within 10-mile radius of territory.
s.	Modification of the agreement	Section 17.L	Modification only upon written agreement of the parties
t.	Integration/ merger clause	Section 18.E	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17 Section 5.B of Owner Agreement.	Except for certain claims, all disputes are mediated, and if necessary, litigated in Minneapolis, Minnesota, subject to state law.
v.	Choice of forum	Section 17.C	Litigation must be in Minneapolis, Minnesota, subject to state law.
w.	Choice of law	Section 17.A	Law of where business is located and Lanham Act, subject to state law.

## ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the Franchised Business.

## 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 possible performance at a particular location or under particular circumstances. We have divided our financial performance representations into 4 sections, set out below, based on the type of information provided.

### **Section 1 (Average Rates and Margin):**

In this Section 1, we have prepared 5 tables listing the average bill rate, average pay rate and average gross margin percentage for the College Nannies, Sitters and Tutors franchise location in St. Paul, MN, and using that location's actual pricing and expense information for the calendar year 2016. The St. Paul location is owned by CNT, LLC, which was an affiliate of ours for the first six months of 2016. CNT, LLC was previously purchased by us from a Franchisee in 2012. It was then sold to our former shareholders in July 2016 (at the time we were acquired by Bright Horizons) and was operated by them from July through December of 2016.

In Tables 1-5 below, the bill rate is the average amount that was charged to customers for the specified type of services, as an hourly rate. The pay rate is the average hourly rate that was paid to employees of the St. Paul location who provided the specified services. Gross margin percentage is calculated by subtracting the hourly wage paid to the employee and all payroll taxes, workers' compensation premiums and payroll processing costs from the bill rate and dividing the result by the bill rate. The tables below include average bill rates, pay rates and gross margin percentages for the St Paul location and for the entire franchise system. Your bill rate, pay rate and gross margin percentage may differ. Wherever average figures are presented for the entire franchise system, we have listed both the average for the applicable category and the median (midpoint) amount in parentheses.

<b><u>Table 1: Nanny Placement Services</u></b> (including full-time, part-time and summer nanny services)		
	St Paul location	All Locations
Average (Median) Bill Rate to Families	\$19.44	\$20.13 (\$19.07)
Average (Median) Pay Rate to Nanny	\$11.30	\$11.91 (\$10.82)
Average (Median) Gross Margin Percentage	33%	33% (33%)

<b><u>Table 2: Babysitting Services</u></b>		
	St Paul location	All Locations
Average (Median) Bill Rate to Families	\$18.82	\$20.19 (\$19.24)
Average (Median) Pay Rate to Sitter	\$10.38	\$11.54 (\$10.79)
Average (Median) Gross Margin Percentage	37%	35% (35%)

<b><u>Table 3: Corporate Back-Up Care through National Account*</u></b>		
	St Paul location	All Locations
Average (Median) Bill Rate to Families	\$26.00	\$25.87 (\$26.07)

Average (Median) Pay Rate to Sitter	\$10.60	\$12.00 (\$11.23)
Average (Median) Gross Margin Percentage	53%	46% (46%)

<b><u>Table 4: Tutoring Services</u></b> (customized tutoring and homework help)		
	St Paul location	All Locations
Average (Median) Bill Rate to Families	\$61.41	\$60.03 (\$60.54)
Average (Median) Pay Rate to Tutor	\$12.91	\$17.51 (\$13.90)
Average (Median) Gross Margin Percentage	76%	71% (71%)

<b><u>Table 5: Tutoring Services</u></b> (ACT/SAT/PSAT college test prep)		
	St Paul location	All Locations
Average (Median) Bill Rate to Families	\$79.81	\$70.92 (\$67.32)
Average (Median) Pay Rate to Tutor	\$12.50	\$16.44 (\$16.87)
Average (Median) Gross Margin Percentage	82%	76% (74%)

\*Corporate On-Call/Back-Up Care Services includes services arranged through our parent Bright Horizons Family Solutions® (NYSE: BFAM) as well as other back up care services provided to corporations.

## **Section 2 (Profit & Loss Statement):**

In this Section 2, we have prepared a table (Table 6) showing the actual 2016 profit and loss statement for the St. Paul location operated by our then-affiliate CNT, LLC. In 2016, the St. Paul location was managed by 4 full-time employees of CNT, LLC (a Family Placement Manager, a Role Model Manager, a Recruiting Manager and a Community Location Coordinator).

**Table 6**

<b>College Nannies, Sitters and Tutors   St. Paul MN</b>	
<b>2016 Full Year Actual Profit &amp; Loss Statement</b>	
<b>Income</b>	
Nanny Services	809,689
Sitter Services	331,526
Corporate Back-Up Care through National Account	70,789
Tutoring Services	346,099
<b>Total Income</b>	<b>\$ 1,558,103</b>
<b>Cost of Goods Sold</b>	
Nanny, Sitter & Tutor Labor	833,040
Total Cost of Goods Sold	<b>\$ 833,040</b>
<b>Gross Profit</b>	<b>\$ 725,063</b>
<b>Gross Margin as a % of Sales</b>	<b>46.5%</b>
<b>Expenses</b>	
- Family Placement Manager wages & benefits	72,124
- Role Model Manager wages & benefits	67,291
- Recruiting Manager wages & benefits	40,865
- Community Location Coordinator wages & benefits	38,561
- Employer taxes	16,519
Admin Payroll Expenses Total	235,360
Insurance	8,889
Professional Fees	4,950
Marketing Expense	24,052
Credit Card Processing & Bank Fees	13,777
Office Expenses	15,561
Rent & Utilities	29,097
Royalties, Brand Fund & Technology Fees	107,827
Recruiting & Retention	24,413
Telephone & Internet	4,067
Travel & Entertainment	1,900
<b>Total Expenses</b>	<b>\$ 469,845</b>
<b>Net Operating Income</b>	<b>\$ 255,168</b>
<b>Net Operating Income as a % of Sales</b>	<b>16.4%</b>

### **Section 3 (Ramp Up):**

In this Section 3, we have prepared 3 tables to show first year, second year and third year revenues for all College Nannies, Sitters and Tutors businesses since October 2006 that opened an approved Community Location within 12 months of signing their Franchise Agreement (as required) and were in operation for at least 12 months as of December 31, 2016. We have included these unaudited sales figures because we want to illustrate the start-up phase of a typical College Nannies, Sitters and Tutors business with a Community Location. Some of these locations have benefitted from supplemental education services that may no longer exist and national account revenue, including Bright Horizons. These programs may or may not exist in your particular market.

A subset of 20 businesses met the criteria listed above. There were a total of 119 College Nannies, Sitters and Tutors territories in operation as of December 31, 2016. 66 of these did not have Community Locations as of December 31, 2016, and 6 of these had Community Locations that were open for less than 12 months as of December 31, 2016. 27 territories opened their Community Locations more than 12 months after signing the franchise agreement and another 2 opened their Community Locations prior to October 2006. We did not include information for any of those 99 territories.

For each of the 3 tables in this Section 3 (Tables 7-9), we separated the territories into 3 roughly equal-sized tiers (top, middle, and bottom) based on their first, second and third year gross revenues, before computing average annual gross revenues. The high and low gross revenue figures for each revenue tier are listed in the bottom row of each table. Wherever average figures are presented, we have listed both the average for the applicable category and the median (midpoint) amount in parentheses.

**Table 7**

Average (Median) Revenue Ramp Up Year 1		
Top Tier	Middle Tier	Bottom Tier
\$473,315 (\$459,446)	\$248,683 (\$238,600)	\$109,417 (\$109,663)
2 of 7 (29%) met or exceeded the average for the tier	3 of 6 (50%) met or exceeded the average for the tier	4 of 7 (57%) met or exceeded the average for the tier
High: \$796,794 Low: \$316,294	High: \$312,440 Low: \$199,213	High: \$180,679 Low: \$60,026

**Table 8**

Average (Median) Revenue Ramp Up Year 2		
Top Tier	Middle Tier	Bottom Tier
\$792,479 (\$704,071)	\$448,423 (\$429,857)	\$232,672 (\$230,024)
1 of 5 (20%) met or exceeded the average for the tier	2 of 5 (40%) met or exceeded the average for the tier	2 of 5 (40%) met or exceeded the average for the tier
High: \$1,279,551 Low: \$570,337	High: \$536,997 Low: \$404,416	High: \$337,909 Low: \$125,898

**Table 9**

Average (Median) Revenue Ramp Up Year 3		
Top Tier	Middle Tier	Bottom Tier
\$914,451 (880,798)	\$619,835 (\$615,316)	\$449,078 (\$453,995)
1 of 3 (33%) met or exceeded the average for the tier	2 of 4 (50%) met or exceeded the average for the tier	2 of 3 (66%) met or exceeded the average for the tier
High: \$1,108,294 Low: \$754,261	High: \$696,902 Low: \$521,592	High: \$455,872 Low: \$437,368

The unaudited financial performance representation figures listed in Sections 1 and 3 of this Item 19 do not reflect the cost of sales, operating expenses or other costs and expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Business. Franchisees listed in this Disclosure Document may be one source of this information. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Some outlets have sold these amounts. Your individual results may differ. There is no assurance you'll sell as much.

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 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 Michael Condon, Director, Franchise Development, c/o College Nannies and Tutors Development, Inc., 6465 Wayzata Blvd. Suite 250, Minneapolis, Minnesota 55426, telephone (952) 476-0262, the Federal Trade Commission, and the appropriate state regulatory agencies.



**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2014 to 2016**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised Outlets	2014	70	80	+10
	2015	80	101	+21
	2016	102	119	+17
Company-Owned*	2014	1	1	0
	2015	1	1	0
	2016	1	0	-1
Total Outlets	2014	71	81	+10
	2015	81	102	+21
	2016	103	119	+16

\*Company-owned outlets were owned by our then-affiliate, CNT, LLC.

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2013 – 2015**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Arizona	2014	1
	2015	0
	2016	0
California	2014	2
	2015	1
	2016	0
Colorado	2014	0
	2015	1
	2016	0
Florida	2014	0
	2015	0
	2016	1
Illinois	2014	0
	2015	0
	2016	0
Massachusetts	2014	0
	2015	3
	2016	3
Minnesota	2014	0
	2015	2
	2016	1

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
New Jersey	2014	0
	2015	0
	2016	4
Oklahoma	2014	1
	2015	0
	2016	0
Pennsylvania	2014	0
	2015	0
	2016	1
Texas	2014	1
	2015	0
	2016	0
Virginia	2014	1
	2015	1
	2016	0
<b>State Total</b>	2014	1
	2015	0
	2016	10

**Table No. 3**  
**Status of Franchised**  
**Outlets For Years 2014 to 2016**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Terminations</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
Arizona	2014	2	2	0	0	0	0	4
	2015	4	0	0	0	0	1	3
	2016	3	3	0	0	0	0	6
California	2014	9	0	0	0	0	0	9
	2015	9	4	0	0	0	0	13
	2016	13	7	2	0	0	0	18

Column 1  State	Column 2  Year	Column 3  Outlets at Start of Year	Column 4  Outlets Opened	Column 5  Terminations	Column 6  Non- Renewals	Column 7  Reacquired by Franchisor	Column 8  Ceased Operations Other Reasons	Column 9  Outlets at End of the Year
Colorado	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	1	2
	2016	2	0	0	0	0	0	2
Connecticut	2014	5	0	0	0	0	1	4
	2015	4	0	0	0	0	0	4
	2016	4	0	1	0	0	0	3
District of Columbia	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Florida	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	1	0	0	0	2
Georgia	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
Illinois	2014	2	2	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	4	0	0	0	0	9
Indiana	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Kansas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Maryland	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Massachusetts	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Michigan	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2

<b>Column 1</b>  <b>State</b>	<b>Column 2</b>  <b>Year</b>	<b>Column 3</b>  <b>Outlets at Start of Year</b>	<b>Column 4</b>  <b>Outlets Opened</b>	<b>Column 5</b>  <b>Terminations</b>	<b>Column 6</b>  <b>Non-Renewals</b>	<b>Column 7</b>  <b>Reacquired by Franchisor</b>	<b>Column 8</b>  <b>Ceased Operations Other Reasons</b>	<b>Column 9</b>  <b>Outlets at End of the Year</b>
Minnesota	2014	9	0	0	0	0	2	7
	2015	7	0	0	0	0	1	6
	2016	6	2	0	0	0	0	8
Missouri	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Nevada	2014	0	3	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4
New Jersey	2014	4	0	0	0	0	1	3
	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
New York	2014	3	0	0	0	0	0	3
	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
North Carolina	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
Ohio	2014	2	1	0	0	0	0	3
	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
Oklahoma	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Oregon	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Pennsylvania	2014	4	0	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	1	1	0	0	2
South Carolina	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Tennessee	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Texas	2014	3	6	0	0	0	0	9
	2015	9	11	0	0	0	0	20
	2016	20	0	0	0	0	0	20
Virginia	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
Washington	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	2	0	0	0	0	5
Wisconsin	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
<b>Total</b>	<b>2014</b>	<b>71</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>81</b>
	<b>2015</b>	<b>81</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>102</b>
	<b>2016</b>	<b>102</b>	<b>23</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>119</b>

**Table No. 4**  
**Status of Company-Owned**  
**Outlets For Years 2014 to 2016**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Florida	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	1	0	1	0
Minnesota	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	1	0
<b>Total*</b>	<b>2014</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2015</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2016</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>

\*Company-owned outlets were owned by our then-affiliate, CNT, LLC.

**Table No. 5**  
**Projected Openings**  
**As of April 26, 2017**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>State</b>	<b>Franchised Agreements Signed But Not Opened</b>	<b>Projected New Franchised Outlets in the next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in Next Fiscal Year</b>
California	2	2	0
Colorado	0	2	0
Connecticut	0	1	0
Florida	0	1	0
Georgia	0	2	0
Illinois	4	1	0
Indiana	0	1	0
Iowa	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Nebraska	0	1	0
New Jersey	0	5	0
New York	3	3	0
North Carolina	0	1	0
Ohio	0	1	0
Pennsylvania	0	2	0
Tennessee	0	3	0
Texas	0	2	0
Virginia	0	5	0
Washington	0	2	0
Wisconsin	0	1	0
<b>TOTAL</b>	<b>9</b>	<b>41</b>	<b>0</b>

Attached in **Exhibit G** is a list of our franchisees as of April 26, 2017, and a list of the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently

completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 years, we have signed one confidentiality clause with a franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the College Nannies, Sitters and Tutors franchise system. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

We have a Franchise Advisory Council. It does not have its own address.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached as **Exhibit A** are audited financial statements for the years ended December 31, 2016, 2015 and 2014. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

Copies of the Franchise Agreement (with Schedules), and the State Specific Addenda are attached to this Disclosure Document as **Exhibits B and E**, respectively. The following agreements are attachments to the Franchise Agreement: Owner Agreement, Authorization for Direct Debit, Lease Addendum, Telephone Authorization and Assignment Agreement, and Multiple Territory Addendum.

These Agreements and their attachments are the only contracts proposed for use in the offering of the Franchised Business.

## **ITEM 23 RECEIPTS**

**Exhibit H** to this Disclosure Document contains 2 receipt pages by which you acknowledge your receipt of this Disclosure Document. One of the copies is for your records, and one must be signed, dated and returned to us at least 14 calendar days before you sign the Franchise Agreement or pay any fee to us.

**EXHIBIT A**

**FINANCIAL STATEMENTS**



***COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.***  
***ST. LOUIS PARK, MINNESOTA***  
***FINANCIAL STATEMENTS***  
***YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014***

**Weber & Deegan, Ltd.**  
Certified Public Accountants

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	2
Statements of Operations	4
Statement of Shareholder's Equity	5
Statements of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7 - 16



**Weber & Deegan, Ltd.**

*Certified Public Accountants*

PHONE: 952.920.6186

FAX: 952.920.5428

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

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder, Board of Directors and Management  
College Nannies & Tutors Development, Inc. and Subsidiary  
St. Louis Park, Minnesota

We have audited the accompanying financial statements of College Nannies & Tutors Development, Inc. which comprise the balance sheets as of December 31, 2016, 2015 and 2014, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 College Nannies & Tutors Development, Inc. as of December 31, 2016, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Weber & Deegan, Ltd.*

Weber & Deegan, Ltd.  
Edina, Minnesota  
April 7, 2017

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016, 2015 AND 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS			
CURRENT ASSETS:			
Cash and equivalents	\$ 152,318	\$ 503,909	\$ 174,008
Accounts receivable, net of allowance for doubtful accounts of \$3,000, \$22,000 and \$32,000, respectively	276,532	222,617	167,598
Prepaid expenses and supplies	175,885	54,315	58,140
Deferred broker fees	156,050	31,000	55,000
Due from related party	206,171	-	-
Notes receivable - current	<u>40,598</u>	<u>85,858</u>	<u>87,022</u>
TOTAL CURRENT ASSETS	1,007,554	897,699	541,768
PROPERTY AND EQUIPMENT:			
Furniture and equipment	90,844	116,325	111,580
Computer equipment	67,568	56,119	46,984
Leasehold improvements	<u>37,883</u>	<u>87,801</u>	<u>87,801</u>
	196,295	260,245	246,365
Less accumulated depreciation	<u>104,350</u>	<u>111,418</u>	<u>67,479</u>
PROPERTY AND EQUIPMENT, NET	91,945	148,827	178,886
OTHER ASSETS:			
Intangible assets, net of amortization	341,414	435,155	287,846
Goodwill	-	18,737	18,737
Software development in progress	36,424	12,830	120,749
Deposits	7,500	7,500	20,000
Notes receivable - long-term	55,008	9,144	57,808
Other	<u>-</u>	<u>5,189</u>	<u>6,107</u>
TOTAL OTHER ASSETS	<u>440,346</u>	<u>488,555</u>	<u>511,247</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,539,845</u></b>	<b><u>\$ 1,535,081</u></b>	<b><u>\$ 1,231,901</u></b>

See notes to financial statements.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2016, 2015 AND 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 22,126	\$ 46,096	\$ 85,964
Income taxes payable	73,376	88,772	26,240
Accrued expenses	296,187	78,981	83,932
Deferred tax liabilities	-	8,000	30,000
Deferred revenue	312,500	109,812	100,728
Current portion of long-term debt	<u>-</u>	<u>83,515</u>	<u>89,340</u>
TOTAL CURRENT LIABILITIES	704,189	415,176	416,204
LONG-TERM DEBT	-	378,412	461,372
DEFERRED TAX LIABILITIES	<u>149,500</u>	<u>229,000</u>	<u>177,000</u>
TOTAL LIABILITIES	853,689	1,022,588	1,054,576
SHAREHOLDER'S EQUITY:			
Common Stock - \$0.01 par value; 30,000,000 shares authorized; 7,392,014 shares issued and outstanding	73,920	73,920	73,920
Additional paid-in capital	366,575	56,340	56,340
Retained earnings	<u>245,661</u>	<u>382,233</u>	<u>47,065</u>
TOTAL SHAREHOLDER'S EQUITY	<u>686,156</u>	<u>512,493</u>	<u>177,325</u>
<b>TOTAL LIABILITIES AND     SHAREHOLDER'S EQUITY</b>	<b><u>\$ 1,539,845</u></b>	<b><u>\$ 1,535,081</u></b>	<b><u>\$ 1,231,901</u></b>

See notes to financial statements.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES:			
Royalties	\$ 1,745,036	\$ 1,405,485	\$ 1,268,795
Franchise fees	821,324	925,810	467,000
Advertising fees	614,929	285,895	259,422
Technology fees	231,207	200,088	152,758
Nanny and tutor income	836,617	1,270,066	903,265
Other income	<u>345,510</u>	<u>166,495</u>	<u>287,697</u>
TOTAL REVENUES	4,594,623	4,253,839	3,338,937
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	<u>4,424,859</u>	<u>3,794,123</u>	<u>3,035,521</u>
OPERATING INCOME	169,764	459,716	303,416
OTHER INCOME (EXPENSE):			
Interest income	5,539	7,361	6,629
Interest expense	<u>(14,375)</u>	<u>(32,909)</u>	<u>(37,858)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(8,836)</u>	<u>(25,548)</u>	<u>(31,229)</u>
INCOME BEFORE INCOME TAXES	160,928	434,168	272,187
INCOME TAXES	<u>47,500</u>	<u>99,000</u>	<u>97,000</u>
NET INCOME	<u><u>\$ 113,428</u></u>	<u><u>\$ 335,168</u></u>	<u><u>\$ 175,187</u></u>

See notes to financial statements.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**CHANGES IN SHAREHOLDERS' EQUITY**  
**THREE YEARS ENDED DECEMBER 31, 2016**

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS (DEFICIT)</u>	<u>TOTAL</u>
BALANCES, JANUARY 1, 2014	\$ 73,920	\$ 56,340	\$ (128,122)	\$ 2,138
Net income for the year ended December 31, 2014	<u>-</u>	<u>-</u>	<u>175,187</u>	<u>175,187</u>
BALANCES, DECEMBER 31, 2014	73,920	56,340	47,065	177,325
Net income for the year ended December 31, 2015	<u>-</u>	<u>-</u>	<u>335,168</u>	<u>335,168</u>
BALANCES, DECEMBER 31, 2015	73,920	56,340	382,233	512,493
Additional paid-in capital	-	310,235	-	310,235
Dividends	-	-	(250,000)	(250,000)
Net income for the year ended December 31, 2016	<u>-</u>	<u>-</u>	<u>113,428</u>	<u>113,428</u>
<b>BALANCES, DECEMBER 31, 2016</b>	<b>\$ <u>73,920</u></b>	<b>\$ <u>366,575</u></b>	<b>\$ <u>245,661</u></b>	<b>\$ <u>686,156</u></b>

See notes to financial statements.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 113,428	\$ 335,168	\$ 175,187
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	282,658	224,007	135,928
Bad debt expense (recoveries)	(19,000)	-	-
Loss on disposal of subsidiary	46,923	-	-
Change in operating assets and liabilities:			
Accounts, notes and other receivables	(61,765)	(5,191)	(45,853)
Prepaid expenses and supplies	(123,640)	3,825	(8,843)
Deferred broker fees	(125,050)	24,000	25,000
Deposits	-	12,500	-
Accounts payable and accrued expenses	225,481	(44,819)	85,658
Income taxes payable	(14,775)	62,532	9,340
Deferred income taxes	(87,500)	30,000	45,000
Deferred revenue	204,269	9,084	(30,823)
NET CASH FLOWS FROM OPERATING ACTIVITIES	441,029	651,106	390,594
CASH FLOWS FROM INVESTING ACTIVITIES:			
Advances to parent company	(206,171)	-	-
Net cash disposed of from Subsidiary	(80,041)	-	-
Purchase of property and equipment	(25,717)	(13,878)	(22,840)
Software development costs	(188,669)	(218,542)	(337,472)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(500,598)	(232,420)	(360,312)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term debt	(42,022)	(88,785)	(83,836)
Common stock issued	-	-	150,000
Dividends	(250,000)	-	-
Common stock redeemed	-	-	(150,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(292,022)	(88,785)	(83,836)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(351,591)	329,901	(53,554)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	503,909	174,008	227,562
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 152,318</u>	<u>\$ 503,909</u>	<u>\$ 174,008</u>

See notes to financial statements.



