



## FRANCHISE DISCLOSURE DOCUMENT

COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.

1415 Wayzata Boulevard East

Minneapolis, MN 55391

(952) 476-0262

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

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

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

The franchise offered is for the operation of a College Nannies & 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 & Tutors business is from \$85,000 to \$175,000. This includes the \$35,000 initial franchise fee that must be paid to us. If you purchase two franchised territories at the same time, the Initial Franchise Fee is \$60,000 for both. If you purchase three franchised territories at the same time, the Initial Franchise Fee is \$85,000 for all three.

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 Joe Keeley at 1415 Wayzata Boulevard East, Minneapolis, MN 55391, 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: February 18, 2011

## 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: February 24, 2011  
Hawaii:  
Illinois: February 22, 2011  
Indiana:  
Maryland: March 10, 2011  
Michigan:  
Minnesota: March 2, 2011

New York: February 24, 2011  
North Dakota:  
Rhode Island: February 28, 2011  
Virginia: March 2, 2011  
Washington: March 3, 2011  
Wisconsin: February 22, 2011

**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.

## TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2	BUSINESS EXPERIENCE.....	4
3	LITIGATION .....	5
4	BANKRUPTCY .....	5
5	INITIAL FEES .....	5
6	OTHER FEES .....	6
7	ESTIMATED INITIAL INVESTMENT .....	8
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	10
9	FRANCHISEE’S OBLIGATIONS.....	12
10	FINANCING .....	13
11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING .....	13
12	TERRITORY.....	20
13	TRADEMARKS.....	22
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	23
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	24
16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	24
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	24
18	PUBLIC FIGURES .....	26
19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	26
20	OUTLETS AND FRANCHISEE INFORMATION.....	36
21	FINANCIAL STATEMENTS.....	40
22	CONTRACTS .....	40
23	RECEIPT.....	40
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	Receipt	

# 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 & 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 & Tutors. Our principal business address is 1415 Wayzata Boulevard East, Minneapolis, MN 55391, telephone (952) 476-0262. Our agents for service of process are disclosed in **Exhibit D**.

We grant franchises for the operation College Nannies & Tutors businesses. We are also engaged in the administration of our franchise system.

#### **The Business**

##### College Nannies & Tutors:

The College Nannies & Tutors business concept is based upon “Building Stronger Families<sup>®</sup>” by providing role models from cradle to college. College Nannies & Tutors businesses achieve this through offering a complete set of customized childcare and academic support services for children ranging in age from birth to 18+.

College Nannies & Tutors businesses have two distinct lines of services: nannies and tutors. Our nanny placement services include long-term placements and babysitting services with flexible scheduling options including full-time nannies, part-time nannies, after school nannies, summer only nannies and easy to use, safe reliable hourly childcare that is regularly used for parents’ night out, special event care, respite care and other hourly needs. The nanny business segment also provides corporate back-up care through local, regional and national accounts where nannies provide hourly on-call/babysitting childcare for individuals and businesses when an employee needs temporary childcare in order to attend work or a work related function. College Nannies & Tutors businesses provide nannies who not only provide care, but also serve as role models for the children in their care. These nannies are recruited, interviewed, screened and trained to be much more than a “neighborhood babysitter”. Through our proprietary process, The Complete Family Approach, we are able to strengthen families by finding them the best nanny for their unique needs. As the legal employer, the College Nannies

& Tutors business handles all of the required tax filing, insurances and payroll calculations required by law, so that the parents do not have this responsibility or worry.

The other segment of the business is providing customized tutoring services, both in homes and at professional offices or learning centers. 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 & Tutors tutor services follow their own proprietary process, The Complete Student Approach, which includes one-on-one instruction with the same tutor(s) each tutoring session. The tutors in the learning centers are intelligent and dedicated role models who are motivated to help children succeed through a holistic approach to learning. Each College Nannies & Tutors office or learning center provides homework help support and college exam prep (ACT, SAT, PSAT tests as well as other localized tests) tutoring as well as study skill and test taking strategy support.

Our franchise program allows for a variety of options for the location/physical space of your Franchised Business ranging from a single executive office to a retail tutoring center. You are required to establish an outside location for your business (such as a professional office or tutoring center) before attending the initial classroom training program. If you choose to operate from a leased or owned commercial/professional learning center location, you will generally need 700 to 1,500 square feet which will include a small lobby, reception area, one or two professional offices, small work area for a copier and printer, and either a large area with private tutoring stations or a number of private tutoring offices. If you choose to initially operate your Franchised Business from a professional office or executive suite, you will generally need 250 to 500 square feet which will include at least one private office for interviewing and the operation of your business. There are often a large number of office share/executive office options in each market that allow for shared use of conferencing, lobby and work space that may be optimal for the startup of your Franchised Business.