**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

**NOTE 1 – NATURE OF BUSINESS**

College Nannies & Tutors Development, Inc. (CNTD or Company) was incorporated in the State of Minnesota on February 28, 2005 to franchise the College Nannies & Tutors system under the College Nannies & Tutors registered mark throughout the United States. CNT, LLC (CNT) was formed in the State of Minnesota on October 22, 2012 to acquire and operate corporate-owned franchises offered by CNTD.

Effective July 1, 2016, Bright Horizons Children's Centers LLC (BHCC) acquired 100% of the shares outstanding in CNTD. BHCC, in turn, is a subsidiary of Bright Horizons Family Solutions, Inc. (BHFS). Additionally, effective July 1, 2016, CNT's membership units were sold to the former shareholders of CNTD. BHCC also entered into an agreement on the same date whereby it has the option to purchase 100% of the membership interests in CNT during a three year period ending June 30, 2019, or within thirty days of the date which a key employee, whom has ownership interest in CNT, ceases to be an employee of BHCC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Consolidation

The accompanying financial statements include the accounts of CNTD and its wholly owned subsidiary CNT, through 2016, the date CNT was deconsolidated as a result of the Company's sale of its membership interest discussed in Note 1. Intercompany transactions and balances have been eliminated through this date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowance for doubtful accounts, depreciation, and impairment assessments. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk - Cash

The Company maintains its cash balances in one financial institution located in Minnesota, which at times may exceed federally insured limits. There are no uninsured balances as of December 31, 2016, 2015 and 2014. The Company believes it is not exposed to any significant credit risk on cash and equivalents.

Cash and Equivalents

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms typically requiring payment within 30 days from the invoice date. Interest of 1.5% per month is charged on balances not paid within 30 days. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected based on historical write-off experience and other factors. Accounts are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line and accelerated methods over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. As items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in operating income. The estimated useful lives are as follows:

	<u>Years</u>
Leasehold Improvements	15 - 39
Equipment and Furniture	3 to 7

Depreciation expense was \$37,000, \$43,937, and \$43,073 for the years ended December 31, 2016, 2015 and 2014, respectively.

Intangible Assets

The Company capitalized various software development costs including acquired software, development costs for code, mobile and web applications, database and testing costs. Costs incurred during the planning and content development stages are expensed along with ongoing costs to operate and maintain the software. Capitalized costs are amortized over the useful life which is estimated to be three years.

CNT, LLC acquired customer lists as part of the acquisition of two franchised units in 2012. The lists are being amortized on a straight-line basis over the ten year estimated useful life of the lists. Additionally, goodwill was acquired as part of the acquisition. Under accounting principles generally accepted in the United States of America, this amount is evaluated annually for impairment by comparing the fair value of the reporting unit with the carrying amount. If the fair value of the reporting unit is less than its carrying value at the valuation date, an impairment loss would be recorded to the extent that the fair value of the goodwill within the reporting unit is less than its carrying value. Fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. There have been no impairment losses recorded since the inception of the goodwill. As discussed in Note 2, these assets were de-consolidated effective 2016.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

Revenue Recognition

Revenues from franchise sales are recognized when all material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor. The Company considers the criteria to be met when the training of the principal operator is complete. Other revenues are earned monthly as the franchisees earn revenue and incur fees.

Revenue for CNT is recognized as services are provided.

Advertising

The Company expenses advertising costs as incurred. Total advertising costs charged to operations were \$314,736, \$221,393, and \$172,933 for the years ended December 31, 2016, 2015 and 2014, respectively.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The Company files as part of a consolidated tax group through its parent company, BHCC, whose taxable income flows into the next corporation that is not an LLC. The Company does, however, record its share of the consolidated federal and state tax provision on a separate return basis. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

CNT is a limited liability company. Accordingly, under the Internal Revenue Code, all taxable income or loss flows through to its member, CNTD, through 2016 and is taxed as described above.

Reclassifications

Certain reclassifications have been made in the 2015 and 2014 financial statement to conform to the classifications used in 2016. These reclassifications had no impact on net income or retained earnings.

**NOTE 3 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Interest and Income Taxes

Cash paid for interest was \$14,375, \$32,909, and \$37,858 during the years ended December 31, 2016, 2015 and 2014, respectively. Cash paid for income taxes was \$149,507, \$6,468, and \$42,660 during the years ended December 31, 2016, 2015, and 2014 respectively.

Non-cash Transactions

As discussed in Note 1, the Company sold its membership interest in CNT. This resulted in the deconsolidation of assets as shown in Note 13. Additionally, the CNTD debt in Note 7 was paid off in conjunction with the CNTD sale discussed in Note 1, resulting in additional paid-in capital contribution of \$310,235.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

**NOTE 4 – NOTES RECEIVABLE**

Notes receivable consist of CNTD accounts receivable financed over the long-term to assist the franchisee with payment of amounts due and a CNT, LLC note receivable for the sale of a Company-owned franchise unit to an outside franchisee. The notes bear interest at rates ranging from 4% to 7% and are due at various dates through 2020. The portion anticipated to be collected within the next twelve months is included in current assets.

Maturities of notes receivable are as follows for years ending December 31:

2017	\$ 40,598
2018	12,479
2019	19,287
2020	<u>23,241</u>
	<u>\$ 95,605</u>

**NOTE 5 – INTANGIBLE ASSETS**

Intangible assets include the following as of December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Software development costs	\$ 1,150,534	\$ 984,921	\$ 658,460
Loan costs	-	26,753	26,753
Customer list	<u>-</u>	<u>18,737</u>	<u>18,737</u>
	1,150,534	1,030,411	703,950
Less accumulated amortization	<u>809,120</u>	<u>595,256</u>	<u>416,104</u>
	341,414	435,155	287,846
Goodwill	<u>-</u>	<u>18,737</u>	<u>18,737</u>
Total Intangible Assets	<u>\$ 341,414</u>	<u>\$ 453,892</u>	<u>\$ 306,583</u>

Amortization expense was \$245,658, \$180,071, and \$92,855 for the years ended December 31, 2016, 2015 and 2014, respectively.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

Estimated aggregate amortization expense is as follows for years ending December 31:

2016	\$ 213,327
2017	101,395
2018	<u>26,692</u>
	<u>\$ 341,414</u>

**NOTE 6 – FRANCHISE INFORMATION**

The Company added 22, 24, and 12 new territories during 2016, 2015 and 2014, respectively, through new or existing franchise owners, and 6, 3, and 2 locations were closed in 2016, 2015 and 2014, respectively. Initial franchise fee revenue was \$768,500, \$861,500, and \$395,000 for the years ended December 31, 2016, 2015 and 2014, respectively. At December 31, 2016, 2015, and 2014, one territory was corporate-owned.

The following is a summary of operating income by Company-owned territories and franchised territories for the years ended December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Company-owned territories:			
Revenues	\$ 836,617	\$ 1,270,066	\$ 903,265
Costs and expenses	<u>752,034</u>	<u>1,081,862</u>	<u>803,525</u>
	84,583	188,204	99,740
Franchised territories:			
Revenues, including initial fees	3,816,702	3,064,986	2,493,914
Costs and expenses	<u>3,731,521</u>	<u>2,793,474</u>	<u>2,290,238</u>
	<u>85,181</u>	<u>271,512</u>	<u>203,676</u>
	<u>\$ 169,764</u>	<u>\$ 459,716</u>	<u>\$ 303,416</u>

Note that 2016 as presented above for the Company-owned territories, only includes the six month period through June 30, 2016, the point at which, CNT was deconsolidated.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

Territories in operation were as follows as of and for the years ended December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Outlets at the start of the year	103	82	72
Outlets at the end of the year	<u>119</u>	<u>103</u>	<u>82</u>
Net Change	<u>16</u>	<u>21</u>	<u>10</u>

**NOTE 7 – DEBT**

Lines of Credit

CNTD and CNT each maintained a revolving line of credit originally expiring in 2016. The limit on each credit line is \$50,000 and both charged interest at 1.5% over the prime rate with floors of 5% and 5.5%, respectively. CNTD terminated its line of credit facility while CNT's was deconsolidated as per Note 13.

Long-term Debt

Long-term debt consisted of two notes payable to bank. The first was originated by CNTD in 2011 and was payable in monthly installments of \$6,232, bears interest at 6.5% and matures in 2021. The loan was guaranteed by a shareholder and collateralized by substantially all business assets and certain assets of a shareholder. The balance was paid in full on July 1, 2016. Amounts outstanding at December 31, 2015 and 2014 were \$330,774 and \$381,843, respectively.

The second was originated by CNT in 2012 and was payable in monthly installments of interest only until July 2013 at which time monthly payments of \$2,493 began. An additional payment of \$1,417 was required from November 2013 until April 2016 due to the sale of one of the Company-owned franchise units. Interest is charged at 6.0% and the note matures in 2022. The loan is guaranteed by CNTD and a stockholder and is collateralized by substantially all business assets and certain assets of a stockholder. Effective 2016, this debt was deconsolidated as described in Note 13. Amounts outstanding at December 31, 2015 and 2014 were \$131,153 and \$168,869, respectively.

Interest expense on all debt totaled \$14,375, \$32,909, and \$37,858 for the years ended December 31, 2016, 2015 and 2014, respectively.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

**NOTE 8 – LEASES**

The Company leases office space under various operating leases expiring at dates through 2020.

Future minimum rental payments due under the leases are as follows for the years ending December 31:

2017	\$ 56,411
2018	58,255
2019	60,100
2020	<u>30,895</u>
	<u>\$ 205,661</u>

Total rent expense charged to operations was \$119,348, \$130,108, and \$129,359 for the years ended December 31, 2016, 2015 and 2014, respectively.

**NOTE 9 – DEFINED CONTRIBUTION PLAN**

The Company provided a defined contribution SIMPLE IRA plan for its employees through June 30, 2016 whereby employees could make elective deferral contributions up to amounts as defined by the plan. The Company made matching contributions up to 3% of compensation for employee deferral contributions.

Effective July 1, 2016, all Company employees switched over to BHFS, for payroll and benefit programs, including a defined contribution retirement plan. Under the BHFS plan, employees can make elective deferral contributions up to amounts as defined by the plan. The Company makes matching contributions of 25% up to the first 8% of employee deferrals.

Employer contributions charged to operations totaled \$18,733, \$34,673, and \$32,548 for the years ended December 31, 2016, 2015 and 2014, respectively.

**NOTE 10 – SHARE REDEMPTION**

On April 23, 2014, the Company redeemed 154,493 voting shares for \$150,000 from one of the shareholders. The shares, minus the voting rights, were immediately re-sold to the other shareholder for \$150,000.

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

**NOTE 11 – INCOME TAXES**

The provision for income taxes consisted of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current	\$ 135,000	\$ 69,000	\$ 52,000
Deferred	<u>(87,500)</u>	<u>30,000</u>	<u>45,000</u>
	<u>\$ 47,500</u>	<u>\$ 99,000</u>	<u>\$ 97,000</u>

The tax provision is substantially the same as that which would result from applying statutory rates to income before income taxes, as indicated by the following analysis:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expected tax provision at a 40% rate	\$ 64,400	\$ 174,000	\$ 109,000
Deconsolidation of CNT	(22,300)	-	-
R&D credits	-	(66,000)	-
Other miscellaneous adjustments	<u>5,400</u>	<u>(9,000)</u>	<u>(12,000)</u>
	<u>\$ 47,500</u>	<u>\$ 99,000</u>	<u>\$ 97,000</u>

The net deferred tax liability in the accompanying balance sheets includes the following components as of December 31:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Deferred Tax Assets:			
Allowance for doubtful accounts	\$ <u>1,200</u>	\$ <u>9,000</u>	\$ <u>9,000</u>
Deferred Tax Liabilities:			
Section 481 adjustment for change to accrual basis	(17,000)	(34,000)	(51,000)
Prepaid expenses election	-	-	(22,000)
Excess tax depreciation	<u>(133,700)</u>	<u>(212,000)</u>	<u>(143,000)</u>
	<u>(150,700)</u>	<u>(246,000)</u>	<u>(216,000)</u>
Net Deferred Tax Liability	<u>\$ (149,500)</u>	<u>\$ (237,000)</u>	<u>\$ (207,000)</u>

Management has determined that no valuation allowance related to deferred tax assets is necessary at December 31, 2016, 2015, and 2014.



**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

The Company is a subsidiary in a consolidated group that is subject to U.S. federal income tax as well as multiple state jurisdictions. U.S. federal income tax returns are typically subject to examination by the Internal Revenue Service (IRS) and the statute of limitations for Federal income tax returns is three years.

State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. There were no significant settlements of state audits during the year. As of December 31, 2016, there were no income tax audits in process.

The Company follows the provisions for uncertain tax positions as addressed in the Income Taxes topic of the FASB Accounting Standards Codification. Based on the Company's evaluation, they have recognized no liability for uncertain tax positions as they believe there are no material uncertain tax positions at December 31, 2016, 2015 and 2014.

**NOTE 12 – RELATED PARTIES**

The due from related party relates to movement of cash and charges between BHFS and CNTD. Effective July 1, 2016, all Company employees became employees of BHFS and therefore, participate in their payroll and benefit programs. BHFS charges back these costs to CNTD as they are incurred. Total compensation, taxes and benefits was \$ 815,637 for the year-ended December 31, 2016.

Income taxes payable includes \$56,716 of federal income taxes currently payable to BHFS for the Company share of income taxes as of December 31, 2016.

**NOTE 13 – SALE OF CNT MEMBERSHIP INTEREST**

As discussed in Note 1, the Company sold its ownership interest in CNT for \$1 effective July 1, 2016, resulting in a loss of \$46,923. The following net assets existed at that time and were deconsolidated:

Cash	\$	80,041
Furniture and equipment, net		14,177
Leasehold improvements, net		31,423
Lease deposits		2,070
Intangible assets, net		37,083
Accounts payable		(10,338)
Accrued Liabilities		(20,746)
Customer deposits		(1,581)
Long-term debt		<u>(111,452)</u>
	\$	<u><u>20,677</u></u>

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**

---

**NOTE 14 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through April 7, 2017, the date the financial statements were available to be issued and concluded that there were no subsequent events that require disclosure in the financial statements.

**EXHIBIT B**  
**FRANCHISE AGREEMENT WITH SCHEDULES**  
**AND ADDENDA**

**COLLEGE NANNIES + SITTERS + TUTORS**  
**FRANCHISE AGREEMENT**

Franchisee: \_\_\_\_\_  
Effective Date: (to be filled in by CNTD) \_\_\_\_\_  
Territory: \_\_\_\_\_

**COLLEGE NANNIES + SITTERS + TUTORS  
FRANCHISE AGREEMENT  
TABLE OF CONTENTS**

1.	DEFINITIONS.....	1
2.	GRANT OF FRANCHISE .....	3
3.	TERM OF THE AGREEMENT; RENEWAL .....	5
4.	FEES AND OTHER PAYMENTS.....	6
5.	OUR OBLIGATIONS .....	10
6.	YOUR OBLIGATIONS .....	12
7.	MARKS .....	16
8.	INSURANCE.....	18
9.	RELATIONSHIP.....	18
10.	RESTRICTIVE COVENANTS.....	19
11.	TRANSFER .....	20
12.	OUR RIGHT OF FIRST REFUSAL TO PURCHASE.....	23
13.	OUR TERMINATION RIGHTS .....	23
14.	YOUR TERMINATION RIGHTS; NOTICE REQUIRED .....	25
15.	YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	25
16.	NOTICES.....	26
17.	DISPUTE RESOLUTION .....	27
18.	MISCELLANEOUS .....	28

Schedules

1.	TERRITORY
2.	AUTHORIZATION FOR DIRECT DEBIT
3.	LEASE ADDENDUM
4.	TELEPHONE LISTING AUTHORIZATION AND ASSIGNMENT AGREEMENT
5.	OWNER AGREEMENT
6.	ACKNOWLEDGEMENT ADDENDUM
7.	MULTIPLE TERRITORY ADDENDUM

## COLLEGE NANNIES + SITTERS + TUTORS FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** ("Agreement") is made this\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between College Nannies & Tutors Development, Inc., a Minnesota corporation, located at 6465 Wayzata Boulevard, Suite 250, Minneapolis, Minnesota 55426 ("we" or "us"), and \_\_\_\_\_, a \_\_\_\_\_ located at \_\_\_\_\_ ("you").

### BACKGROUND:

A. We have developed a unique system for establishing and operating businesses which offer nanny placement services, babysitting services, homework help tutoring and college prep services under the Mark "College Nannies + Sitters + Tutors;"

B. We grant franchises for the operation of College Nannies + Sitters + Tutors businesses to qualified candidates who are willing to adhere to our quality and brand standards;

C. You desire to operate a College Nannies + Sitters + Tutors business in compliance with our quality and brand standards;

D. You acknowledge the benefits to be derived from being identified with the College Nannies, Sitters and Tutors System, and also recognize the value of the Marks and the uniformity of image to you, us and our other franchisees; and

E. You recognize that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on you, including strict adherence to our present and future requirements regarding the types of products sold, services offered, advertising used, marketing and sales strategies and related matters.

In consideration of the mutual promises in this Agreement, the parties agree as follows:

### 1. **DEFINITIONS**

For the purposes of this Agreement, the following terms are defined:

A. "**Agreement**" means this Agreement and all instruments amending this Agreement.

B. "**Authorized Location**" means the specific site or premises within the Territory which has been accepted by us for you to conduct the Franchised Business and to establish your Community Location.

C. "**Business**" or "**Franchised Business**" means the business operations conducted or to be conducted by you consisting of providing nanny services, babysitting services and tutoring services, inclusive of your maintaining the Community Location, using our System and in association with the Marks.

D. **“Community Location”** means the College Nannies + Sitters + Tutors business facility that you must open and operate at the Authorized Location in accordance with this Agreement and the Manual. The Community Location must meet the design specifications set forth by us in the Manual and will include the administrative offices for your Franchised Business.

E. **“Confidential Information”** means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of a College Nannies + Sitters + Tutors business and includes procedures, operating methods, and all records pertaining to customers, suppliers, and other service providers of, or related in any way to, the Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, email addresses, manuals, promotional and marketing materials, marketing strategies and any other data which we designate as confidential.

F. **“Effective Date”** has the meaning set forth in Section 3(A).

G. **“Gross Revenues”** means the gross amount, whether in money or other form of consideration, earned or received by you from any source in connection with the operation of the Franchised Business or with any similar or related activity, whether or not conducted at or administered from your Community Location, arising directly or indirectly from whatever source. “Gross Revenues” shall exclude only: (i) the amount of any tax imposed by any governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and is in fact paid by you to the appropriate governmental authority; and (ii) the amount of any customer refunds which are paid to the customer. Gross Revenues shall be deemed received by you at the time the services or products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer’s personal check) actually has been received by you.

H. **“Incapacity”** means your inability to perform any of your obligations under this Agreement for whatever reason including a physical or mental illness or disability.

I. **“Internet Policies”** means our then-current policies and guidelines governing communications and activity of franchisees, involving the Marks or the operation or promotion of College Nannies + Sitters + Tutors businesses, on the internet or through any other Online Platform.

J. **“Manual”** means our confidential: (i) manual or manuals, and (ii) any intranet or password protected extranet site, and (iii) any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

K. **“Marks”** means the service mark “COLLEGE NANNIES + SITTERS + TUTORS” together with such other trade names, trademarks, symbols, logos, distinctive names, service marks, logos, designs or insignia which may be designated by us from time to time as part of the System for use by our franchisees, and not thereafter withdrawn.

L. **“Multi-Area Marketing Programs”** means regional or national programs designed to increase business including multi-area customer, national customer, commercial customer, event, directory, affinity, vendor and co-branding programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions or referral fees), and adherence to maximum pricing to the extent permitted by law. All such programs are our proprietary trade secrets.

M. **“Online Platform”** means the internet and any other current and future form of electronic mass communication, including but not limited to all use of websites, domain names, URLs, email, messaging technologies, mobile apps, social media, links, key words, search engine optimization, and metadata.

N. **“Owner”** means each person owning 10% or more of the outstanding ownership interests in you. If you are a partnership, “Owner” means each partner. If you are comprised of one or more individual persons, “Owner” means each individual.

O. **“Principal Operator”** means the single individual designated by you to devote his or her full time and best efforts to the development and operation of the Franchised Business. The Principal Operator must attend and satisfactorily complete our classroom training program prior to the opening of the Business. The Principal Operator must meet our standards for business and managerial experience and other qualifications, provide acceptable references, and pass our required background checks. The Principal Operator may be, but is not required to be, an Owner of you. All communication with you shall be through the Principal Operator.

P. **“System”** means, collectively, our valuable know-how, information, trade secrets, methods, Manual, standards, designs, usage of the Marks, copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, use of the internet and Online Platforms, marketing programs, and research and development relating in any way to the operation and promotion of the Franchised Business, as modified by us at any time. All such modifications and improvements become our property.

Q. **“Term”** has the meaning set forth in Section 3(A).

R. **“Territory”** has the meaning set forth in Section 2(A) below.

S. **“Transfer”** means to voluntarily or involuntarily transfer, assign, sell, or encumber any interest in or ownership or control of, the Franchised Business, substantial assets of the Franchised Business, of this Agreement or any interest in the legal entity which owns the Franchised Business.

## **2. GRANT OF FRANCHISE**

A. **Grant.** Subject to all the terms and conditions of this Agreement, we grant to you, and you accept, for the term of this Agreement the right and non-exclusive license to: (i) operate a College Nannies + Sitters + Tutors business within the territory defined in Schedule 1 hereto (the “Territory”); (ii) use the Marks and the System; and (iii) offer and market only



services and products which have been approved by us. You accept such license and undertake to diligently operate the Franchised Business according to the terms of this Agreement for the term of this Agreement. Once you have selected and obtained our approval of an Authorized Location in accordance with Section 5(A) and established your Community Location in accordance with Section 6(B), you must operate the Franchised Business at and from the Authorized Location in accordance with this Agreement and the Manual. You may not establish any other retail space or office for the Franchised Business other than at the Authorized Location.

**B. Territorial Rights.** Except as otherwise provided in this Agreement and provided that you are in compliance with Section 6(B) regarding the timely development of your Community Location, we will not locate or permit franchisees or licensees of ours to locate a nanny, babysitting and tutoring services business under the College Nannies + Sitters + Tutors name within the Territory. In consideration of this limited territorial protection, you agree to locate your Authorized Location within the Territory and to use your best efforts to promote the Franchised Business within the Territory. You may not conduct or direct marketing outside of your Territory, without our prior written consent which can be revoked at any time.

**C. Reservation of Rights.** Except for the rights specifically granted to you, we reserve all other rights, including the following rights:

i. We may use, and license others to use, the Marks and System for the operation of College Nannies + Sitters + Tutors businesses anywhere outside of the Territory. Except as otherwise specifically provided in this Agreement, this Agreement shall not restrict us, or grant any rights to you, with respect to the pursuit of any business concept other than the College Nannies, Sitters, and Tutors concept;

ii. We may use and license the use of other proprietary marks or methods which are not the same as or confusingly similar to the Marks, at any location, including within the Territory, for services which may be the same as, similar to or different from the services offered by College Nannies + Sitters + Tutors businesses;

iii. We may sell any products or services anywhere, whether or not using the Marks, through various channels of distribution (including through Online Platforms, by wholesale, mail order, and retail channels). You may not market your College Nannies + Sitters + Tutors business through Online Platforms or conduct e-commerce except in accordance with the Manual and our Internet Policies, or as we otherwise approve in writing

iv. We may develop or own other franchise systems for the same or similar products and services using different Marks than those licensed to you;

v. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located;

vi. We may offer franchises in the future on terms we deem appropriate, including terms that differ from this Agreement; and

vii. We may establish Multi-Area Marketing Programs. We may offer you the opportunity to service customers developed by a Multi-area Marketing Program, or we may make other arrangements to do so.

You acknowledge that other franchised, company-owned or affiliate-owned College Nannies + Sitters + Tutors businesses may perform services within the Territory at the request of their customers, including pursuant to Multi-Area Marketing Programs.

D. **Modifications.** You recognize that variations and additions to the System may be required from time to time in order to preserve or enhance the System. Therefore, we expressly reserve the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and you agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply.

E. **Relocation.** Provided you are not in default of this Agreement, you may, at your sole expense and with our prior written approval, relocate your Community Location if the proposed new location is located in your Territory and the proposed new location meets our then-current requirements. The new location of your Community Location, including the real estate and the building, must comply with our then-current image, décor, standards and specifications. You will pay us our then-current Relocation Fee on the date we approve your right to relocate to the new location.

### 3. **TERM OF THE AGREEMENT; RENEWAL**

A. **Term.** Unless you and we agree to delay the start of the Term, this Agreement will take effect on the date we execute this Agreement (the “Effective Date”), provided that we have received a copy of this Agreement executed by you within ten days thereof. Subject to earlier termination in accordance with the termination procedures set forth elsewhere in this Agreement, the term of this Agreement shall begin on the Effective Date and shall continue for a period of ten years (the “Term”).

B. **Option to Execute New Franchise Agreement.** Upon the expiration of the initial term of this Agreement, you shall have the option to enter into a College Nannies + Sitters + Tutors franchise agreement (under the then-current version of Franchise Agreement) upon the following terms and conditions:

i. Such right may only be exercised by you by written notice to us given not more than six months nor less than three months before the expiration of the Term of this Agreement.

ii. There is no outstanding breach by you of the terms and conditions of this Agreement.

iii. You have substantially observed and performed the terms and conditions of this Agreement throughout the Term.

iv. You, at your expense, bring the Franchised Business up to the then-current standards for a College Nannies + Sitters + Tutors business and comply with any applicable updating or remodeling requirements. There is no limitation on the amount we may require you to spend on refurbishing, remodeling and replacement.

v. You agree to complete any additional training we may require;

vi. You sign a new Franchise Agreement with us provided, however, that:

(1) You will not be required to pay any Initial Franchise Fee, but you will pay a renewal fee equal to \$2,000;

(2) We will not be required to provide any of the initial training or other services contained in such Agreement which we provide to a new franchisee; and

(3) The term of the new Franchise Agreement shall be ten years.

vii. You will sign a general release in a form we prescribe, to the fullest extent permitted by law, to release us and our officers and employees from any claims you may have against us;

viii. If, after the service of the notice referred to in Section 3.B(i) and prior to the signing of the new Franchise Agreement, you fail to comply with the provisions of Section 3.B(iv) or commit a breach of this Agreement which could result in its termination, your right to renew the franchise shall, at our option, cease and be of no effect.

#### **4. FEES AND OTHER PAYMENTS**

A. **Initial Franchise Fee.** You must pay us the sum of \$45,000 as an Initial Franchise Fee ("Initial Franchise Fee") upon the execution of this Agreement. The Initial Franchise Fee shall be deemed to have been fully earned by us when paid and is non-refundable.

B. **Royalties; Technology Fee.** You must pay us continuing non-refundable royalties equal to 5% of Gross Revenues which will be reported and paid to us as provided in this Agreement. Beginning as of the 12th full calendar month after the Effective Date, the monthly royalties will be the greater of 5% of Gross Revenues or \$625. Beginning as of the 24th full calendar month after the Effective Date, the monthly royalties will be the greater of 5% of Gross Revenues or \$1,250. Beginning as of the 36th full calendar month after the Effective Date, the monthly royalties will be the greater of 5% of Gross Revenues or \$1,875. You must also pay us a continuing non-refundable technology fee. As of the Effective Date, the technology fee is \$225 per month. We reserve the right to increase the amount of the monthly technology fee upon 30 days' written notice.

C. **Initial Marketing.** You acknowledge that initial marketing, recruitment, public relations and promotional activities are required to advise the public that your College Nannies +

Sitters + Tutors business is open for business. You agree to conduct initial public relations and promotional activities according to our specifications. Your minimum initial marketing and promotional expense is \$20,000. You are required to spend this amount within 6 months following the date that you open or were required to have opened your Franchised Business to the public.

**D. Brand Fund Contribution.** You will pay a Brand Fund Contribution to be deposited in the College Nannies + Sitters + Tutors Brand Fund ("Fund"). As of the Effective Date, the amount of the Brand Fund Fee is 2% of your Gross Revenues. We reserve the right to increase the amount of the Brand Fund Fee up to a maximum of 2.5% of Gross Revenues upon 30 days' written notice. However, we agree that we will not increase the Brand Fund Fee during the first year of this Agreement. Your required payments to the Fund will be made at the same time and in the same manner as the Royalties. Such payment shall be made in addition to and exclusive of any sums that you may be required to spend on local advertising and promotion. The Fund shall be maintained and administered by us or our designee, as follows:

i. We will oversee all Brand Fund programs and have sole control over creative concepts, materials and media used in such programs including the placement and allocation. We will use the Fund to develop marketing initiatives. We cannot and do not ensure that any particular franchisee will benefit directly or pro rata from the advertising.

ii. For each of our company-owned or affiliate-owned College Nannies + Sitters + Tutors business, we will make contributions to the Fund on the same basis as Franchised Businesses.

iii. We will administer and control the Fund and we will have the absolute and unilateral right to determine how, when and where the monies in the Fund will be spent. This includes the right to use Fund monies for (a) broadcast or print advertising, (b) the creation, development and production of advertising and promotional materials, including, but not limited to, ad slicks, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising; (c) any marketing or related research and development; (d) promotional materials provided to Franchised Businesses; and (e) advertising and marketing expenses, including payment for research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, customer incentive programs, sponsorships, marketing meetings and sales incentives, development and enhancement of Online Platform initiatives, internet access provider costs, and administrative costs. All sums paid by you to the Fund will be maintained in a separate account from our general funds and shall not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, without limitation, costs incurred in collecting and accounting for assessments for the Fund and salaries for marketing support personnel.

iv. It is our intent that all contributions to the Fund will be expended for marketing purposes during the fiscal year within which contributions are made. Any monies not expended in the fiscal year in which they were contributed will be applied and used for Fund expenses in the following year.

v. Although we intend the Fund to be of perpetual duration, we have the right to terminate the Fund. We will not terminate the Fund, however, until all monies in the Fund have been expended for advertising and promotional purposes.

vi. An unaudited accounting of Fund contributions and expenditures will be prepared annually and a certificate confirming the amount spent will be made available to you upon request. At our option, any such annual accounting may include an audit of the contributions and expenditures of the Fund prepared by an independent certified public accountant selected by us and prepared at the expense of the Fund.

E. **Local Expenditures.** In addition to the Brand Fund Contribution, you are required to spend a minimum of 2% of Gross Revenues or \$15,000 per year, whichever is greater, on approved local marketing. You will comply with the following requirements for local advertising.

i. Before using any promotional and advertising materials not provided by us, you will submit to us, for our prior approval, all information pertaining to promotional materials and advertising initiated by you. In the event written disapproval of any such advertising and promotional material has not been given by us to you within 20 days from the date such information has been received by us, the materials will be deemed approved. We have the right to use, copyright and provide to our franchisees the use of any marketing, promotional or advertising materials developed by you.

ii. You will submit documentation of your advertising expenditures at such times and in such form as we designate. If you fail to make any required advertising expenditures, we have the right to require you to contribute the amount of any deficiency to the Fund to be used by us for general advertising and promotion.

F. **Materials.** We will make available to you all advertising and promotion materials for the Business which are used by us and by other franchisees.

G. **Special Promotions.** You shall fully participate in all promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new services or products, new franchises or other marketing programs directed or approved by us), which are prescribed from time to time by us. You shall be responsible for the costs of such participation. To the extent permitted by law, you will comply with any maximum price restrictions which we promulgate from time to time.

H. **Multi-Area Marketing and Cooperative Advertising.** We may also require you to join and participate in Multi-Area Marketing Programs, and may specify maximum resale prices to the extent permitted by law. We may designate local or regional advertising coverage areas to develop cooperative local or regional advertising and promotional programs. You must

participate in and contribute your share to the cooperative advertising and promotional programs in your advertising coverage area in addition to the contributions and expenditures required by this Agreement. Your contributions to cooperative advertising or promotional programs will be credited toward the minimum local advertising contribution. Any such cooperatives will establish the procedures for contribution payments. You may be required to belong to and contribute a maximum of 100% of your local advertising contribution to any cooperative to which you are assigned. We may designate the coverage area, method and timing of payment, and any outside agencies; and may merge or dissolve cooperatives; and must approve bylaws and all activities and advertising; of any such cooperative. All cooperatives will report to us in the manner required by, and follow all requirements of, this Agreement.

**I. Manner of Payment and Reports.** On or before the fifth business day of each month, or such other time that we specify, you must make all payments to us for the preceding month by means of electronic funds transfer or any other method we specify. To facilitate the electronic funds transfer, you will arrange for you and your bank to execute the Authorization Agreement set forth in **Schedule 2**, or such other form as we may provide. On or before the fifth business day of each month, or such other time that we specify, you will deliver an itemized report of your Gross Revenues for the prior month (or other period) on such form and in the manner, including electronically, that we prescribe. This report will include your certification and records of Gross Revenues for the period reported. You will provide us with all hard copies and access to electronic reports, that we prescribe, including a list of prices and services sold. You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement will be effective as an acknowledgment of payment in full. We will have the right to accept any payment and to recover the balance due or to pursue any other remedy available to us. You must pay a late fee of \$100 in the event any amount (royalty, Brand Fund contribution or other payment) is not paid within five days of the due date. In addition, interest at the rate of 1.5% per month (18% per annum), or the maximum allowed by law, if less, will be added to any sums to be paid under this Agreement that remain unpaid after the date due.

**J. Records.** You shall keep such complete records of the Franchised Business as a prudent and careful businessperson would normally keep. You shall keep your financial books and records as we may from time to time direct in the Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, tax records and returns, cash disbursements journals and general ledgers. You shall advise us of the location of all original documents and shall not destroy any records without our prior written consent. You will transmit accurate records relating to the Franchised Business, including each business transaction and point-of-sale tapes and records, in the form, time and manner we prescribe (including both paper copy and electronic records accessible by us).

**K. Financial Statements.** You must prepare all financial reports in accordance with generally accepted accounting principles, consistently applied, and in a form approved by us. You must use the chart of accounts we prescribe. You must periodically deliver to us accounting, tax and other information (or copies of documents), as we request including a quarterly financial statement with profit and loss and balance sheet delivered to us with 28 days after each calendar quarter. You will provide us with a copy of your annual financial statements

including a profit and loss statement and a balance sheet. Such annual statements will be prepared in accordance with generally accepted accounting principles, consistently applied, and be delivered to us within 90 days after your fiscal year end.

L. **Other Information.** You shall provide such further information relating to the Franchised Business as we deem necessary to assist us in the discharge of our duties or the enforcement of our rights under the terms of this Agreement.

M. **Audit Rights.** During the term of this Agreement for a period of three years after the termination or expiration of this Agreement, we and our authorized agents shall have the right to inspect and audit any of the records of your Franchised Business wherever they may be located. We agree to do inspections and audits at reasonable times. If any inspection or audit discloses a deficiency in the payment of any royalties, advertising or other amounts required to be paid or expended under this Agreement, you shall immediately pay the deficiency to us. In addition, if the deficiency for any audit period equals or exceeds 2% of the correct amount due, you will also immediately pay to us the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel.

## 5. **OUR OBLIGATIONS**

A. **Site Selection.** You are responsible for finding and selecting the location of your Community Location. If you request assistance in selecting a site for the Community Location, we will provide reasonable assistance, but we reserve the right to charge for this service. We do not guarantee success for any location you select and we are not liable for any consequences of your choice of any site. Any site recommendation or approval we make is not a representation that any particular site is available or appropriate for use as a Franchised Business. It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must obtain our prior written approval for the Authorized Location site and for any relocation of the Authorized Location, which approval may be withheld in our sole judgment. In determining whether to accept the site you select, we may consider our market analysis, market penetration plans, franchise placement strategies and prior franchise commitments. You must pay the costs of any relocation, and we reserve the right to charge you for any reasonable costs that we incur. You will deliver to us a copy of your proposed lease for our review at least ten days before signing. Your lease for the Authorized Location must contain an Addendum in the form attached to this Agreement as **Schedule 3**.

B. **Initial Services.** Our initial services to you are as follows:

- i. We will designate your Territory as provided in Section 2.
- ii. We will furnish you with specifications for all signage, layout, décor and similar items for your Community Location.
- iii. At your request, we will provide consultation as to the selection, training and supervision of nannies, sitters and tutors.

iv. We will furnish you with specifications for all equipment, inventory and supplies required for the operation of the Franchised Business.

v. We will advise you on your initial marketing, recruiting and public relations efforts.

vi. We will provide you with pre-training and with a classroom training/certification program. The classroom training/certification program will take place over three sessions. The Principal Operator and any other managers, must attend and satisfactorily complete the initial classroom training session prior to opening the Business. The second and third classroom training sessions will take place within 6 months after opening the Business. The classroom training/certification in its entirety will take approximately seven days to complete, and will take place in Minneapolis, Minnesota, at our franchise support center. We have the right to require that one or more of your Owners attend training, or we may conduct a separate Owner orientation program that your Owners must attend, as we prescribe. You shall be responsible for any wages and benefits and all personal travel and living expenses incurred by you and others in your organization required to participate in the training program. Training is provided to Owners, Principal Operators and management level employees only. Your Principal Operators must successfully complete the training/certification program within 6 months of the Effective Date, unless we authorize an extension in writing. Any replacement Principal Operator that we approve and any new management level employees that you hire must successfully complete the training/certification program within 6 months of the date they assume their duties.

C. **On-Going Services.** Our on-going services to you are as follows:

i. We will loan to you a copy of the Manual which shall at all times remain our property. We will provide you with updates to the Manual containing details of any new or revised specifications, standards or procedures. We reserve the right to provide the Manual and updates to the Manual in electronic form or other form specified by us. We have the right to add to, and otherwise modify, the Manual from time to time to reflect changes in authorized services and products, business image and brand standards of the Franchised Businesses provided, however, no such addition or modification shall alter your fundamental status and rights under this Agreement. You agree to accept and comply with any such modifications at your own cost. You acknowledge and agree that the Manual is loaned to you and shall at all times remain our sole and exclusive property.

ii. We may hold periodic conferences or meetings to discuss marketing techniques, new developments, advertising programs, business procedures and other topics.

iii. We will formulate marketing, recruitment and promotional programs as further described in this Agreement.

iv. We will provide you with ongoing consultation in such form and at such times as we deem appropriate.



v. We will provide you with ongoing consultation to help resolve operating problems encountered in the Franchised Business.

vi. We will conduct product research and development that we deem appropriate to improve the System.

**D. Additional Training or Other Services.** We have the right to require you and any of your staff to attend additional training during the Term of this Agreement. You shall be responsible for the cost of such additional training. If we determine that it is appropriate for us to provide additional services to you in order to keep the System competitive or to bring your Business up to our standards, we may charge you a reasonable fee for such additional services.

## **6. YOUR OBLIGATIONS**

**A. Best Efforts.** You must, consistent with the terms of this Agreement, diligently develop the Business and use your best efforts to market and promote the offered services and products. You must strictly comply with all present and future standards, specifications, processes, procedures, requirements, and instructions issued by us to ensure the maintenance of uniformity and goodwill of the System and Marks. If applicable, you must comply with the development schedule contained in the Multiple Territory Addendum (if any).

**B. Community Location.** You will operate your Community Location only from the Authorized Location that has been accepted by us. You will be responsible for construction and leasehold improvements to the Community Location. We must approve your build-out, architectural plans and décor (including artwork and posters) in advance. You may not redecorate your Community Location without our prior written approval. You may not offer child care or babysitting services at your Community Location. Rather, nanny and babysitting services may only be provided in customers' homes. You must have established and opened a Community Location at an Authorized Location accepted by us, within 12 months of the Effective Date.

**C. Personnel.** You will employ adequately trained and competent personnel to provide quality service in accordance with our criteria. Your Principal Operator must devote full time and attention to the Business as may be necessary to perform the operational, management, administrative, marketing, accounting and other aspects of the Business. Your initial Principal Operator and any substitute Principal Operator that you propose must successfully complete our initial training/certification program and we must approve such individual as meeting our standards and qualifications as a Principal Operator. Any explicit or in fact substitution of the Principal Operator without our consent shall be deemed to be a material breach of this Agreement. Any assistant managers you employ and any nannies and tutors that you hire and place must: (i) meet our qualification standards, (ii) provide acceptable applicant references, (iii) pass the required training and background checks, and (iv) successfully complete our manager training program.