As part of the franchise award/selection process, we conduct a criminal background screen on all prospective franchisees and 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.

## **History**

In 2001, our President and CEO, Joseph Keeley, founded College Summer Nannies, Inc. to provide nanny placement services to families. It conducted business similar to the type to be operated by our franchisees from March 2001 until December 2003. On January 1, 2004, a newly-formed company, College Nannies & Tutors, Inc. (“CNTI”) acquired the assets of College Summer Nannies, Inc. CNTI is our affiliate which has entered into a franchise agreement with us. It has conducted business of the type to be operated by our franchisees since January 2004. Our training program will take place at our franchise support, training and development center which shares space with CNTI. The principal address of CNTI is the same as ours. We do not have any predecessors or parents.



CNTI has not offered franchises in any line of business. We have not operated a College Nannies & Tutors business. We have offered franchises since May 2005. We have not offered franchises in other lines of business.

## **Market and Competition**

The market for nanny and tutoring services is rapidly developing. Parents and small to large companies are the primary target audience for these services. Parents utilize customized nanny services for child care needed on an occasional or regular basis ranging from a 4 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 test prep support among other areas. Small to large companies primarily utilize back-up care nanny services which provides a temporary nanny for employees that are unable to work due to short-term childcare needs and often is 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 side of the business, you will compete with other tutoring concepts such as Sylvan, Huntington, Knowledge Points, Club Z and Kumon Math and Reading. With respect to the nanny placement side of the business, you will compete with other nanny/babysitting concepts such as '4sitters.com', SitterCity.com, Care.com, Nanny Poppinz, Absolute Best Care, 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 nannies and tutors 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 childcare 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**

President, Chief Executive Officer and Director: Joseph Keeley

Mr. Keeley has been our President and Chief Executive Officer since February 2005. Mr. Keeley has also served as President and CEO of CNTI in Minneapolis, Minnesota from January 2004 until October 2007.

Director of Sales and Marketing: Bobette Berno

Ms. Berno has been our Director of Sales and Marketing since November 2007. From September 2004 until November 2007 she was President of Berno Business Development in Plymouth, Minnesota providing recruitment, business development and marketing strategy to a variety of clients. From January 2003 to September 2004 Ms. Berno served as the Business Development Manager for CBIZ Business Systems, Inc. in Minneapolis, Minnesota.

Director of Operations: Rebecca Shavlik

Ms. Shavlik has been our Director of Operations since August 2009. Ms. Shavlik was an operations consultant for us since July 2007 serving in an interim role as a Director of Operations. Ms. Shavlik has been a business consultant and board member for Shavlik Technology in Roseville, Minnesota since September 2006 and a board member for Minnpost.com since January 2008. From January 1997 until September 2006 she was Chief Financial Officer and Chief Operations Officer of Shavlik Technologies in Roseville, Minnesota.

Franchise Development Specialist: Theresa Weber Johnson

Ms. Johnson has been our Franchise Development Specialist since December 2008. She served as our Executive Director of Training and Support from December 2006 until December 2008. She was a sales manager and project management consultant to Business Development Group in Wayzata, Minnesota from October 2001 until August 2009. Previous to her current role, Ms. Johnson was a family placement coordinator for CNTI in Wayzata, Minnesota from December 2004 until 2006.

Franchise Development Specialist: Michael Condon

Mr. Condon has been our Franchise Development Specialist since December 2010. From April 2007 to October 2010 Mr. Condon was a franchise consultant with FranChoice in Eden Prairie, Minnesota where he assisted individuals in finding a franchise opportunity. From May 2000 to March 2007, Mr. Condon was the Director of Business Development for Pentonian, Inc. located in Bloomington, Minnesota.

Franchise Training Manager: Jessica Magnuson

Ms. Magnuson has been our Franchise Training Manager since December 2010. From March 2009 until December 2010 she was our Franchise Training Specialist. Ms. Magnuson

worked as the National Training Specialist for Lifetime Fitness in Chanhassen, Minnesota from December 2002 until November 2008.

Franchise Support Specialist: Heather Abello

Ms. Abello has been our Franchise Support Specialist since November 2007. Ms. Abello worked as a Director of Learning for one of our franchises from October 2004 to November 2007.

**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 \$35,000 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. In isolated situations we have allowed a franchisee to pay the initial franchise fee in installments (10% down and 24 equal monthly installments interest free). While we reserve the right to do so in the future, we are not required to offer this to any franchisee.