**D. Products and Services.** You will offer all services and products which we designate. No service or product, except those services and products designated may be offered for sale, unless you have received our prior written consent (which may be granted or denied in

our sole judgment). You will ensure that no unapproved products or services are offered at the Community Location. You may not allow alcohol consumption, smoking, gambling or the operation of coin operated games or any unapproved games at the Community Location. You will purchase only such types, models or brands of equipment, inventory and supplies that we approve for Franchised Businesses as meeting our standards for quality, design, appearance, function and performance. You shall purchase all supplies, materials, other products and services used or offered for sale from us or from suppliers who have been approved by us. In some cases, there may only be one supplier for a particular item. We will provide you with a list of approved suppliers. If you desire to purchase any products from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. You shall not purchase from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered to us for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by supplier. Notwithstanding the foregoing, you may be required to purchase from us or from a single designated source certain products that we consider integral to the System. We have the right to mark up any products sold by us to you and to receive rebates or similar payments from suppliers as a result of your purchases. We may use these funds as we deem appropriate.

E. **Signs.** You must prominently display, at your expense, both on the interior and exterior of the Community Location, signs in such form, color, number, location and size and containing such Marks as we designate. Such signs shall be obtained from a source designated or approved by us. You shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. You shall not display in or around the Community Location any sign or advertising of any kind to which we object. We have the right to require you to post a sign or display brochures or similar materials which promote the sale of franchises.

F. **Maintenance.** The Business and everything related to the Business must be maintained in first-class condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by us or needed in connection with the Business must be promptly made.

G. **Approved Information System.** We will designate the information system used in your Business including the computer hardware, software, other equipment and enhancements. You must acquire, maintain and upgrade computer, information processing and communication systems, accounting, inventory control. We have the right to update the technology and resource materials used in the operation of the Business and you will comply with all updates at your expense. We have the right to specify how data from your Business will be stored and accessed. In connection with the approved information system, you agree to the following:

i. We must have at all times direct access to the information stored by your system and we shall have the right to retrieve, analyze, download and use all software, data and files stored or used on the information system. You shall store all data and information on the information system that we designate from time to time.

ii. You acknowledge and agree that there may be fees payable by you in connection with the installation, use, support, maintenance, and periodic enhancements of the approved information system. These fees will be payable to us or a vendor designated by us and may be increased from time to time. As of the Effective Date, you are required to pay us a technology fee. We reserve the right to charge for additional services provided by us in connection with the information system. You will be responsible for the cost of all required upgrades.

iii. You must have high speed internet access. Further, you agree to participate in any internet, extranet or intranet that we establish.

iv. You must have email capabilities and use an email address approved by us.

v. You will only use or download software which has been designated or authorized by us in writing. In the event that you use or download any unauthorized software, you will be liable for all damages and repair costs resulting directly or indirectly from the unauthorized software, in addition to the other remedies provided in this Agreement.

**H. Telephone.** You must have a separate business telephone number. Concurrently with the signing of this Agreement, you will sign a Collateral Assignment of Telephone numbers and Listings in form attached as **Schedule 4**.

**I. Compliance with Our Standards.** You will conform to all customer service standards prescribed by us in writing. You will operate the Business through strict adherence to the standards, specifications and policies of the System as they now exist, and as they may from time to time be modified, in order to ensure compliance with the quality standards of the System. These standards, specifications and policies will cover many aspects of the Franchised Business and may include, without limitation, specifications and policies regarding: (i) hours of operation; (ii) safety, maintenance, cleanliness, sanitation, function and appearance of the Community Location; (iii) critical incident reporting and safety requirements; (iv) training, dress, general appearance and demeanor of your staff; (v) advertising and promotional programs; (vi) use and retention of standard forms; (vii) your identification as the owner of the Franchised Business; (viii) handling of customer complaints; and (ix) any other standard, specification or procedure designated by us relating to the brand and quality standards of the System.

We may, from time to time, suggest prices at which authorized services and products offered by your College Nannies + Sitters + Tutors business may be sold or offered for sale. Although you generally have the right to establish prices for the services and products you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

**J. Compliance with Laws.** You will, at your expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of the Franchise Business, including the obtaining of any necessary permits or licenses. You will operate the Franchise Business in a healthy and safe manner. You shall comply with all

applicable laws and regulations regarding hiring and firing of employees, and you acknowledge and agree that all personnel decisions shall be made by you, without any influence or advice from us, and such decisions and actions shall not be, nor be deemed to be, a decision or action of us.

K. **Payment of Liabilities.** You will timely pay all of your obligations and liabilities due and payable to us and to your suppliers and lessors.

L. **Taxes.** You will promptly pay all federal, state and local taxes arising out of the operation of your Business. We will not be liable for these or any other taxes and you will indemnify us for any such taxes that may be assessed or levied against us which arise or result from your Business. You shall reimburse us for any sales tax, gross receipts tax, use tax or other tax or assessment imposed by any taxing authority in the state where the Franchised Business is located on any fees or other amounts payable to us under this Agreement. Such taxes are distinguishable from income taxes imposed on us by the jurisdiction in which the Franchised Business is located. Such income taxes are our responsibility.

M. **Manual.** You will operate your Business in accordance with the Manual. The Manual will contain mandatory and suggested standards and procedures that we develop to ensure the brand standards for College Nannies + Sitters + Tutors businesses and information relating to your obligations as a College Nannies, Sitters and Tutors franchisee. You will treat the Manual as confidential, and will use all reasonable efforts to maintain the Manual as secret and confidential. You shall ensure that the Manual is kept up to date at all times. As provided in Section 5.C.i., you must comply with all updates and modifications to the standards set forth in the Manual.

N. **Visits.** A representative of ours may make announced or unannounced visits to the Community Location (or, prior to the establishment of the Community Location, to any location at which the Franchised Business is conducted) to ensure compliance with all required standards, specifications and procedures. Our representative shall be allowed to inspect the condition and operation of the Business at any time during normal business hours. Any inspection or evaluation of the Business by us is to protect our interest in the Marks and System and is not intended and does not constitute control over the day-to-day operation of the Community Location or supervision of your employees. In addition, we have the right to utilize third-party mystery shoppers to evaluate the operation of your Business and to contact your customers to complete customer surveys.

O. **Owner Agreement.** If you are a business entity, all of your Owners shall execute an Owner Agreement in form attached as **Schedule 5** to this Agreement.

P. **Meetings.** Your Principal Operator shall, at your expense, attend such conferences and meetings which we designate, provided that he/she will not be required to travel out of state for such meetings more than once per year.

Q. **Collection of Information; Privacy; PCI Compliance.** We may, from time to time, specify in the Manual or otherwise in writing the information that you must collect and maintain on the information system, and you must provide to us such reports as we may

reasonably request from the data so collected and maintained. You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information (“Privacy Laws”). You must comply with our standards and policies pertaining to Privacy Laws. You must not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent. It is your responsibility to comply with all laws and regulations to the payment card industry data security standards (“PCI Compliance”). You must notify us immediately of any suspected data breach at or in connection with the Community Location.

## **7. MARKS**

A. **Ownership.** You acknowledge and agree that we are the owner of all right, title and interest in the Marks and the System. Any improvements relating to the Marks or System (including, but not limited to, advertising material) will also become the sole property of us. You will not be entitled to any payment for improvements to the Marks or System originated or developed by you. You agree not to ever dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or our ownership of the Marks, nor counsel or assist anyone else to do the same, nor will you take any action that is inconsistent with our ownership of the Marks, nor will you represent that it has any right, title, or interest in the Marks other than those expressly granted by this Agreement.

B. **Use.** You acknowledge and agree that it is of utmost importance that the goodwill, stature, and image of quality associated with the Marks be maintained and enhanced by you. You will make no use of the Marks without our prior approval and you will use the Mark only in the manner prescribed by us. You further acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by you in compliance with this Agreement and all applicable standards, specifications, and procedures prescribed by us in the Manual or otherwise from time to time. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with the Marks or System, you will immediately, upon written notice from us, modify your use of the Marks and System in the manner prescribed by us in writing. You must post a sign in the form and location we designate at the Community Location putting your customers on notice that the Business is independently owned and operated by you as our franchisee, and take any other steps reasonably requested by us to minimize the chance of a claim being made against us as a joint employer of your employees or for anything that occurs at your Community Location. All of your written materials including stationery and invoices shall contain the notice that your Business is independently owned and operated by you. You are prohibited from using any of the Marks on your employment applications, employee evaluation forms, benefits statements, payroll checks or other documents or materials relating to your employees.

C. **Promotion.** You will operate your Business so that it is clearly identified and advertised as a College Nannies + Sitters + Tutors business. The style, form and use of the words comprising any of the Marks in any advertising, written materials, products or supplies must, however, have our prior written approval. You will use the Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, advertising materials, and other articles in the identical combination and manner as we may prescribe in writing. You will comply with all trademark, trade name, service mark and copyright notice marking

requirements. You will not use the words “College” or “Nannies” or “Tutors” as part of the name of your business entity.

**D. Use of Online Platforms.** We have the sole right to control, set standards for, and approve any and all activity relating to the Franchised Business on the internet or through any Online Platform. Accordingly, you may not use the Marks, promote the Franchised Business, or conduct any business function using any Online Platform except to the extent that your activities are permitted by and compliant with our then-current Internet Policies, or as we may otherwise approve in advance and in writing. Our Internet Policies will be set out in the Manual or communicated by us in the manner that we determine. We reserve the right to modify our Internet Policies from time to time and to withdraw any consent(s) previously given, and you must promptly adhere to the changes we make. We may require you to provide us with content regarding your Franchised Business for our online marketing activities. You may not establish any independent website for the Franchised Business, it being understood that any website for or related to the Franchised Business will be administered by us and accessed only through our home page. You are solely responsible for protecting yourself from disruptions, internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us for the direct or indirect result of such disruptions, failures, or attacks.

**E. Substitutions.** If it becomes advisable at any time, in our sole judgment, to modify or discontinue use of any Mark, or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, either system-wide or with respect to use by any selected franchisee, you shall comply with our directions within a reasonable time after notice to you, we shall have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

**F. Litigation.** You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us including attorneys’ fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks.

**G. Copyrighted Materials.** You acknowledge and agree that (1) we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Manual, advertising materials and forms; (2) the Copyrighted Materials are our valuable property; and (3) your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the non-exclusive license to use the Copyrighted Materials granted in this Agreement.

H. **Protection.** You shall execute any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us in acquiring rights in or in registering any of the Marks or any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

## 8. **INSURANCE**

A. **Insurance.** You shall during the term of this Agreement, purchase and maintain in full force and effect:

i. Workers' compensation insurance, employer's liability insurance and other legally required insurance in amounts as are prescribed by law;

ii. Comprehensive general and professional liability insurance coverage in such amounts and upon such terms as we designate, but not less than \$1,000,000 per occurrence, \$2,000,000 total coverage, insuring both you and us against all claims, suits, obligations, liabilities, and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of the Business;

iii. Non-owned automobile liability insurance in such amounts and upon such terms as we designate, but not less than \$1,000,000 per occurrence; and

iv. Such additional insurance as may be required by the terms of any lease for the Business or as may be required by us from time to time.

The liability insurance afforded by the policy or policies shall not be limited in any way by reason of any insurance that may be maintained by us.

B. **Certificates.** All policies of insurance required under this Section will be with responsible companies qualified to do business and in good standing in the state where the Business is located, and shall be in a form reasonably satisfactory to us. You must obtain such endorsements added to the policies as required to carry out the requirements in this Section. All general and professional liability policies shall name us as an additional insured. You must purchase your professional liability insurance from an insurer designated or approved by us. Prior to opening for business, you shall furnish to us with certificates issued by each of your insurers indicating that all premiums due have been paid, that all required insurance is in full force and effect and that the insurance will not be terminated or changed without at least 30 days' prior written notice from the insurer to us. Within five days of any request by us, you shall deliver a copy of all insurance policies to us for examination.

C. **Failure to Obtain.** If you fail to obtain or maintain adequate insurance, we may, at our election, obtain insurance for and in your name. Within five days of any written request by us, you shall pay all costs of obtaining adequate insurance.

## 9. **RELATIONSHIP**

A. **Independent Contractor.** You acknowledge and agree that you are an independent contractor and not an agent, partner, joint venturer or employee of ours. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. The parties agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. You shall conspicuously identify yourself in all dealings with the public as an entity separate from us. It is expressly agreed that the parties intend by this Agreement to establish between us and you the relationship of franchisor and franchisee. It is further agreed that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party from any liability of any nature whatsoever. You will hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment, work hours and compensation. All persons hired by or working for you shall not, for any purpose, be deemed our employees or subject to our control.

B. **Indemnification.** You and each owner of the Franchised Business will protect, indemnify and hold us harmless, and our officers, directors, employees, affiliates and agents against all claims, demands, actions, causes of action, losses, damages, costs, suits, judgments, debts, losses, fines, assessments, taxes, liens, legal fees and disbursements, penalties, expenses, and liabilities of any kind or nature arising directly or indirectly out of or in connection with the Franchised Business, your and your employees' actions, inaction, or representations, or your breach of this Agreement. However, you are not required to indemnify us for claims resulting from our breach of this Agreement or other wrongs we commit.

## 10. **RESTRICTIVE COVENANTS**

A. **Confidential Information.** You acknowledge and agree that your entire knowledge of the operation of the Franchised Business is derived from our Confidential Information or by virtue of your association with us prior to the Effective Date. The Confidential Information is proprietary and constitutes valuable trade secrets. You also acknowledge and agree that all of the Confidential Information is our property and that we have the right to use the Confidential Information in any manner we wish at any time. You shall maintain the confidentiality of the Confidential Information and will not use the Confidential Information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining our written consent.

i. You acknowledge that the Confidential Information is disclosed to you on the condition that you, and your owners agree that during and after the term of this Agreement you: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) will adopt and implement all



reasonable procedures we periodically require to prevent unauthorized use or disclosure of the Confidential Information.

ii. The restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information and knowledge which are or become generally known in the child care or educational tutoring industry within the Territory, other than through disclosure you make (whether deliberate or inadvertent); and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose the information.

**B. In-Term Non-Compete.** You and your owners will not, directly or indirectly, during the term of this Agreement, in any capacity participate, engage in, be connected with, have any interest in or assist any person or entity engaged in any other business which offers child development services, child care services, nanny services, babysitting services or tutoring services.

**C. Post-Term Non-Compete.** You and your owners will not, directly or indirectly for a period of two years after the expiration or termination of this Agreement, in any capacity participate, engage in, be connected with, have any interest in or assist any person or entity which offers child development services, child care services, nanny services, babysitting services or tutoring services within the Territory or within a ten-mile radius from the Territory. You agree that the time period and the scope of the prohibition are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason.

**D. Exception.** The purchase of a publicly traded security of a corporation engaged in a competitive business or service shall not in itself be deemed violative of this Section so long as you do not own, directly or indirectly, more than 1% of the securities of such Corporation.

**E. Enforceability.** The unenforceability of all or part of these covenants not to compete in any jurisdiction will not affect the enforceability of the covenants not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. The covenants not to compete are given in part in consideration for training and access to our Confidential Information, and which, if used in a competitive business, would give an unfair advantage.

**F. Injunctive Relief.** You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of any alleged breach or violation of this Section by it, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law.

## **11. TRANSFER**

**A. By Us.** You acknowledge that our obligations under this Agreement are not personal, and we can unconditionally assign this Agreement to another entity, be acquired by another entity or merge with another entity.

i. We reserve the right to assign the franchise system to anyone including the operator of a competing system. We shall have the absolute right to transfer or assign this Agreement or any of our rights or obligation under this Agreement to any person or entity.

ii. You acknowledge and agree that we may sell our assets, the Marks or the System to any third party of our choice; may offer our securities privately or publicly; may merge with or acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without your consent and, provided the transferee expressly assumes and undertakes to perform our obligations in all material respects, free of any responsibility or liability whatsoever to you after the transaction occurs.

iii. With regard to any of the above sales, assignment and dispositions, you expressly and specifically waive any claims, demands, or damages against us arising from or related to the transfer of the Marks or the System from us to any other party.

**B. By You.** You acknowledge and agree that we have entered into this Agreement in reliance on your Owner's qualifications and that the rights and duties set forth in this Agreement are personal to you. Accordingly, you will not make a Transfer or make any lease or sublease of the Community Location, without our prior written consent, which will not be unreasonably withheld, provided all pre-requisite conditions to transfer are met. Any attempted Transfer without our prior written consent will be a default under the terms of this Agreement and will be voidable by us. No transfer or assignment of this Agreement will be approved by us or be effective unless and until all the following conditions are satisfied:

i. You are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us are current;

ii. You execute a written agreement in a form satisfactory to us in which you and your owners covenant to observe all applicable post-term obligations and covenants contained in this Agreement;

iii. The proposed transferee executes our then-current standard form of franchise agreement (which may provide for different fees, advertising and marketing contributions, and other rights and obligations from those provided in this Agreement);

iv. The proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of the Business and that we determine necessary to bring the Business in compliance with our then-current standards;

v. Prior to the date of the proposed Transfer, the proposed transferee's Principal Operator successfully completes such training and instruction as we deem necessary;

vi. We are satisfied that the proposed transferee and its Principal Operator meet all of the requirements for our new franchisees applicable on the date we receive notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, management experience, and financial strength and liquidity;

vii. You and all holders of an interest in you execute a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your owners may have against us or our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities;

viii. You pay us a transfer fee equal to \$10,000 plus \$2,000 for the cost of training; and

ix. We waive our right of first refusal under this Agreement.

**C. Transfer Upon Death or Disability.** Upon the death, mental incapacity or disability of any of your Owners, we shall consent to the transfer of that Owner's interest in the franchise, the Franchised Business and this Agreement to his or her spouse, heirs, or relative by blood or by marriage whether such transfer is made by will or by operation of law if, in our sole judgment, such person or persons meet our educational, managerial and business standards; successfully completes our training at the earliest opportunity; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business; have at least the same managerial and financial criteria required by new franchisees; and shall have sufficient equity capital to operate the Franchised Business. If said transfer is not approved by us, then the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within six months after such death, mental incapacity or disability. Such transfer shall be subject to our right of first refusal and to the same conditions as any other transfer.

**D. Operation of Business By Us.** In order to prevent any interruption in the operation of the Franchised Business and any injury to the goodwill and reputation which would cause harm to the Franchised Business, you authorize us, and we shall have the right, but not the obligation, to operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (i) your Principal Operator is absent or incapacitated by reason of illness or death and you are not, in our sole judgment, able to designate an acceptable substitute Principal Operator or perform under this Agreement, or (ii) any allegation or claim is made against the Franchised Business, any Owner, or the Principal Operator involving or relating to any fraudulent or deceptive practice or any activity that endangers a child. In the event that we install a support manager to operate the Franchised Business, we, at our option, shall not be obligated so to operate it for a period more than 90 days. All revenues from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business, including royalty fees, advertising contributions, compensation and expenses for our representative, shall be charged to said account. If the

revenues are not sufficient to cover these expenses, you will pay us on demand the amount necessary to pay these expenses in full. If we elect to temporarily operate the Franchised Business on your behalf, you agree to indemnify and hold us harmless from any and all claims arising from our acts and omissions.

## **12. OUR RIGHT OF FIRST REFUSAL TO PURCHASE**

A. **Restrictions.** You will not make a Transfer without first offering the same to us in writing, at a stated price and on stated terms. Your written offer to us must contain all material terms and conditions of the proposed sale or transfer. Upon our receipt of written notice specifying the proposed price and terms of proposed sale or transfer of your business, we will give you written notice within ten business days which will either waive our right of first refusal to purchase, or will state an interest in negotiating to purchase the business according to the proposed terms. If we commence negotiations to purchase your business, you may not sell the business to a third party for at least 30 days or until we and you agree in writing that the negotiations have terminated, whichever comes first. If we waive our right to purchase, you will have the right to complete the sale or transfer of the business according to the terms set forth in the written notice to us but not upon more favorable terms to the proposed buyer. Any such sale, transfer or assignment to a third party is expressly subject to the provisions of this Agreement. Your obligations under this Agreement will not be affected or changed because of our nonacceptance of your written offer.

B. **Structure of Entity.** If you are a corporation, partnership, limited liability company or other entity, a controlling interest in your entity may not be sold, pledged, assigned, traded, transferred or otherwise disposed of until the interest has been first offered to us in writing under the same terms and conditions offered to any third party. Notwithstanding the terms of this Section, one of your owners may bequeath, sell, assign, trade or transfer his/her interest to your other owners without first offering it to us; however, you must provide us with written notice of all such transactions.

## **13. OUR TERMINATION RIGHTS**

A. **Without Opportunity to Cure.** You shall be in default and we may, at our option, terminate this Agreement, without affording you any opportunity to cure the default, effective upon the earlier of receipt of notice of termination by you, or five days after mailing of such notice by us, upon the occurrence of any of the following events:

- i. You are insolvent, liquidated or dissolved;
- ii. You cease to operate or otherwise abandon the Business or forfeit the right to do or transact business in the jurisdiction where the Business is located;
- iii. You or any of your owners make an unauthorized Transfer under this Agreement;
- iv. You or any of your owners is proven to have engaged in fraudulent conduct, or is convicted of, or pleads guilty or no contest to a felony or a crime involving

moral turpitude, or any other crime or offense that is reasonably likely to have an adverse effect on the Business, the System, the Marks or related goodwill;

v. Your Principal Operator or any Owner does anything, or omits to do anything, the consequences of which adversely affects the safety, welfare or well-being of any child at any time;

vi. You are given two or more notices of being in material violation of any of the terms or requirements of this Agreement within any 12-month period, whether or not such defaults are timely cured after notice;

vii. You knowingly or intentionally maintain false books or records or submit any false record, statement or report to us;

viii. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System; or

ix. You commit any other default under this Agreement which, by its nature, cannot be cured.

**B. With Notice and Opportunity to Cure.** Except for those defaults provided for above, you shall be in default of this Agreement for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in the Manual or other written document provided by us, or to carry out the terms of this Agreement in good faith. For such defaults, we will have the right to terminate this Agreement and your right to operate a College Nannies + Sitters + Tutors business if you fail to cure the default within a period of 30 days (or 10 days, if your default is the non-payment of monies due) following written notice by us to you of the default(s). Alternatively, if a default (other than for non-payment) cannot reasonably be cured within 30 days, we will provide you with written notice requiring you to begin, within 30 days, to take substantial and continuing action to cure such default and to provide us with evidence of such actions. If the defaults specified in our notice are not cured within the specified cure period, this Agreement shall automatically terminate upon the expiration of the applicable cure period, without further notice. We have the right to modify the cure periods specified in this Section to comply with applicable law or to grant a longer cure period or delay termination, in our sole discretion. Defaults subject to cure by you shall include, without limitation, the following:

i. You fail to satisfactorily complete the training, and commence operating the Business within 6 months of the Effective Date or fail to secure a suitable location for the Community Location within 12 months of the Effective Date;

ii. You fail to comply with the terms of this Agreement or fail to comply with the Manual;

iii. You fail, refuse, or neglect to promptly pay any monies owing to us, our affiliates or the Brand Fund when due, or to submit the financial or other information required under this Agreement;

- iv. You misuse or make any unauthorized use of the Marks;
- v. You sell non-approved services or products;
- vi. You, by act or omission in connection with the operation of the Business, permit a continuing violation of, any applicable law, ordinance, rule, or regulation of a governmental body; or
- vii. You lose the right to possession of the Community Location.

#### **14. YOUR TERMINATION RIGHTS; NOTICE REQUIRED**

A. **Termination.** You may terminate this Agreement if we violate any material obligation to you and fail to cure such violation within 30 days after our receipt of written notice from you; provided, however, that you are in compliance with the Agreement at the time of giving such notice of termination. Your written notice must identify the violation and demand that it be cured.

B. **Required Notice.** A party must give the other party written notice of an alleged default under or violation of this Agreement after it has knowledge of, determines, or is of the opinion that there has been an alleged default under or violation of this Agreement. If there is failure to give written notice of an alleged default under this Agreement within one year from the date that the non-breaching party has knowledge of, determines or is of the opinion that there has been an alleged default, the alleged default will be deemed to be approved and waived, and the alleged default or violation will not be deemed to be a default under or violation of this Agreement.

#### **15. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION**

A. **Post-Term Obligations.** Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, and you will have the following obligations with respect to the Business:

- i. You must immediately cease to operate the Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a College Nannies + Sitters + Tutors franchisee with respect to such business and discontinue all use of the Marks.
- ii. You must immediately and permanently cease to use, in any manner whatsoever, including all Online Platforms, all Confidential Information, approved information system and related methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and designs associated with the System.
- iii. You must immediately return to us the Manual and any property held or used by you that is owned by us and shall cease to use, and either destroy or convey to us,

all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

iv. You must take such actions as may be necessary to cancel any assumed name or similar registration that contains the Mark “College Nannies + Sitters + Tutors” or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration.

v. You must promptly pay all sums owed to us, and if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within 30 days or such longer period as may be necessary after written notice thereof from you, such sums shall include all damages, costs, and expenses, including reasonable attorneys’ fees, and interest on such costs, expenses, and fees, incurred by us as a result of the default and the termination. You agree that until such obligation is paid in full, you will grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located at the Community Location on the date this Agreement terminates or expires.

vi. You must pay to us all damages, costs and expenses, including reasonable attorneys’ fees, and interest on such costs, expenses, and fees, incurred by us by subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

vii. You must take all further action and execute all documents necessary to convey and assign to us all telephone numbers that have been used in the operation of the Business and you shall cease all use of such telephone numbers.

viii. You must comply with the covenants contained in this Agreement, including, but not limited to, the covenant not to compete and the covenant not to disclose Confidential Information.

**B. Our Option to Purchase.** Upon the termination of this Agreement, we shall have the option to purchase all of your rights, title and interest in the Franchised Business and all improvements, equipment, Products, accounts, contract rights and other business assets (“Assets”). The purchase price for the Assets will be the current fair market value of the Assets, excluding any goodwill or going concern value. If the parties cannot agree on the fair market value within a reasonable time, an independent appraiser will be designated by each of the parties to appraise the value of the Assets consistent with this Section 15(B), and an average of the two appraised values will be binding. For the avoidance of doubt, appraised values of the Assets shall exclude any and all consideration for goodwill or going concern value created by the Marks and System licensed to you.

## **16. NOTICES**

**A. Method.** All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile or sent by means of other electronic means, if the sender can verify receipt. They will be addressed to us at

our office, or at any other address we designate in writing, and addressed to you at your last known business address, or at any other address you designate in writing.

**B. Effective Receipt.** Any notice is considered given and received, when delivered, if hand-delivered; if sent by facsimile, or electronic means in which receipt can be verified, on the next business day after sent; and if mailed, on the third business day following the mail.

## **17. DISPUTE RESOLUTION**

**A. Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement shall be interpreted under the laws of the State in which the Territory is located, excluding its choice of law rules.

**B. Negotiation and Mediation.** This dispute resolution clause applies to claims by and against all parties and their affiliates, successors, owners, managers, officers, directors, employees, agents, and representatives, as to claims arising out of or relating to this Agreement, or of violation of any applicable law or regulation, except as stated below. This dispute resolution clause shall survive the termination or expiration of this Agreement. The parties will first attempt to resolve any dispute relating to or arising out of this Agreement by negotiation. We will provide a procedure for internal dispute resolution. Any dispute subject to negotiation, and not resolved within ten days, before commencing further dispute resolution must be submitted to non-binding mediation. Mediation will be before a single skilled independent mediator mutually and reasonably agreed on by the parties. The parties will equally bear the costs of mediation. Mediation will be conducted in accordance with the procedures of United States Arbitration and Mediation Service, Inc. (USA&M) at the option of the party initiating mediation or other mediation service agreed to by you and us. The mediation will be conducted in the city that USA&M has an office nearest our headquarters office, unless otherwise mutually agreed.

**C. Venue.** Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the Federal District Court for Minnesota or in the Minnesota State District Court in the County of Hennepin, Minnesota. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Owners waive any and all rights to proceed on a consolidated, common, or class basis. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.

**D. Jury Waiver.** All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.



E. **Waiver of Punitive Damages.** You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

## **18. MISCELLANEOUS**

A. **Additional Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions. We have the right unilaterally to reduce the scope of any of your covenants contained in this Agreement upon notice to you, whereupon you must comply with them as so modified.

B. **Severability.** All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

C. **Attorneys' Fees.** If either party institutes a legal proceeding, including court proceeding and arbitration, and prevails entirely or in part in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs, and all of the prevailing party's expenses, and interest on such fees, costs, and expenses, in connection with any action at law.

D. **Waiver.** No failure, forbearance, neglect or delay of any kind on our part in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish our right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by you or by our other franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by us of performance of any provision of this Agreement shall constitute or be implied as a waiver of our right to enforce that provision at any future time.

E. **Entire Agreement.** This Agreement, together with the Manual, any written related agreements and all Exhibits, constitutes the entire understanding and agreement between the parties and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, and the System and Business. Nothing in this Agreement is intended to negate the disclosures contained in our Disclosure Document. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon you or us or effective unless in writing signed by you and by our CEO, President or Vice President, except that a waiver need be signed only by the party waiving. You acknowledge that the franchise has been granted in reliance upon the information supplied to us your application for a franchise.

F. **Performance.** You agree that you shall not, on grounds of an alleged nonperformance by us of any of our obligations or any other reason, withhold payment of any amount due to us whatsoever. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. We may apply any payments made by you against any past due indebtedness of yours as we may see fit. We may set off against any payment due to you any of your outstanding debts.

G. **Cumulative Rights.** The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

H. **Headings.** The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections.

I. **Acknowledgement.** The parties declare that they are independent contractors and not agents or partners, and no training or supervision given by, or assistance from, us shall be deemed to negate such independence. You acknowledge that the success of your Business is largely dependent on your own efforts and hereby assume the responsibility for your success or failure. You acknowledge that you have had ample time and opportunity to investigate our business and to consult with legal and financial advisors of your choice.

J. **Force Majeure.** Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God. Any such delay shall extend performance only so long as such event is in progress.

K. **Assigns.** This Agreement shall be binding upon, and subject to Section 11, shall inure to the benefit of, the parties' successors.

L. **Modifications.** This Agreement may only be modified or amended by a written document executed by both parties. You acknowledge that we may modify our standards, procedures, specifications and marketing techniques set forth in the Manual unilaterally under any conditions and to the extent in which we, in our sole judgment, deem necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination.

M. **Delegation.** From time to time, we shall have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to third parties, whether the same are our agents or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of our obligations and duties hereunder.

N. **Injunctive Relief.** Nothing herein shall prevent the parties from seeking injunctive relief to prevent irreparable harm, in addition to all other remedies. If it is necessary for us to seek preliminary or permanent injunctive relief, we may do so without a bond.

O. **Interpretation of Rights and Obligations.** The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. **Our Rights.** Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement.

2. **Our Reasonable Business Judgment.** Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

P. **Adaptations and Variances.** Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such Business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee.

Q. **Notice of Potential Profit.** We and our affiliates may from time to time make available to you goods, products and services for use in your Business on the sale of which we or our affiliates may make a profit. Further, we and our affiliates may from time to time receive consideration from suppliers and manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and our affiliates are entitled to said profits and/or consideration.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon us when executed or initialed by our authorized representative.

The parties intending to be legally bound, have executed, and delivered this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:**  
**COLLEGE NANNIES & TUTORS**  
**DEVELOPMENT, INC.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE 1**

**TERRITORY**

**THE GEOGRAPHIC AREA ENCOMPASSED WITHIN THE FOLLOWING ZIP  
CODES AS THEY EXIST AS OF THE EFFECTIVE DATE**

## SCHEDULE 2

### AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

The undersigned depositor (“**Depositor**”) hereby (1) authorizes College Nannies & Tutors Development, Inc. (“**Company**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account indicated below, and (2) authorizes the depository designated below (“**Depository**”) to debit such account pursuant to Company’s instructions.

_____ Depository		_____ Branch
_____ City	_____ State	_____ Zip Code
_____ Bank Transit/ABA Number		_____ Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days’ prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry, or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error, and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

_____ DEPOSITOR (Print Name)	_____ DEPOSITORY (Print Name)
By: _____	By _____
Its: _____	Its: _____

### **SCHEDULE 3 ADDENDUM TO LEASE**

THIS ADDENDUM TO LEASE, dated \_\_\_\_\_, 20\_\_, is entered into by and between \_\_\_\_\_ (“Lessor”), and \_\_\_\_\_ (“Lessee”).

#### **RECITALS:**

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 20\_\_, and pertaining to the premises located at \_\_\_\_\_ (the “Lease”).

B. Lessor acknowledges that Lessee intends to operate a nanny placement and tutoring business from the leased premises specified in the Lease (the “Community Location”) pursuant to a Franchise Agreement (the “Franchise Agreement”) with College Nannies & Tutors Development, Inc. (“Company”) under the name “College Nannies + Sitters + Tutors<sup>TM</sup>” (“Franchised Business”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

#### **AGREEMENT:**

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

(1) **Remodeling and Decor.** Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Community Location and to display such proprietary marks and signs on the interior and exterior of the Community Location as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business at the Community Location. Lessee agrees that all exterior signage and marks will comply with applicable municipal codes.

(2) **Assignment.** Lessee shall have the right to assign all of its right, title and interest in the Lease to Company or Company’s affiliate, at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor’s consent. However, no assignment shall be effective until such time as Company or its designated affiliate gives Lessor written notice of its acceptance of such assignment, and nothing contained herein or in any other document shall constitute Company or its designated affiliate as a party to the Lease, or guarantor thereof, and shall not create any liability or obligation of Company or its affiliate unless and until the Lease is assigned to, and accepted in writing by, Company or its affiliate. In the event of an assignment, Lessee shall remain liable under the terms of the Lease.

(3) **Default and Notice.**

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor shall give Lessee and Company written notice of such default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor must contemporaneously give Company a copy of such notice. Company will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Company will have an additional 15 days from the expiration of Lessee's cure period in which to cure the default or violation.

b. All notices to Company shall be sent by registered or certified mail, postage prepaid, to the following address: 6465 Wayzata Boulevard, Suite 250, Minneapolis, Minnesota 55426.

Company may change its address for receiving notices by giving Lessor written notice of such new address. Lessor agrees that it will notify both Lessee and Company of any change in Lessor's mailing address to which notices should be sent.

(4) **Termination or Expiration.**

a. Upon Lessee's default and failure to cure a default under either the Lease or the Franchise Agreement, Company will, at its option, have the right (but not the requirement) to take an automatic assignment of Lessee's interest. In order to exercise this right, Company must give Lessor written notice of its intent to take over the lease within five business days of the date of termination of either the Lease or the Franchise Agreement and must agree to cure all existing defaults within ten business days of the date of termination of either the Lease or the Franchise Agreement.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Landlord will cooperate with Company in gaining possession of the Community Location within 15 days of termination or expiration. If Company does not elect to take an assignment of the Lessee's interest, Lessor will, within 15 days of termination, allow Company to enter the Community Location, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Community Location as a Franchised Business and to make such other modifications (such as repainting) as are reasonably necessary to protect the College Nannies + Sitters + Tutors marks and system, and to distinguish the Community Location from other Franchised Business.

(5) **Consideration; No Liability.**

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and the Lessee would not lease the Community Location without this Addendum.



b. Lessor further acknowledges that Lessee is not an agent or employee of Company and the Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Company or any affiliate of Company, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Company or any affiliate of Company.

(6) **Amendments.** No amendment or variation of the terms of this Addendum to the Lease shall be valid unless made in writing and signed by the parties hereto.

(7) **Reaffirmation of Lease.** Except as amended or modified herein, all of the terms, conditions and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part hereof as though copied herein in full.

(8) **Beneficiary.** Lessor and Lessee expressly agree that Company is a third-party beneficiary of this Addendum.

**IN TESTIMONY WHEREOF,** witness the signatures of the parties hereto as of the day, month and year first written above.

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

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

“Lessee”

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

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

“Lessor”

## SCHEDULE 4

### COLLEGE NANNIES + SITTERS + TUTORS TELEPHONE LISTING AUTHORIZATION AND ASSIGNMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), dated \_\_\_\_\_, 20\_\_ is made by and between College Nannies & Tutors Development, Inc., ("Franchisor") and \_\_\_\_\_ a \_\_\_\_\_ ("Franchisee").

In consideration of the granting of a franchise to Franchisee pursuant to a Franchise Agreement signed contemporaneously with this Agreement and other valuable consideration, the parties as follows:

1. Franchisee is authorized and agrees to obtain telephone service for Franchisee's College Nannies + Sitters + Tutors business located at \_\_\_\_\_. Such service shall not be used in conjunction with any other business or residential telephone service. Franchisee is authorized and agrees to secure white page, yellow pages and information listings only in the name of College Nannies + Sitters + Tutors. Franchisee shall submit to Franchisor for its written approval all telephone listings, yellow page display advertising, layout and copy prior to their placements with the telephone company. The Franchisor's approval shall not be unreasonably withheld. Franchisee shall be responsible for the payment of any and all service charges and fees in connection with obtaining telephone services, advertising and listings.

2. Franchisee hereby assigns to Franchisor all telephone numbers and telephone listings utilized by Franchisee in operation of Franchisee's College Nannies + Sitters + Tutors business located at \_\_\_\_\_, which assignment shall become effective immediately upon the termination of the Franchise Agreement, or upon termination of Franchisee's association with Franchisor, whichever occurs first. This assignment is irrevocable and this Agreement shall constitute conclusive evidence of such assignment. Franchisor will deliver this Agreement to the telephone company or any other relevant party to effectuate such assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FRANCHISOR:  
**COLLEGE NANNIES & TUTORS  
DEVELOPMENT, INC.**

FRANCHISEE  
\_\_\_\_\_

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

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

**SCHEDULE 5**  
**TO FRANCHISE AGREEMENT**

**OWNER AGREEMENT**

As a condition to the granting by College Nannies & Tutors Development, Inc. (“we” or “us”) of a Franchise Agreement (the “Franchise Agreement”) granting the right to operate a College Nannies + Sitters + Tutors business (the “Business”) to \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“you”), who constitute each beneficial holder of an interest in the Franchisee, agrees to be bound by the terms and restrictions of this Agreement (“Agreement”):

1. **Acknowledgments.** Each of you, jointly and severally, represents and warrants to us:

A. That you are the holders of all equity, voting and other interests in Franchisee and all options, warrants and rights to acquire an interest in Franchisee and that the address and telephone number set forth next to your name below are accurate and complete and you will immediately advise us of any change in the information and we may use or distribute the same as required by law, including in our Franchise Disclosure Document;

B. That Franchisee is a corporation, limited liability company or partnership, duly organized, validly existing and in good standing under the laws of the State of \_\_\_\_\_, and that Franchisee is qualified to do business in the state where the Business is to be operated;

C. That the Franchisee’s initial Principal Operator is \_\_\_\_\_ and that Franchisee and each Owner will comply with the terms of Franchise Agreement in designating any substitute Principal Operator.

D. That each Owner of the Franchisee is listed (along with their respective ownership interests) in the signature pages below. All communication between us and Franchisee shall be through the Principal Operator.

E. It is a condition to the granting of the franchise to Franchisee that you enter into this Agreement and we have entered into the Franchise Agreement in reliance upon your agreement to do so, and will continue to do so;

F. That, as Franchisee’s owners, you have received adequate consideration to support your execution of this Agreement.

2. **Confidentiality and Non-Competition Agreements.**

A. **In Term Covenant Not-to-Compete.** Each of you agrees that during the period Franchisee operates a College Nannies + Sitters + Tutors business, or has any beneficial interest in such a Business, you shall not directly or indirectly in any capacity participate, engage in, be connected with, have any interest in, or assist any person or entity engaged in any other

business which offers child care, nanny services, babysitting services, child care placement services or tutoring services.

B. Post-Term Covenant Not-to-Compete. Each of you agrees that for a two-year period after Franchisee ceases to have any interest in any College Nannies + Sitters + Tutors business or any rights to develop such Business, regardless of the reasons such interest ceases or terminates, you will not directly or indirectly in any capacity participate, engage in, be connected with, have any interest in, or assist any person or entity engaged in any business which offers child care, nanny services, babysitting services, child care placement services or tutoring services, within the Territory and within a ten-mile radius of the Territory.

C. Appropriation and Disclosure of Information. Except as permitted under the Franchise Agreement, you will not at any time use, copy or duplicate the System, the Manual, the Confidential Information or any aspect thereof, or any of our trade secrets, methods of operation, processes, advertising, marketing, designs, plans, software, programs, know-how or other proprietary ideas or information, nor will you convey, divulge, make available or communicate such information to any third party or assist others in using, copying or duplicating any of the foregoing.

D. Infringement; Validity of Marks and Copyrights; Registrations. You will not at any time commit any act that would infringe upon or impair the value of the System or the Marks, nor will you engage in any business or market any product or service under a name, mark, or design that is confusingly or deceptively similar to any of the Marks. You agree that you will not, at any time directly or indirectly challenge or contest the validity of, or take any action to jeopardize our rights in or ownership of, any of the Marks or any registration of a Mark or any copyrighted work. If you violate this provision, we shall be entitled to all equitable, monetary, punitive and any other relief that may be available under applicable law, as well as the recovery of all costs, expenses and attorneys' fees, and interest on such costs, expenses, and fees, incurred by us as a result of such violation.

E. Trade Secrets and Confidential Information. You understand and agree that we have disclosed or may disclose to you Confidential Information. Except as necessary in connection with the operation of the Business and as approved by us, you shall not, at any time (during or after the term), regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information, knowledge or know-how or methods of operation of the Business or the System. You shall disclose to your employees only such Confidential Information as is necessary to operate the Business and then only while this Agreement is in effect.

F. Reasonableness of Scope and Duration. You agree that the covenants and agreements contained in Section 2 are, taken as a whole, reasonable with respect to the activities covered and their geographic scope and duration, and no party shall raise any issue of the reasonableness of the areas, activities or duration of any such covenants in any proceeding to enforce any such covenants. Each of you acknowledge and agree that you have other skills and

resources and that the restrictions contained in this Section will not hinder your activities or ability to make a living either under the Agreement or in general.

G. Enforceability. Each of you agree that we may not be adequately compensated by damages for a breach of any of the covenants and agreements contained herein, and that we shall, in addition to all other remedies, be entitled to injunctive relief and specific performance. The covenants and agreements contained in this Section 2 shall be construed as separate covenants and agreements, and if any court shall finally determine that the restraints provided for in any such covenants and agreements are too broad as to the area, activity or time covered, said area, activity or time covered may be reduced to whatever extent the court deems reasonable, and such covenants and agreements shall be enforced as to such reduced area, activity or time. To the extent required by the laws of the state in which the Business is located, the duration or the geographic areas included within these covenants, or both, shall be deemed amended in accordance with Section 2.