If you purchase two franchised territories at the same time, the Initial Fees are \$60,000 for both which must be paid in full upon the signing of the two franchise agreements. If you purchase three franchised territories at the same time, the Initial Fees are \$85,000 for all three which must be paid in full upon the signing of the three 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)**

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty (2)	5% of Gross Revenues Beginning the third year of the Franchise Agreement, there is a minimum monthly royalty of \$625.	Payable on the 5 <sup>th</sup> day of each month for the previous month.	Payable to us.
Brand Fund Contributions (3)	1% of Gross Revenues	Payable on the 5 <sup>th</sup> day of each month for the previous month	Payable to us.
Initial Marketing and Recruitment Expenditures	\$10,000	As incurred	This is to promote the opening of your business.
Local Marketing Expenditures	1/2%	As incurred	This is in addition to the Brand Fund Contributions.
Multi-Area Marketing and Cooperative Advertising	Varies	As incurred	See Note (4).
Renewal Fee	\$2,000	Upon signing new Franchise Agreement	
Relocation Fee	\$3,000	Before relocation.	We must approve relocation.
Transfer Fee	\$10,000	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.
Technology Data Storage Fee (5)	\$150 to \$200 per month	Payable on the 5 <sup>th</sup> day of each month for the previous month	May be increased.
Additional Training	\$2,000 per week	At time of training	See Note (6).
Late Fee	\$50	Upon demand	Payable if you are more than five 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 & 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 the third year of the franchise agreement, the monthly royalty is the greater of 5% of Gross Revenues and \$625.
- (3) Fund Contributions. You must contribute 1% 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% of Gross Revenues. We will collect these Contributions by means of direct debit. These contributions are not refundable.
- (4) 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.
- (5) Technology Data Storage Fee. The Monthly Technology Data Storage Fee varies depending on the amount of monthly gross revenues according to the following schedule:

Monthly Revenue	Monthly Technology Data Storage Fee
Up to \$19,999	\$150
\$20,000 to \$39,999	\$175
\$40,000 or more	\$200

- (6) Additional Training. If we require you to attend additional training or retraining, we may charge you a training fee up to \$2,000 per week. This fee would be in addition to your travel and lodging costs.

**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>	\$35,000	Lump sum	At signing of Agreement	Us
Initial Marketing and Recruiting <sup>(4)</sup>	\$10,000	As incurred	As incurred	Media, Suppliers
Construction and Remodeling <sup>(5)</sup>	\$0-\$50,000	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>	\$5,000 - \$15,000	As incurred	Before opening	Suppliers
Signage	\$0 - \$5,000	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>	\$1,000 - \$2,000	As incurred	During training	Third Parties
Insurance <sup>(9)</sup>	\$4,000 - \$7,000	As arranged	Before opening	Insurance Companies
Tutoring Materials <sup>(10)</sup>	\$4,000 – \$7,000	Before opening	Before opening	Suppliers
Additional Funds/Working Capital (initial 3 months) <sup>(11)</sup>	\$25,000 - \$41,000	As incurred	During the first three months of opening	Landlord, Employees, Suppliers
<b>TOTAL<sup>(12)</sup></b>	<b>\$85,000 - \$175,000</b>	Does not include real estate costs (lease or acquisition of property <sup>(13)</sup> )		

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 affiliate's experience in operating a College Nannies & Tutors business.
- (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 \$10,000 on initial marketing. These funds must be spent according to the specifications in the Operations 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. The low estimate assumes that you will be operating from an executive office space that requires no construction or remodeling. The higher estimate assumes the business will be located in a professional building or a retail location that may require build out of a more formal learning center space.
- (6) Furnishings, Equipment, Supplies and Technology. Before beginning operations, you must purchase an assortment of office equipment including a computer, printer, telephone and other items as prescribed in the Manual, as well as furnishings and supplies. The cost will vary depending on the number of tutoring stations and may be offset by the construction and remodeling costs if the learning center uses permanent walls instead of work stations, if applicable.
- (7) Legal. This item is the estimated cost of basic legal services if you choose to retain a lawyer to review your franchise agreement and form your business entity.
- (8) Training Expenses. You must make arrangements and pay the expenses for you to attend the training 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 one person's travel expenses.
- (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 three 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 of CNTI and in opening and operating College Nannies & Tutors franchised businesses during the past six 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. In some situations, a franchisee may locate in office space which does not have a physical learning center. In such case, the franchisee will provide tutoring services in families' homes, schools, libraries and other public places and the initial investment would be significantly lower as shown in the above charts.