### 3. Guaranty.

A. Guaranty. Each of you personally and unconditionally guaranty to us, as well as any of our affiliates, successors or assigns, the punctual payment when due of all sums, indebtedness and liabilities of every kind and nature that Franchisee may now or in the future owe to any of us (including interest, and all attorneys' fees, costs and expenses incurred by any of us in collection).

B. Covenants and Acknowledgments. Each of you covenant and agree that: (1) liability under this guaranty shall be joint and several; (2) that this is a guaranty of payment and not of collection and you shall render any payment required under the Franchise Agreement or this guaranty upon demand; (3) this guaranty shall extend to all amounts you may now or in the future owe to any of us, whether pursuant to the Franchise Agreement or otherwise; (4) your liability under this guaranty shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any of you; (5) your liability shall not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence or waiver that we may from time to time grant to Franchisee or to any of you, including, without limitation, the acceptance of partial payment or performance, the compromise or release of any claims, the release of any other guarantor, or our consent to any transfer or assignment of the franchise or any interest therein and expressly reserve all rights that we may have against you.

C. Term of Guaranty. This guaranty and your obligations under it shall continue in effect so long as you operate a College Nannies + Sitters + Tutors business or hold any beneficial interest in such Business and for a six-month period thereafter. Further, this guaranty shall be extended during any period in which (1) any of us is involved in any judicial or administrative process with Franchisee or any of you to collect any amounts owed us by you, or to enforce the terms of this guaranty; or (2) any bankruptcy or similar proceeding involving Franchisee or any of you. Your obligations under this guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition of Franchisee (whether or not you shall have any knowledge or notice thereof), including, without limitation, bankruptcy, insolvency, reorganization,

composition, liquidation or similar proceeding or any action taken by any trustee or receiver or by any court in any such proceeding.

D. Waivers. Each of you waives notice of demand, protest, nonpayment or default, and all other notices to which Franchisee or you may be entitled, and all suretyship and guarantor's defenses generally and any and all other notices and legal or equitable defenses to which you may be entitled. You waive any right that you may have to require that an action be brought against Franchisee or any other payments and claims for reimbursement or subrogation that you may have against Franchisee arising as a result of your execution and performance of this guaranty.

E. Assignment. This guaranty is personal to you and the obligations and duties imposed in it may not be delegated or assigned; provided, this guaranty shall be binding upon your successors, assigns, estates and personal representatives. This guaranty shall inure to our benefit, and the benefit of our affiliates, successors and assigns.

F. Enforcement. If any one or more provisions in this guaranty shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this guaranty shall be construed to bind you to the maximum extent permitted by law.

4. **Covenant Not to Transfer Interests.** The Franchise Agreement, and your rights and obligations under it, is and shall remain personal to you. Any proposed Transfer by you (regardless of the form of transfer) shall be subject to the same terms and conditions contained in the Franchise Agreement. Each of you agree and covenant that you will not at any time during which Franchisee is our franchisee, directly or indirectly, voluntarily or involuntarily, make any Transfer, unless you first obtain our written approval in compliance with the same provisions applicable to a transfer by you as set forth in the Franchise Agreement. You shall cause all stock certificates (or other documents evidencing an interest or right to acquire an interest) issued by Franchisee to bear a legend indicating that such stock (or other documents) is subject to the restrictions provided for in the applicable Agreement.

5. **Miscellaneous.**

A. Capitalized Terms. For purposes of this Agreement, all capitalized terms in this Agreement shall have the same meaning as those terms are defined in the Franchise Agreement.

B. Disputes. Disputes under this Agreement shall be resolved in the same manner as provided under the Franchise Agreement. You expressly acknowledge that the provisions of the Franchise Agreement pertaining to mediation, arbitration venue, applicable law, time periods and limitations govern any disputes between us and you.

Each of you has signed this Agreement on the date set forth opposite your signature.

Signature: \_\_\_\_\_

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

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

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

\_\_\_\_\_

Percentage Interest: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

\_\_\_\_\_

Percentage Interest: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

\_\_\_\_\_

Percentage Interest: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

\_\_\_\_\_

Percentage Interest: \_\_\_\_\_

**SCHEDULE 6**  
**ACKNOWLEDGMENT ADDENDUM TO**  
**COLLEGE NANNIES + SITTERS + TUTORS FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a College Nannies + Sitters + Tutors™ franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that 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.

**Acknowledgments and Representations\*.**

1. Did you receive a copy of our Franchise Disclosure Document (and 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 Document and Franchise 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 which contradicted the disclosures in the Franchise Disclosure Document? Check one: ( ) No ( ) Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_

\_\_\_\_\_

5. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of College Nannies & Tutors Development, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any College Nannies + Sitters + Tutors location or business, or the likelihood of success of your franchised business? Check one: ( ) No ( ) Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_

\_\_\_\_\_

6. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of College Nannies & Tutors Development, Inc. make any statement or promise regarding the costs involved in operating a franchise or that is contrary to, or different from, the information contained in the Franchise Disclosure Document. Check one: ( ) Yes ( ) No. If yes, please comment: \_\_\_\_\_

\_\_\_\_\_

7. Do you understand that that the franchise granted is for the right to operate the Business in the Territory, as stated in Subparagraph 2.A, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, outside of your Territory using any trademarks and inside your Territory (for non-competitive businesses) using any trademarks other than the College Nannies + Sitters + Tutors Marks, as described in Subparagraph 2.B? Check one: ( ) Yes ( ) No. If no, please comment: \_\_\_\_\_

\_\_\_\_\_

8. Do you understand that the Franchise Agreement (and the representations in the Franchise Disclosure Document) constitute the entire agreement between you and us concerning the franchise for the Business, meaning that any prior oral 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 large part upon your skills and experience, your business acumen, your location, the local market for nanny and tutor services, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one ( ) Yes ( ) No. If no, please comment: \_\_\_\_\_

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraphs 10.B and 10.C and that an injunction is an appropriate remedy to protect the interests of the College Nannies + Sitters + Tutors system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraphs 10.B and 10.C, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? ( ) Yes ( ) No. If no, please comment: \_\_\_\_\_

11. Did you receive a list of the College Nannies + Sitters + Tutors franchisees (with telephone numbers) and did you have an opportunity to talk with them about their experience in the College Nannies + Sitters + Tutors system? ( ) Yes ( ) No. If no, please explain: \_\_\_\_\_

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 ACKNOWLEDGMENT.**

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

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

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

Accepted on behalf of  
COLLEGE NANNIES & TUTORS  
DEVELOPMENT, INC.

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

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

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

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

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

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

\*Such representations are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law.

**SCHEDULE 7**  
**MULTIPLE TERRITORY ADDENDUM**

## MULTIPLE TERRITORY ADDENDUM TO FRANCHISE AGREEMENT

This Multiple Territory Addendum to the Franchise Agreement (this “Addendum”), dated \_\_\_\_\_, 20\_\_ is entered into between \_\_\_\_\_ (“you”), and College Nannies & Tutors Development, Inc. (“we” or “us”). This Addendum takes effect on the Effective Date stated in the Franchise Agreement for Territory 1 (the “Effective Date”).

A. The parties are executing multiple Franchise Agreements concurrently with this Addendum (collectively, the “Franchise Agreements”), for the operation of \_\_\_\_\_ College Nannies + Sitters + Tutors child care and tutoring Businesses in specified Territories in and around \_\_\_\_\_, \_\_\_\_\_ (“Territory 1”), \_\_\_\_\_, \_\_\_\_\_ (“Territory 2”), and \_\_\_\_\_, \_\_\_\_\_ (“Territory 3”).

B. In light of your execution of multiple franchise agreements *[OPTION: in adjacent geographic areas]*, we have agreed to amend the Franchise Agreements in accordance with the terms and conditions contained in this Addendum.

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Unless defined otherwise in this Addendum, all capitalized terms used in this Addendum will have the definition given to them in the Franchise Agreements, if any.

2. Initial Franchise Fee. Section 4(A) of the Franchise Agreements is modified to provide that you will pay total combined Initial Franchise Fees of \$\_\_\_\_\_ for the \_\_\_\_\_ Territories to be developed under the Franchise Agreements. This amount is payable in full upon execution of the Franchise Agreements and this Addendum. The Initial Franchise Fees are fully earned when paid and no portion of them are refundable under any circumstance, including as a result of your failure to open any College Nannies + Sitters + Tutors business or Community Location.

### ***[INCLUDE SECTION 3 IF TERRITORIES ARE GEOGRAPHICALLY CONTIGUOUS]***

3. Number of Community Locations Required. *The Franchise Agreements are modified to provide that at such times as you are the operator of multiple College Nannies + Sitters + Tutors Franchised Businesses under multiple franchise agreements (including the Franchise Agreements) having geographically contiguous Territories (“Combined Territories”), then notwithstanding any contrary provision of the Franchise Agreements, for as long as you (together with your affiliates, if applicable) continue to operate Combined Territories, you and/or your affiliates shall not be required to open a physical Community Location for each Territory, and instead shall be required to open and maintain, at a minimum, the number of Community Locations specified in the chart below:*

<b><i>Number of Contiguous Territories/ Businesses Operated By You and Your Affiliates in Combined Territories</i></b>	<b><i>Number of Community Locations Required to be Open and Operating in Combined Territories</i></b>
<i>1</i>	<i>1</i>
<i>2</i>	<i>1</i>
<i>3</i>	<i>2</i>
<i>4</i>	<i>2</i>
<i>5</i>	<i>3</i>
<i>6+</i>	<i>As Specified by Us</i>

*Subject to Section 5(A) of the Franchise Agreements, you will be permitted to open the above number of Community Locations within whatever part of the Combined Territories Franchise and Franchisor jointly determine is best suited to maximize operations within the Combined Territories, without regard to the Territory boundaries of any individual Franchised Business. You acknowledge that you or your affiliates may be required to relocate Community Locations or open additional Community Locations if the franchise agreement for one or more of the Franchised Businesses comprising the Combined Territories expires or is terminated. For purposes of this paragraph, an “affiliate” of you means any entity that is controlled by or under common control with you. “Control” means that the controlling party has 51% or more of the outstanding ownership and voting interests in an entity.*

4. **Development Schedule.** You shall adhere to the schedule set forth below with respect to development, commencement of operations, commencement of minimum royalty requirements, and opening of the required Community Locations for the \_\_\_\_ Franchised Businesses to be developed under the Franchise Agreements and this Addendum. Sections 4(B) and 13(B)(i) of the Franchise Agreements are hereby amended to incorporate the revised deadlines set forth in the table below.

<b>Territory #</b>	<b>Deadline to Begin Operations of Business</b>	<b>Deadline to Open Community Location</b>	<b>\$625 Minimum Royalty Commences</b>	<b>\$1,250 Minimum Royalty Commences</b>	<b>\$1,875 Minimum Royalty Commences</b>
Territory 1	No later than 6 months after Effective Date	No later than 12 months after the Effective Date	12 months after the Effective Date	24 months after the Effective Date	36 months after the Effective Date
Territory 2	No later than 6 months after Effective Date	<i>[For non-contiguous Territories: No later than 30 months after the Effective Date]  [For-contiguous Territories: Not applicable]</i>	24 months after the Effective Date	36 months after the Effective Date	48 months after the Effective Date
Territory 3	No later than 6 months after Effective Date	If applicable, no later than 48 months after the Effective Date	36 months after the Effective Date	48 months after the Effective Date	60 months after the Effective Date

Any Additional	<i>[As agreed]</i>
-------------------	--------------------

5. Conditions to Opening Community Location. Nothing in this Addendum will be construed as permitting you to open any new Community Location except in strict accordance with and as permitted under the applicable Franchise Agreement.

6. Construction. In all other respects, the Franchise Agreements will be construed and enforced according to their terms.

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

College Nannies & Tutors  
Development, Inc.

[You]

By: \_\_\_\_\_  
[Print Name]: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
[Print Name]: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C**

**SAMPLE RELEASE**

## SAMPLE RELEASE OF CLAIMS

### THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, College Nannies & Tutors Development, Inc. ("Franchisor") and \_\_\_\_\_ ("Franchisee") enter into this Release of Claims ("Agreement").

### RECITALS

- A. Franchisor and Franchisee entered into COLLEGE NANNIES, SITTERS AND TUTORS Franchise Agreement dated \_\_\_\_\_.
- B. [NOTE: Describe the circumstances relating to the release.].
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

### AGREEMENT

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of \$\_\_\_\_\_ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.
- 5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees,

attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney's fees but excluding claims under the Maryland Franchise Registration and Disclosure Law), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of \_\_\_\_\_.

10. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: \_\_\_\_\_, 20\_\_

**COLLEGE NANNIES & TUTORS  
DEVELOPMENT, INC.**

By \_\_\_\_\_  
Its \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

FRANCHISEE: \_\_\_\_\_

By \_\_\_\_\_



**EXHIBIT D**

**LIST OF STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

# COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.

## LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>CALIFORNIA</b>	Department of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814 (866) 275-2677	Commissioner of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814
<b>HAWAII</b>	State of Hawaii Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
<b>INDIANA</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>MARYLAND</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, Maryland 21202-2020
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 296-4026	Any officer of College Nannies & Tutors Development, Inc.
<b>NEW YORK</b>	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 120 Broadway, 23rd Floor New York, New York 10271-0332 (212) 416-8211 Phone (212) 416-6042 Fax	Attn: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Ave., 6th Floor Albany, NY 12231-0001 518-473-2492

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>NORTH DAKOTA</b>	North Dakota Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 <sup>th</sup> Floor Department 414 Bismarck, ND 58505-0510 (701) 328-4712	Same
<b>RHODE ISLAND</b>	Division of Securities 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920 (401) 277-3048	Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920
<b>SOUTH DAKOTA</b>	Department of Labor and Regulation Division of Securities	124 South Euclid, Suite 104 Pierre, SD 57501
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, Ninth Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division P. O. Box 41200 Olympia, WA 98504 (360) 902-8700	Same (or physical address is:) 150 Israel Road SW Tumwater, WA 98501
<b>WISCONSIN</b>	Commission of Securities 201 W Washington Avenue, Suite 300. Madison, WI 53703 (608) 266-1365	Same

**EXHIBIT E**  
**STATE SPECIFIC ADDENDA**

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES**

The College Nannies & Tutors Development, Inc. Franchise Disclosure Document (“Disclosure Document”) and Franchise Agreement (“FA”) are modified and clarified as follows for franchisees and prospective franchisees in the following states:

**CALIFORNIA**

**Disclosure Document**

1. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).
2. The franchise agreement requires franchisees to execute a general release of claims upon transfer of the franchise agreement. California Corporations Code 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
3. The franchise agreement establishes Minnesota as the forum for the resolution of disputes. This provision may not be enforceable under California law.
4. California Business and Professions Code Section 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement is inconsistent with the law, the law will control.
5. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. Neither we nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.
7. Termination based on bankruptcy is generally unenforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).
8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
10. The highest interest rate allowed by law in California is 10% annually.

## **ILLINOIS**

### **Disclosure Document**

**Item 17 of this Disclosure Document is amended by adding the following statements:**

The Illinois Franchise Disclosure Act governs the Franchise Agreement.

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

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

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

### **Franchise Agreement**

#### **General:**

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

**Section 3.B of the Franchise Agreement is amended by adding the following:**

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

**Section 11.B.vii of the Franchise Agreement is deleted in its entirety.**

**Section 13 of the Franchise Agreement is amended by adding the following:**

The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/1-44.

**Paragraph 17.A of the Franchise Agreement is deleted in its entirety, and in its place is added:**

**A. Governing Law.** This Agreement shall be interpreted under the laws of the State of Illinois except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) or other federal law.

**Paragraph 17.C. of the Franchise Agreement is revised to provide that any and all litigation between the parties shall take place in Illinois.**

### **MARYLAND**

#### **Disclosure Document**

**Item 17 of the Disclosure Document is revised to include the following:**

Termination for bankruptcy filing might not be enforceable under the U.S. Bankruptcy Act.

**Items 17(c) and 17(m) of the Disclosure Document are revised to include the following:**

We cannot, as a condition to renewal or consent to assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law.

**Item 17(v) is revised to include the following:**

You may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

#### **Franchise Agreement**

**Section 17.C. of the Franchise Agreement is revised to include the following language:**

Notwithstanding the provisions of this Section, Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

**Sections 3.B.vii and 11.B.vii of the Franchise Agreement are revised to provide the following:**

We cannot, as a condition to renewal or consent to an assignment, require you to release any claims under the Maryland Franchise Registration and Disclosure Law. A sample of our current form of Release is attached to this Addendum.

Each provision of this Addendum to the Franchise Agreement shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

**Acknowledgement Addendum**

This Acknowledgement is revised to include the following language: The representations and statement contained in this Acknowledgement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**MINNESOTA**

**Disclosure Document**

**The following is added to Item 13 of the Disclosure Document:**

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the Marks.

Minnesota considers it unfair for us not to protect your right to use the Marks. See Minn. Stat. Sec. 12. Subd. 1(g).

**The following is added to Items 17b and 17g of the Disclosure Document:**

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

**The following is added to Items 17c and 17m of this Disclosure Document:**

Minn. Rule 2860.4400D prohibit us from requiring you to consent to a general release.

**Franchise Agreement**

Section 11.B.vii. of the Franchise Agreement is deleted in its entirety.

Section 17.A. is revised to provide that nothing in this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum or remedies provided for by the laws of Minnesota.



Section 13. of the Franchise Agreement is revised to include the following language:

We will comply with Minn. Stat. Sec. 80C.14 which requires, except in certain specified cases, that we give you 90 days' notice of termination with 60 days to cure.

Section 7. of the Franchise Agreement is revised to include the following language:

We will protect your right to use the Marks or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the Marks.

## **NEW YORK**

### **Disclosure Document**

**The following is added to the State Cover Page of this Disclosure Document:**

#### **SPECIAL RISK FACTORS:**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

**The following should be added to Item 3 of this Disclosure Document:**

Other than as described in the Prospectus, neither we, any predecessor nor any person identified in Item 2 above has any administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither we, any predecessor nor any person identified in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action

alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither we, any predecessor nor any person identified in Item 2 above is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

**The following should be added to Item 4 of this Disclosure Document:**

Neither we, nor any predecessor, officer or general partner of ours during the 10-year period immediately before the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of ours held this position in the company or partnership.

**The following should be added to Item 5 of this Disclosure Document:**

Proceeds from the initial franchise fee will be used to cover our expenses associated with such things as:

- (1) Providing you with initial training;
- (2) Protection and enforcement of all trademarks, trade names and commercial symbols associated with our System;
- (3) Legal and accounting fees and compliance with state and federal laws;
- (4) Administrative expenses; and
- (5) Provision of an operations manual.

**The following should be added to Provision C and M of Item 17 of this Disclosure Document:**

To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

**The following should be added to Provision D of Item 17 of this Disclosure Document:**

You may terminate upon any ground permitted by law.

**The following should be added to Provision J of Item 17 of this Disclosure Document:**

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

**The following should be added to Provision S of Item 17 of this Disclosure Document:**

Revisions to the Manual will not unduly affect your obligations, including economic requirements, under the Franchise Agreement.

**The following should be added to Provisions V and W of Item 17 of this Disclosure Document:**

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**NORTH DAKOTA**

1. Item 17(c) of the Disclosure Document and Section 3.B. of the Franchise Agreement are revised to provide that we may not require you to sign a release as a condition to renewal.
2. Item 17(r) of the Disclosure Document and Section 10.C. of the Franchise Agreement are revised to provide that post term covenants not to compete are generally considered unenforceable in the State of North Dakota.
3. Item 17(u) of the Disclosure Document and Section 17 of the Franchise Agreement are revised to provide that the site of arbitration or mediation be agreeable to all of the parties.
4. Item 17(v) of the Disclosure Document and Section 17.C of the Franchise Agreement are revised to provide that any litigation between the parties may be venued in North Dakota.
5. Section 51-19-09 of the North Dakota Franchise Investment Law prohibits a franchisee to assent to a general release. To the extent any such general release is purported to be

required by us, it is hereby rendered void with respect to all franchisees governed under the laws of North Dakota.

6. Section 51-19-09 of the North Dakota Franchise Investment Law prohibits a franchisee to consent to a waiver of exemplary and punitive damages. To the extent any such consent is purported to be required by us, it is hereby rendered void with respect to all franchisees governed under the laws of North Dakota.

### **RHODE ISLAND**

Section 17.C. of the Franchise Agreement and Item 17 of the Disclosure Document are revised to include the following:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

### **WASHINGTON**

1. The state of Washington has a statute (RCW 19.100.180) which may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.
2. A release or waiver of rights executed by you shall not include rights under the WFIPA, except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the WFIPA, rights or remedies under the WFIPA such as a right to jury trial may not be enforceable.
3. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Act, Chapter 19.100 RCW shall prevail.

**SIGNATURE PAGE  
FOR  
SPECIFIC DISCLOSURES REQUIRED BY VARIOUS STATES**

**COLLEGE NANNIES & TUTORS  
DEVELOPMENT, INC.**

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

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

The undersigned Franchisee hereby acknowledges receipt of this addendum.

**FRANCHISEE:**

\_\_\_\_\_

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

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

Franchisee's State \_\_\_\_\_

**EXHIBIT F**

**MANUAL TABLE OF CONTENTS**

## OPERATIONS MANUAL - TABLE OF CONTENTS

### Operations Overview Introduction..... 1 - 13

+ Confidentiality.....	1
+ History of College Nannies, Sitters and Tutors .....	1
+ Company Purpose, Vision, Goals .....	2
+ Organizational Core Values.....	2
+ Disclaimer.....	3
+ Franchise Package .....	4
+ Fees/Cost of Getting Started .....	4
+ Legal Considerations of Franchising .....	5
+ Planning for Your Business.....	6 - 10

### Franchise Support and Training..... 11 - 13

+ Pre-Training.....	11
+ Classroom Training.....	12
+ CNTD Ongoing Support .....	13

## THE CNST WAY - TABLE OF CONTENTS

### The CNST Business Planning Process..... 14 - 28

+ Introduction .....	14
+ Financial Plan .....	15 - 17
+ Review insurance, Legal and Regulatory Compliance .....	17
+ Review vendors.....	19
+ Identify areas of improvement .....	20- 22
+ Annual Marketing Plan and Budget.....	22 - 23
+ Annual Business Plan .....	23 - 24
+ Accountability Chart .....	25
+ Physical Space Planning .....	26 - 28

## The CNST Marketing Process 29 - 41

+	Plan.....	29 - 30
	• Marketing Introduction	
	• Brand Promise	
	• Definition of services and target customer	
	• Creation of Comprehensive plan	
+	Implement.....	31 - 41
	• Tactics and tools	
	• Direct marketing	
	• Web based marketing	
	• Community integration	
	• Advertising & promotions	
	• Business development	
+	Measure Results.....	41

## The CNST Sales Process ..... 42 - 49

+	Inquiry Qualification & Goal Identification .....	42
+	Consultative sales approach .....	43
+	Schedule and Conduct Family Meeting .....	44
+	Assess family's priorities .....	45
+	Complete family approach.....	46
+	Handle Objections.....	47
+	Close Business .....	48
+	Placement Completion .....	49
+	Continuous Customer Care .....	49

## The CNST Finance Process ..... 50 - 67

+	Introduction and Service Vendors .....	50
+	QuickBooks Online .....	51
+	Client Set Up .....	52 - 53
+	Employee Set Up.....	54
+	Bi-weekly Billing .....	55 - 59
	• Family Services Report	
+	Bi-weekly Payroll.....	60 - 61
	• Payroll Submission Report	
	• Entry in QuickBooks	
+	Monitor revenue to annual plan.....	62 - 63



•	Margin, Mix, Volume	
•	Gross Margin %	
+	Monthly Accounting.....	64 - 65
+	Quarterly & Annual Accounting.....	66 - 67

## **The CNST Role Model Recruitment Process ..... 67 - 76**

+	Plan.....	67 - 69
•	Create quarterly recruitment plan	
•	Develop retention and referral plan	
+	Implement.....	70 - 73
•	Online postings and database mining	
•	Campus Recruitment	
•	Community Integration	
+	Measure Results.....	74 - 76
•	How best candidates are found	
•	Retain employee	
•	Measure recruitment cycles	
•	Monitor costs per hire	

## **The CNST Nanny Placement Process ..... 77 - 113**

+	Introduction to Placement services.....	77
+	Legal employment .....	78 - 80
•	Nanny Benefits for Working for CNT	
+	Relationship management.....	81
+	Source Nanny through Recruitment.....	82 - 83
+	Role Model Match.....	84 - 86
+	Managing expectations.....	87
+	Selection of nanny and family meeting .....	88 - 89
+	Family Check-in and follow-up.....	90 - 91
+	Prepare Nanny for Placement .....	92 - 95
+	Nanny Check-in .....	96 - 98
+	Issue Management.....	99 - 101
+	CNeT training – Creating and Scheduling Placement Orders .....	102 - 113
•	Posting openings on website	
•	Scheduling	

## **The CNST On-Call Placement Process ..... 114 - 136**

+	Introduction to On-Call .....	114
---	-------------------------------	-----

+ Role Model Match.....	115 - 117
+ Family Check-in .....	118 - 120
+ Nanny Check-in .....	121 - 123
+ Issue Management.....	124 - 125
+ CNeT instructions for Creating and Scheduling an On-Call Order .....	126 - 136
• Sending open positions to available nannies	
• Communications with nannies and families	

## **The CNST BUCA Placement Process ..... 137 - 150**

+ Introduction to Bright Horizons® (BUCA) .....	137
+ Family Set-up .....	138 - 139
+ Role Model Match.....	140 - 142
+ Family Check-in .....	143 - 145
+ Nanny Check-in .....	146 - 148
+ Issue Management.....	149 - 150

## **The CNST Homework Help Process ..... 151 - 184**

+ Introduction to Homework Help Services .....	151
+ Homework Help Process.....	152 - 154
• Customized Approach	
• Role Model Match	
• One-on-One Tutoring	
+ Role Model Match.....	155 - 157
+ Document statement of goals .....	158 - 159
+ Source and Present Tutor to Family .....	160 - 162
+ Coach Tutor with Student Goals .....	163 - 166
+ Remote tutoring considerations.....	167
+ School connections .....	168
• Contact School with Family Consent	
• Reach out to Teachers and Guidance Counselor	
+ Family Check-in process for Homework Help.....	169 - 170
+ Tutor Check-in.....	171 - 172
• Progress Reports	
+ Issue Management.....	173 - 174
+ CNeT Instructions – Creating a Tutor Order .....	175 - 184
• Create Tutor Order	
• Add Family	

- Add Schedule
- General Information
- Add Student

## **The CNST College Prep Process ..... 185 - 219**

+ Introduction to College Prep Services .....	185
+ Types of programs .....	186 - 187
+ College Prep Process.....	188 - 190
+ Role Model Match.....	191 - 193
+ Student takes test for baseline .....	194
+ Document statement of goals .....	195
+ Source and Present Tutor to Family .....	196 - 197
+ Coach Tutor with Student Goals .....	198 - 199
+ Remote tutoring considerations.....	200
+ Family Check-in process for College Prep.....	201 - 203
• Cross Sell Service Lines	
• Discuss Progress	
+ Tutor Check-in.....	204 - 205
• Progress Reports	
+ Issue Management.....	205 - 206
+ CNeT Instructions – Creating a Tutor Order .....	207 - 219

## **The CNST Human Resources – Hiring and Managing Process..... 220 - 236**

+ Develop recruitment needs .....	220
+ Interviewing .....	221 - 224
• Phone screens	
• Face to Face interviews	
• Equal Employment	
• Background screens and reference checks	
+ Hiring.....	225 - 227
• Making an Offer	
• Employee Set up	
• Payroll Set up and employee classification	
+ Orientation and Training.....	228 - 231
+ Review, Reward, Retain .....	231 - 234
• Quarterly Check-Ins	
• Ongoing Recognition and Rewards	
+ Issue Management.....	235 - 236

- Performance Improvement plans
- Suspension and Investigations
- Termination
- Resignation

## **CNST Service Delivery..... 237 - 265**

<b>+</b>	Role Model Match process .....	237 - 239
<b>+</b>	CNeT instructions for entering family, orders .....	239 - 247
<b>+</b>	Prepare Nanny, Sitter or Tutor for placement.....	248 - 250
<b>+</b>	Family Check-in/customer service.....	250 - 252
<b>+</b>	Customer Service .....	253 - 255
<b>+</b>	Issue Management.....	256 - 257
<b>+</b>	CNeT instructions.....	258 - 264
	• Create New Family	
	• Family Manager	
<b>+</b>	Save and View Profile .....	265

**EXHIBIT G**

**COLLEGE NANNIES, SITTERS AND TUTORS**

**LIST OF FRANCHISEES**

**Exhibit G**  
**College Nannies, Sitters and Tutors**  
**List of Franchisees**

**Franchisees operating as of April 26, 2017:**

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
<b>ARIZONA</b>				
Ahwatukee, AZ	CNT East Valley LLC 4802 East Ray Road, Ste F-9 Phoenix, AZ 85233 (480) 237-2333	12/2015	Nicole Wilson	nwilson@collegenannies.com
Arrowhead, AZ	CNT East Valley LLC 4802 East Ray Road, Ste F-9 Phoenix, AZ 85233 (480) 237-2333	N/A	Nicole Wilson	nwilson@collegenannies.com
Gilbert, AZ	CNT East Valley LLC 4802 East Ray Road, Ste F-9 Phoenix, AZ 85233 (480) 237-2333	09/2014	Nicole Wilson	nwilson@collegenannies.com
Phoenix-Central, AZ	CNT East Valley LLC 4802 East Ray Road, Ste F-9 Phoenix, AZ 85233 (480) 237-2333	N/A	Nicole Wilson	nwilson@collegenannies.com
Phoenix-North, AZ	CNT East Valley LLC 4802 East Ray Road, Ste F-9 Phoenix, AZ 85233 (480) 237-2333	01/2017	Nicole Wilson	nwilson@collegenannies.com
Scottsdale-North, AZ	Gary Matsuda 6619 N Scottsdale Rd Scottsdale, AZ 85250 (480) 304-5300	N/A	Gary Matsuda	gmatsuda@collegenannies.com
<b>CALIFORNIA</b>				
Cupertino, CA	College Nannies & Tutors of SoCal 121 W Washington Ave, Ste 203 Sunnyvale, CA 94086 (408) 775-7566	N/A	Laura Davis	ldavis@collegenannies.com
Danville-Lamorinda, CA	Culp Enterprises, Inc 3520 Blackhawk Plaza Cir Danville, CA 94506 (925) 550-6738	08/2011	Dave Culp	dculp@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Del Mar, CA	College Nannies & Tutors of SoCal 2925 El Camino Real, Ste J25 San Diego, CA 92130 (858) 201-4900	07/2013	Laura Davis	ldavis@collegenannies.com
Fremont-North, CA	Zhenting Lu 4542 Arce Street Union City, CA 94587 (510) 257-6637	N/A	Zhenting Lu	zlu@collegenannies.com
Fremont-South, CA	Zhenting Lu 4542 Arce Street Union City, CA 94587 (510) 257-6637	N/A	Zhenting Lu	zlu@collegenannies.com
Huntington Beach, CA	Cwinslow & Daughter, Inc. 16222 Monterey Ln, SPC 103 Huntington Beach, CA 92647 (714) 916-7551	09/2016	Christine Winslow	cwinslow@collegnannies.com
Laguna Niguel, CA	T & THINGS INC. 4790 Irvine Blvd, #105-309 Irvine, CA 92620 (949) 484-4670	N/A	Peiti Feng and Ethan Lee	pfeng@collegenannies.com; elee@collegenannies.com
Lake Forest, CA	Jeremy & Karin A Rose 17772 Irvine Blvd, Ste 208 Tustin, CA 92780 (949) 262-1200	N/A	Jeremy Rose	jeremy.rose@collegenannies.com
Los Gatos, CA	Vanessa & Victor (Wong) Wu 1670 Meadowlark Ln Sunnyvale, CA 94087 (408) 598-3100	02/2016	Vanessa Wu	vwong@collegenannies.com
Mission Viejo, CA	T & THINGS INC. 4790 Irvine Blvd, #105-309 Irvine, CA 92620 (949) 484-4670	01/2017	Peiti Feng and Ethan Lee	pfeng@collegenannies.com; elee@collegenannies.com
Palo Alto, CA	Jennifer Jiang 951 Mariners Island Blvd, Ste 300 San Mateo, CA 94404 (650) 690-2032	N/A	Jennifer Jiang	jjiang@collegenannies.com
San Jose-East, CA	Mayada & Ramiz Ballou 4332 Mackin Woods San Jose, CA 95135 (669) 245-4400	N/A	Ramiz Ballou	rballou@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
San Jose-South, CA	VW Squared LLC 1670 Meadowlark Ln Sunnyvale, CA 94087 (408) 598-3100	N/A	Vanessa Wu	vwong@collegenannies.com
San Mateo, CA	Jennifer Jiang 951 Mariners Island Blvd, Ste 300 San Mateo, CA 94404 (650) 690-2032	N/A	Jennifer Jiang	jjiang@collegenannies.com
Santa Clara, CA	Mayada & Ramiz Ballou 4332 Mackin Woods San Jose, CA 95135 (669) 245-4400	N/A	Ramiz Ballou	rballou@collegenannies.com
Sherman Oaks, CA	College Nannies & Tutors of SoCal 444 N Larchmont Blvd, Ste 101 Sherman Oaks, CA 90004 (323) 645-7000	N/A	Laura Davis	ldavis@collegenannies.com
Sunnyvale, CA	College Nannies & Tutors of SoCal 121 W Washington Ave, Ste 203 Sunnyvale, CA 94086 (408) 775-7566	N/A	Laura Davis	ldavis@collegenannies.com
Tustin, CA	Jeremy & Karin A Rose 17772 Irvine Blvd, Ste 208 Tustin, CA 92780 (949) 262-1200	08/2015	Jeremy Rose	jeremy.rose@collegenannies.com
Walnut Creek, CA	Culp Enterprises, Inc 3520 Blackhawk Plaza Cir Danville, CA 94506 (925) 550-6738	N/A	Dave Culp	dculp@collegenannies.com
Woodland Hills, CA	College Nannies & Tutors of SoCal 444 N Larchmont Blvd, Ste 101 Los Angeles, CA 90004 (323) 645-7000	N/A	Laura Davis	ldavis@collegenannies.com
<b>COLORADO</b>				
Colorado Springs- North, CO	CodeKaiser, Inc. 8836 N Union Blvd Colorado Springs, CO 80920 (719) 694-2690	07/2014	Reid Kaiser	rkaiser@collegenannies.com



<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Colorado Springs-South, CO	CodeKaiser, Inc. 8836 N Union Blvd Colorado Springs, CO 80920 (719) 694-2690	N/A	Reid Kaiser	rkaiser@collegenannies.com
<b>CONNECTICUT</b>				
Greenwich, CT	Leona Peiffer 396 Danbury Rd, Ste B6 Wilton, CT 06897 (203) 987-3343	N/A	Leona Peiffer	lpeiffer@collegenannies.com
Westport, CT	Thomas & Berit Watson PO Box 429 Easton, CT 06612 (203) 373-0498	N/A	Tom Watson	tom.watson@collegenannies.com
Wilton, CT	Leona Peiffer 396 Danbury Rd, Ste B6 Wilton, CT 06897 (203) 987-3343	06/2012	Leona Peiffer	lpeiffer@collegenannies.com
<b>DISTRICT OF COLUMBIA</b>				
Washington DC, DC	CIBA Management Inc. 7908 Woodmont Ave Bethesda, MD 20814 (240) 743-4950	N/A	Maxine Gill	mgill@collegenannies.com
<b>FLORIDA</b>				
Clearwater, FL	Kayla Corbin 1368 South Lotus Dr Dunedin, FL 43698 (727) 674-0277	N/A	Kayla Corbin	kcorbin@collegenannies.com
Lithia, FL	Steven Galloway 2704 Pine Club Dr Plant City, FL 33566 (813) 704-2487	N/A	Steven Galloway	sgalloway@collegenannies.com
Palm Harbor, FL	Kayla Corbin 1368 South Lotus Dr Dunedin, FL 43698 (727) 674-0277	N/A	Kayla Corbin	kcorbin@collegenannies.com
Valrico, FL	Steven Galloway 2704 Pine Club Dr Plant City, FL 33566 (813) 704-2487	N/A	Steven Galloway	sgalloway@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Westchase, FL	Young Daniel LLC 3030 North Rocky Point Dr, Ste 150 Tampa, FL 33607 (813) 442-7139	N/A	Vicki Daniel	vdaniel@collegenannies.com
Weston, FL	Kimberly's Educational Services LLC 167 Weston Road Weston, FL 33326 (954) 839-9939	01/2017	Brian Augustin	baugustin@collegenannies.com
<b>GEORGIA</b>				
Alpharetta, GA	Bradley Fried 455 Kirkstall Trl Alpharetta, GA 30022 (678) 675-0303	N/A	Bradley Fried	brad.fried@collegenannies.com
Buckhead, GA	KNM Services, Inc. 1845 Grayson Hwy, Ste 900 Grayson, GA 30017 (404) 400-5040	N/A	DeNita McGuinn	dmcguinn@collegenannies.com
Johns Creek, GA	Bradley Fried 455 Kirkstall Trl Alpharetta, GA 30022 (678) 675-0303	N/A	Bradley Fried	brad.fried@collegenannies.com
Sandy Springs, GA	KNM Services, Inc. 1845 Grayson Hwy, Ste 900 Grayson, GA 30017 (404) 400-5040	02/2010	DeNita McGuinn	dmcguinn@collegenannies.com
<b>ILLINOIS</b>				
Barrington, IL	Joliamm, LLC 429 MacBain Way Inverness, IL 60010 (847) 305-2952	N/A	Linda Gump	lgump@collegenannies.com
Bloomington, IL	Cooee Group, Ltd 12000 Devinwood Dr Dunlap, IL 61525 (309) 240-9007	N/A	Tara Cox	tc Cox@collegenannies.com
Buffalo Grove, IL	MBFIL, LLC 1101 Capital of Texas Hwy S, Ste H200 Austin, TX 78746 (847) 905-9938	N/A	Stuart Dupuy	stuart.dupuy@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Evanston, IL	CLH Enterprises, LLC 958 Harlem Ave Glenview, IL 60025 (847) 998-5657	N/A	Charlie and Laura Horwitz	chorwitz@collegenannies.com; lhorwitz@collegenannies.com
Glenview, IL	CLH Enterprises, LLC 958 Harlem Ave Glenview, IL 60025 (847) 998-5657	04/2007	Charlie and Laura Horwitz	chorwitz@collegenannies.com; lhorwitz@collegenannies.com
Lincoln Park, IL	CLH Enterprises, LLC 1000 W Diversey Parkway #234 Chicago, IL 60614 (773) 697-9326	06/2011	Charlie and Laura Horwitz	chorwitz@collegenannies.com; lhorwitz@collegenannies.com
Naperville-South, IL	Charles & Janene Gatling 3027 English Rows Ave, Ste 103 Naperville, IL 60564 (630) 219-1175	11/2016	Charles and Janene Gatling	cgatling@collegenannies.com; jgatling@collegenannies.com
Park Ridge, IL	CLH Enterprises, LLC 958 Harlem Ave Glenview, IL 60025 (847) 998-5657	N/A	Charlie and Laura Horwitz	chorwitz@collegenannies.com; lhorwitz@collegenannies.com
Peoria, IL	Cooee Group, Ltd 12000 Devinwood Dr Dunlap, IL 61525 (309) 240-9007	N/A	Tara Cox	tc Cox@collegenannies.com
Schaumburg, IL	Joliamm, LLC 429 MacBain Way Inverness, IL 60010 (847) 305-2952	N/A	Linda Gump	lgump@collegenannies.com
<b>INDIANA</b>				
Carmel, IN	In Loco Parentis Inc. 1 E Carmel Dr, Ste 120 Carmel, IN 46033 (317) 559-1777	01/2016	Sue Cornish	scornish@collegenannies.com
Indianapolis Northside, IN	Front Porch Properties LLC 511 W Hampton Dr Indianapolis, IN 46208 (317) 559-2510	N/A	Julie Snider	jsnider@collegenannies.com
<b>IOWA</b>				

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
West Des Moines, IA	Brian Tingleff 7208 Jefferson Ave Windsor Heights, IA 50324 (515) 414-8772	N/A	Brian Tingleff	brian.tingleff@collegenannies.com
<b>KANSAS</b>				
Overland Park, KS	SES Angels LLC 14874 Metcalf Ave Overland Park, KS 66223 (913) 754-3633	04/2011	Jennifer Schellhase	jschellhase@collegenannies.com
<b>MASSACHUSETTS</b>				
Belmont, MA	Patriot Ventures Inc 445 Washington St, Ste 1 Wellesley, MA 02482 (617) 500-4455	N/A	Randy Ziffer	rziffer@collegenannies.com
Concord, MA	LNS Enterprises, Inc. 89 Crescent Road Concord, MA 01742 (978) 450-5959	N/A	Lori Monahan	lori.monahan@collegenannies.com
Newton, MA	Patriot Ventures Inc 445 Washington St, Ste 1 Wellesley, MA 02482 (617) 500-4455	N/A	Randy Ziffer	rziffer@collegenannies.com
Wellesley, MA	Patriot Ventures Inc 445 Washington St, Ste 1 Wellesley, MA 02482 (617) 500-4455	04/2013	Randy Ziffer	rziffer@collegenannies.com
<b>MARYLAND</b>				
Bethesda, MD	J.W. Enterprises, LLC 7908 Woodmont Ave Bethesda, MD 20814 (240) 743-4950	02/2011	Maxine Gill	mgill@collegenannies.com
<b>MICHIGAN</b>				
Ann Arbor, MI	Sharon Ragland-Keys 3907 Jackson Rd Ste 130 Ann Arbor, MI (734) 761-8393	01/2011	Sharon Ragland- Keys	sragland_keys@collegenannies.com
Northville, MI	Sharon Ragland-Keys Enterprises, Inc. 3907 Jackson Rd, Ste 130 Ann Arbor, MI 48103 (734) 761-8393	N/A	Sharon Ragland- Keys	sragland_keys@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
<b>MINNESOTA</b>				
Eagan, MN	Paul Middleton 1785 Radio Dr, Ste C1 Woodbury, MN 55125 (651) 209-8759	N/A	Paul Middleton	pmiddleton@collegenannies.com
Edina, MN	College Nannies and Tutors #1, LLC 3948 W 50th St Edina, MN 55424 (952) 285-7667	10/2006	Laura Davis	ldavis@collegenannies.com
Excelsior, MN	College Nannies and Tutors #1, LLC 478 Water St Excelsior, MN 55331 (952) 285-7667	10/2005	Laura Davis	ldavis@collegenannies.com
Maple Grove, MN	College Nannies and Tutors #1, LLC 850 Mill Street Wayzata, MN 55391 (952) 285-7667	N/A	Laura Davis	ldavis@collegenannies.com
Rochester, MN	Lindsay Stepp 4115 26th St NW, Ste 102 Rochester, MN 55901 (507) 202-8498	09/2011	Lindsay Stepp	lstepp@collegenannies.com
St. Paul, MN	CNT LLC 6465 Wayzata Blvd, Ste 250 St Louis Park, MN 55426 (651) 209-3095	03/2008	Joe Keeley	joe@collegenannies.com
Wayzata, MN	College Nannies and Tutors #1, LLC 850 Mill Street Wayzata, MN 55391 (952) 285-7667	01/2005	Laura Davis	ldavis@collegenannies.com
Woodbury, MN	Paul Middleton 1785 Radio Dr, Ste C1 Woodbury, MN 55125 (651) 209-8759	01/2005	Paul Middleton	pmiddleton@collegenannies.com
<b>MISSOURI</b>				
Parkville, MO	Matt & Jennifer Murray 8746 N Stoddard Ave Kansas City, MO 64153 (816) 256-5907	09/2011	Matt Murray	mmurray@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
St. Charles, MO	Rebecca & Brian Wilson 5988 Mid Rivers Mall Drive, Ste 231A St Charles, MO 63304 (636) 926-2681	N/A	Briand and Rebecca Wilson	bwilson@collegenannies.com; rwilson@collegenannies.com
<b>NEVADA</b>				
Henderson, NV	One Spark Two, LLC 9484 W. Flamingo Rd, Ste 170 Las Vegas, NV 89147 (702) 620-3366	N/A	Kim Miramont es	kmiramontes@collegenannies.co m
Las Vegas, NV	One Spark Two, LLC 9484 W. Flamingo Rd, Ste 170 Las Vegas, NV 89147 (702) 620-3366	N/A	Kim Miramont es	kmiramontes@collegenannies.co m
Reno, NV	Derek & Julie Warneke 1890 Dove Mountain Ct Reno, NV 89523 (775) 420-5475	N/A	Julie LeBlanc	jleblanc@collegenannies.com
Summerlin, NV	One Spark Two, LLC 9484 W. Flamingo Rd, Ste 170 Las Vegas, NV 89147 (702) 620-3366	01/2015	Kim Miramont es	kmiramontes@collegenannies.co m
<b>NEW JERSEY</b>				
Basking Ridge, NJ	Geo Ventures Inc 4 Essex Ave Bernardsville, NJ 07924 (973) 288-2699	03/2016	Mike James	mjames@collegenannies.com
Livingston, NJ	B Michael James 458 Springfield Ave Summit, NJ 07901 (973) 629-3668	N/A	Mike James	mjames@collegenannies.com
Morris Plains, NJ	Geo Ventures Inc 4 Essex Ave Bernardsville, NJ 07924 (973) 288-2699	N/A	Mike James	mjames@collegenannies.com
Princeton, NJ	Susan Buck 70 River Birch Circle Princeton, NJ 08540 (609) 945-3557	N/A	Susan Buck	sbuck@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Summit, NJ	B Michael James 458 Springfield Ave Summit, NJ 07901 (973) 629-3668	10/2013	Mike James	mjames@collegenannies.com
<b>NEW YORK</b>				
Brooklyn Heights, NY	Keystone EduCare, LLC 300 Cadman Plaza W, 12th Floor Brooklyn, NY 11201 (718) 841-7458	N/A	Adrian and Charlene Niles	aniles@collegenannies.com; cniles@collegenannies.com
Manhattan-East Side, NY	CampbellKing, LLC 19 East 71st St #5C New York, NY 10021 (877) 716-2669	05/2012	Stacy Campbell	scampbell@collegenannies.com
Orchard Park, NY	Carrot Seed Development I, LLC 5221 Main St, Ste 7 Williamsville, NY 14221 (716) 353-7900	N/A	Michael Wurst	mwurst@collegenannies.com
Rye, NY	Leona Peiffer 80 Theodore Fremd Ave Rye, NY 10580 (914) 908-4079	N/A	Leona Peiffer	lpeiffer@collegenannies.com
Scarsdale, NY	Peiffer Designs Inc 80 Theodore Fremd Ave Rye, NY 10580 (914) 908-4079	N/A	Leona Peiffer	lpeiffer@collegenannies.com
Williamsville, NY	Carrot Seed Development I, LLC 5221 Main St, Ste 7 Williamsville, NY 14221 (716) 353-7900	01/2016	Michael Wurst	mwurst@collegenannies.com
<b>NORTH CAROLINA</b>				
Ballantyne, NC	In Loco Parentis SC, LLC 349 W Olentangy St Powell, OH 43065 (843) 751-4370	N/A	Sue Cornish	scornish@collegenannies.com
Cary, NC	Greg & Linda Tarsa 1244 NW Maynard Rd Cary, NC 27513 (919) 896-7227	09/2014	Greg and Linda Tarsa	ltarsa@collegenannies.com; gtarsa@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Lake Norman, NC	S-D4, Inc 13707 Bramborough Rd Lake Norman, NC 28078 (704) 947-8687	N/A	Shawna Castoria	scastoria@collegenannies.com
<b>OHIO</b>				
Hyde Park, OH	Edward Guzman 9600 Montgomery Rd Cincinnati, OH 45242 (513) 834-8107	N/A	Eddie Guzman	eguzman@collegenannies.com
Mason, OH	In Loco Parentis Inc. 6011 Tylersville Rd, Ste 102B Mason, OH 45040 (513) 718-2500	04/2013	Sue Cornish	scornish@collegenannies.com
Montgomery, OH	Edward Guzman 9600 Montgomery Rd Cincinnati, OH 45242 (513) 834-8107	12/2015	Eddie Guzman	eguzman@collegenannies.com
Powell, OH	Susan D Cornish 349 W Olentangy St Powell, OH 43065 (614) 761-3060	10/2010	Sue Cornish	scornish@collegenannies.com
West Shore, OH	R. Andrew Johnson 36050-S Detroit Rd Avon, OH 44011 (440) 793-7770	08/2015	Andy Johnson	andyj@collegenannies.com
<b>OKLAHOMA</b>				
Edmond, OK	Matt Murray 8746 N Stoddard Ave Kansas City, OK 64153 (405) 513-6060	N/A	Matt Murray	mmurray@collegenannies.com
<b>OREGON</b>				
Lake Oswego, OR	Mary Morris Int'l LLC PO Box 3196 Portland, OR 97208 (503) 686-5619	N/A	Mary Morris	mmorris@collegenannies.com
Portland-Northwest, OR	Mary Morris Int'l LLC PO Box 3196 Portland, OR 97208 (503) 686-5619	N/A	Mary Morris	mmorris@collegenannies.com
<b>PENNSYLVANIA</b>				



<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Newtown, PA	CNT LLC 6465 Wayzata Blvd, Ste 250 St Louis Park, MN 55426 (651) 209-3095	N/A	Joe Keeley	joe@collegenannies.com
Pittsburgh-North, PA	Rimer Corp 9600 Perry Hwy Pittsburgh, PA 15237 (412) 837-2353	05/2013	Matt and Nikki Rimer	nrimer@collegenannies.com; mrimer@collegenannies.com
Pittsburgh-South Hills, PA	In Loco Parentis Inc. 3015 Banksville Rd Pittsburgh, PA 15216 (412) 346-1444	01/2015	Sue Cornish	scornish@collegenannies.com
<b>TEXAS</b>				
Allen, TX	Texas Family Resources LLC 950 W Stacy Rd Ste 170 Allen, TX 75013 (469) 312-5225	01/2017	Sanjiv and Amisha Sinha	ssinha@collegenannies.com; asinha@collegenannies.com
Austin-Northwest, TX	Balser Enterprises, LLC 3300 Bee Cave Road, Ste 610 Austin, TX 78746 (512) 372-8526	09/2007	Doug and Donna Balser	dmbalser@collegenannies.com; dbalser@collegenannies.com
Austin-Southwest, TX	Balser Enterprise, LLC 10601 Ranch Road 2222, Ste N Austin, TX 78730 (512) 201-2075	10/2009	Doug and Donna Balser	dmbalser@collegenannies.com; dbalser@collegenannies.com
Barton Springs, TX	MBF Agency TX, LLC 4544 S Lamar Blvd Austin, TX 78745 (512) 343-1087	02/2017	Stuart Dupuy	stuart.dupuy@collegenannies.com
Bellaire, TX	Nannies N Tutors 4 You Enterprises LLC 3005 West Loop S, Ste 248 Houston, TX 77027 (713) 393-7724	05/2015	Doina Berea	dberea@collegenannies.com
Cedar Park, TX	Balser Enterprises, LLC 3908 Far West Blvd Ste C Austin, TX 78731 (512) 372-8526	NA	Doug and Donna Balser	dmbalser@collegenannies.com; dbalser@collegenannies.com
Copperfield, TX	MBF Agency TX, LLC 1101 Capital of Texas Hwy S, Ste H200 Austin, TX 78746 (713) 554-0407	N/A	Stuart Dupuy	stuart.dupuy@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
Cypress, TX	Raymerica Industries LLC 8515 Spring Cypress Rd Spring, TX 77379 (281) 616-6016	N/A	Dave Raymond	draymond@collegenannies.com
Frisco, TX	Texas Family Resources LLC 4350 West Main St, Ste 145 Frisco, TX 75034 (469) 312-5225	01/2016	Sanjiv and Amisha Sinha	ssinha@collegenannies.com; asinha@collegenannies.com
Katy, TX	Nannies N Tutors 4 You Enterprises LLC 3522 Mason Rd, Ste 375 Katy, TX 77450 (281) 398-6809	04/2013	Doina Berea	dberea@collegenannies.com
Klein, TX	Raymerica Industries LLC 8515 Spring Cypress Rd Spring, TX 77379 (281) 616-6016	07/2015	Dave Raymond	draymond@collegenannies.com
McKinney, TX	Texas Family Resources LLC 950 W Stacy Rd Ste 170 Allen, TX 75013 (469) 312-5225	N/A	Sanjiv and Amisha Sinha	ssinha@collegenannies.com; asinha@collegenannies.com
New Braunfels, TX	MBF Agency TX, LLC 1101 Capital of Texas Hwy S, Ste H200 Austin, TX 78746 (713) 554-0407	N/A	Stuart Dupuy	stuart.dupuy@collegenannies.com
Park Cities, TX	Michael F & Colleen J Maguire 6160 Sherry Lane, Ste 120 Dallas, TX 75225 (214) 396-8300	09/2016	Mike and Colleen Maguire	mmaguire@collegenannies.com; cmaguire@collegenannies.com
Pearland, TX	Hitesh Patel 1226 Museum Square Dr, Ste 400 Sugar Land, TX 77479 (713) 955-2050	N/A	Hitesh and Madhvee Patel	hpatel@collegenannies.com; mpatel@collegenannies.com
Piney Point, TX	Hitesh Patel 1226 Museum Square Dr, Ste 400 Sugar Land, TX 77479 (713) 955-2050	03/2016	Hitesh and Madhvee Patel	hpatel@collegenannies.com; mpatel@collegenannies.com
Richardson, TX	Michael F & Colleen J Maguire 6160 Sherry Lane, Ste 120 Dallas, TX 75225 (214) 396-8300	N/A	Mike and Colleen Maguire	mmaguire@collegenannies.com; cmaguire@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
San Antonio-North Central, TX	SNL Alamo CNT LLC 1150 N Loop 1604 W, Ste 108-565 San Antonio, TX 78248 (210) 202-0303	N/A	Steve Johnson	stevej@collegenannies.com; lynnj@collegenannies.com
San Antonio-Northwest, TX	SNL Alamo CNT LLC 1150 N Loop 1604 W, Ste 108-565 San Antonio, TX 78248 (210) 202-0303	10/2015	Steve Johnson	stevej@collegenannies.com; lynnj@collegenannies.com
Stone Oak, TX	SNL Alamo CNT LLC 20079 Stone Oak Parkway Ste 1104 San Antonio, TX 78248 (210) 202-0303	09/2014	Steve Johnson	stevej@collegenannies.com; lynnj@collegenannies.com
Sugar Land, TX	Hitesh Patel 1610 Lake Charlotte Ln Richmond, TX 77406 (713) 955-2050	11/2014	Hitesh and Madhvee Patel	hpatel@collegenannies.com; mpatel@collegenannies.com
The Woodlands, TX	In Loco Parentis Inc. 349 W Olentangy St Powell, OH 43065 (832) 369-2833	N/A	Sue Cornish	scornish@collegenannies.com
West Plano, TX	Texas Family Resources LLC 4350 West Main St, Ste 145 Frisco, TX 75034 (469) 312-5225	N/A	Sanjiv and Amisha Sinha	ssinha@collegenannies.com; asinha@collegenannies.com
<b>VIRGINIA</b>				
Arlington, VA	In Loco Parentis SC, LLC 349 W Olentangy St Powell, OH 43065 (843) 751-4370	N/A	Sue Cornish	scornish@collegenannies.com
Glen Allen, VA	Vicki Daniel 10825 W Broad St Glen Allen, VA 23060 (804) 346-2242	01/2009	Vicki Daniel	vdaniel@collegenannies.com
Herndon, VA	In Loco Parentis SC, LLC 349 W Olentangy St Powell, OH 43065 (843) 751-4370	N/A	Sue Cornish	scornish@collegenannies.com
Loudoun, VA	CNT NOVA, INC 42841 Creek View Plaza, Ste 110 Loudoun, VA 20148 (703) 723-0660	01/2010	Simon and Caitlin Gillett	sgillett@collegenannies.com; cgillett@collegenannies.com

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
McLean, VA	CNT NOVA, INC 42841 Creek View Plaza, Ste 110 Loudoun, VA 20148 (703) 723-0660	N/A	Simon and Caitlin Gillett	sgillett@collegenannies.com; cgillett@collegenannies.com
<b>WASHINGTON</b>				
Bellevue, WA	College Nannies and Tutors #1, LLC 7605 SE 27th St, Ste 101 Mercer Island, WA 98040 (206) 659-4156	N/A	Laura Davis	ldavis@collegenannies.com
Redmond, WA	College Nannies and Tutors #1, LLC 7605 SE 27th St, Ste 101 Mercer Island, WA 98040 (206) 659-4156	N/A	Laura Davis	ldavis@collegenannies.com
Renton, WA	Sean & Jamie O'Leary 13905 88th Ave Ct NW Gig Harbor, WA 98329 (253) 251-2477	N/A	Sean and Jamie O'Leary	soleary@collegenannies.com; joleary@collegenannies.com
Seattle, WA	College Nannies and Tutors #1, LLC 7605 SE 27th St, Ste 101 Mercer Island, WA 98040 (206) 659-4156	01/2012	Laura Davis	ldavis@collegenannies.com
Tacoma, WA	Sean & Jamie O'Leary 13905 88th Ave Ct NW Gig Harbor, WA 98329 (253) 251-2477	N/A	Sean and Jamie O'Leary	soleary@collegenannies.com; joleary@collegenannies.com
<b>WISCONSIN</b>				
Mequon, WI	NU Day LLC 250 S Main St Thiensville, WI 53092 (262) 643-4410	11/2012	Alan Day	aday@collegenannies.com

**Franchisees signed but not yet open as of April 26, 2017:**

<b>Territory Name or Development Area</b>	<b>Franchisee Name Address and Telephone Number of Outlet</b>	<b>Community Location Opened</b>	<b>Contact Name</b>	<b>Contact Email Address</b>
<b>CALIFORNIA</b>				
Burbank, CA	Cynthia Suttle 803 N Sparks St Burbank, CA 91506	N/A	Cynthia Suttle	cynthia.suttle@collegenannies.com
Newport Beach, CA	Chris Evans 528 22nd Street Huntington Beach, CA 92648	N/A	Chris Evans	chris.evans@collegenannies.com
<b>ILLINOIS</b>				
Edwardsville, IL	Katie Mothershed 78 Julie Drive Glen Carbon, IL 62034	N/A	Katie Mothershed	katie.mothershed@collegenannies.com
Elmhurst, IL	Andrew Maloney 5102 Brighton Ln Plainfield, IL 60586	N/A	Andrew Maloney	andrew.maloney@collegenannies.com
Glen Ellyn, IL	Andrew Maloney 5102 Brighton Ln Plainfield, IL 60586	N/A	Andrew Maloney	andrew.maloney@collegenannies.com
Naperville North, IL	Andrew Maloney 5102 Brighton Ln Plainfield, IL 60586	N/A	Andrew Maloney	andrew.maloney@collegenannies.com
<b>NEW YORK</b>				
Port Washington, NY	Marina Tourevski 22 Forest Drive Sands Point, NY 11050	N/A	Marina Tourevski	marina.tourevski@collegenannies.com
Rivertowns, NY	Marnie Adams 83 Cliff Street Hastings on Hudson, NY 10706	N/A	Marnie Adams	

Williamsburg, NY	Marnie Adams 83 Cliff Street Hastings on Hudson, NY 10706	N/A	Marnie Adams	
------------------	--	-----	--------------	--

**Franchisees who left the system during 2016:**

<b>Territory Name</b>	<b>Franchise Owner</b>	<b>Last Known Telephone</b>
<b>CALIFORNIA</b>		
Chino Hills, CA	Amy Choi-Won	(714) 267-9351
Mission Viejo, CA	Susan & Gary Van Houten	(949) 370-2674
<b>CONNECTICUT</b>		
Danbury, CT	Craig Rosen	(917) 699-4045
<b>FLORIDA</b>		
South Tampa, FL	Carol Grass	(301) 752-2039
Tarpon Springs-Clearwater, FL	Carol Grass	(301) 752-2039
<b>MASSACHUSETTS</b>		
Belmont, MA	Zahir Ladhani	(610) 453-8461
Newton, MA	Zahir Ladhani	(610) 453-8461
Wellesley MA	Zahir Ladhani	(610) 453-8461
<b>NEW JERSEY</b>		
Basking Ridge, NJ	Marina Iakovleva	(646) 872-6367
Livingston, NJ	Lisa McFarland	(718) 966-0610
Morris Plains, NJ	Marina Iakovleva	(646) 872-6367
Summit, NJ	Sharon French & Terry Haggerty	(415) 609-2171 (415) 847-8813
<b>PENNSYLVANIA</b>		
Newtown, PA	Corey Reef	(267) 885-4239
Pittsburgh North, PA	Terry L. Anderson	(724) 712-4671

**EXHIBIT H**  
**RECEIPTS**

**ITEM 23**  
**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 College Nannies & Tutors Development, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If College Nannies & Tutors Development, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit D**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joe Keeley, Michael Condon, and Tom Ryan of College Nannies & Tutors Development, Inc., 6465 Wayzata Blvd. Minneapolis, Minnesota 55426, (952) 476-0262, and \_\_\_\_\_

\_\_\_\_\_. [Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]

The franchisor is College Nannies & Tutors, Development, Inc., located at 6465 Wayzata Blvd, Ste. 250, Minneapolis, MN 55426. Its telephone number is (952) 476-0262.

**Issuance Date: April 28, 2017**

See **Exhibit D** for our registered agents authorized to receive service of process.

I have received a Disclosure Document with an issuance date of April 28, 2017 (see also the dates shown on the state cover page) that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Sample Release
Exhibit D	List of State Administrators & Agents for Service of Process
Exhibit E	State Specific Addenda
Exhibit F	Manual Table of Contents
Exhibit G	List of Franchisees
Exhibit H	Receipts

_____ Date	_____ Signature	_____ Printed Name
---------------	--------------------	-----------------------

_____ Date	_____ Signature	_____ Printed Name
---------------	--------------------	-----------------------

Please sign a copy of this receipt, date your signature, and return it to Michael Condon or Tom Ryan, College Nannies & Tutors, Development, Inc., 6465 Wayzata Blvd, Ste. 250, Minneapolis, MN 55426, (952) 476-0262.



**ITEM 23**  
**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 College Nannies & Tutors Development, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If College Nannies & Tutors Development, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit D**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joe Keeley, Michael Condon and Tom Ryan of College Nannies & Tutors Development, Inc., 6465 Wayzata Blvd., Minneapolis, Minnesota 55426, (952) 476-0262, and \_\_\_\_\_

\_\_\_\_\_. [Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]

The franchisor is College Nannies & Tutors, Development, Inc., located at 6465 Wayzata Blvd, Ste. 250, Minneapolis, MN 55426. Its telephone number is (952) 476-0262.

**Issuance Date:** April 28, 2017

See **Exhibit D** for our registered agents authorized to receive service of process.

I have received a Disclosure Document with an issuance date of April 28, 2017 (see also the dates shown on the state cover page) that included the following Exhibits:

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	Sample Release
Exhibit D	List of State Administrators & Agents for Service of Process
Exhibit E	State Specific Addenda
Exhibit F	Manual Table of Contents
Exhibit G	List of Franchisees
Exhibit H	Receipts

_____ Date	_____ Signature	_____ Printed Name
---------------	--------------------	-----------------------

_____ Date	_____ Signature	_____ Printed Name
---------------	--------------------	-----------------------

Please sign a copy of this receipt, date your signature, and return it to Michael Condon or Tom Ryan, College Nannies & Tutors, Development, Inc., 6465 Wayzata Blvd, Ste. 250, Minneapolis, MN 55426, (952) 476-0262.

Franchisor's Copy