- (13) Real Estate Costs. If you choose to operate a learning center from a leased or owned commercial/professional location, you will generally need 700 to 1,500 square feet which will include a small lobby, reception area, one or two professional offices, small work area for copier and printer, and either a large area with private tutoring stations or a number of private tutoring offices. If you choose to operate from a small professional or executive office arrangement, you will generally need 250 to 500 square feet which will include a private office for interviewing and operation of the business and the office may include other shared space which may or may not allow for some on-site tutoring.

## **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 receives 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, 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 Operations Manual on all of your employees and nannies/tutors placed. Orange Tree Screening is an online public records and pre-employment screening company and is our approved supplier for background checks. You are required to purchase or lease computer hardware and software which meet our specifications. You are required to use QuickBooks Online as your accounting software, RJF Agencies for your insurance and contract with Intuit Merchant services for the processing of credit cards, Apex Print Technologies and Maduras for printing, direct mail and collateral fulfillment and ADP for processing of payroll for your business. 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 the 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 do not receive any rebates, but we reserve the right to receive rebates and other consideration from present and future suppliers as a result of your purchases of goods, products and services. 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 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; and 3) 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	Section 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	Section 3 and 6	ITEM 17
n. Insurance	Section 8	ITEM 8
o. Advertising	Section 4	ITEMS 6 and 11

Obligation	Section in Franchise Agreement	Disclosure Document Item
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
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

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

## ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

**Except as listed below, we are 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. We will provide consultation as to the 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. (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 in this ITEM 11. (See Section 5.B.vi 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.)

**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, merchandising 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. (See Section 4.N of the Franchise Agreement.)

6. We will provide ongoing consultation to help resolve operating problems (Section 5.C.v. of the Franchise Agreement).

7. We will conduct product research and development that we deem appropriate to improve the System (Section 5.C.vi of the Franchise Agreement).

## Site Selection

We do not select the location of your business. Site selection is your responsibility. 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 within 30 days of your submission. If we do not approve the proposed location, you will have to find an alternative location 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 within 12 months of completing training. The criteria that we use in evaluating a site include safety for visitors, adequate space, adequate access and parking, and cleanliness and appearance of location.

## Marketing

### Brand Fund:

We will establish, maintain and administer a College Nannies & Tutors Brand Fund. You will contribute 1% 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, recruitment 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 & Tutors businesses, we will make contributions to the Brand Fund on the same basis as the contributions required of franchisees. There is a marketing committee (composed of franchisees) that reports to the Franchise Advisory Council that 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% of gross revenues upon 30 days' written notice. During the fiscal year ended December 31, 2010, we collected Brand Fund Contributions totaling \$126,727. During the fiscal year ended December 31, 2010, we spent \$129,909 in brand fund and marketing programs. Of the \$129,909, 24% was spent on creation, design and development of marketing materials; 9% was spent on public relations and promotion; 24% was spent on printing and advertising; 15% was spent on administration and support; 18% was spent on web-based advertising; and 2% on legal expenses related to national account development; 7% on training; and 1% on marketing scholarships to the field.

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 an advertising council, the marketing committee of our franchisee 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 \$10,000 on initial marketing and recruitment in the first 90 days of operating your business. You must also spend at least 1% of gross revenues 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 on the Internet or use any domain name, address, locator, link, metatag or search technique with words or symbols the same or similar to the Proprietary Marks. We intend that any franchisee Web site be accessed 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 PROGRAM FOR A COLLEGE NANNIES & 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	1	20	Your home
<b>Call 3:</b> HR, staffing and recruitment	1	20	Your home
<b>Call 4:</b> Technology	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 & Tutors**  
**In Person Classroom Training**

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
<b>Day 1:</b>			
Introduction, company history and overview, and vision for the future	1		Minneapolis, MN
Business Planning	3		Minneapolis, MN
Sales & Marketing Basics	2		Minneapolis, MN
Nanny Services Overview	2		Minneapolis, MN
Role Practice	1		Minneapolis, MN
<b>Day 2:</b>			
Review of Sales Basics & Nanny Sales	1		Minneapolis, MN
Tutoring	5		Minneapolis, MN
Recruitment	1		Minneapolis, MN
Role Practice	2		Minneapolis, MN
<b>Day 3:</b>			
Review of recruitment	1		Minneapolis, MN
Placement Processes	4		Minneapolis, MN
CNeT technology overview	2		Minneapolis, MN
Role Practice/Shadow	2		Minneapolis, MN
<b>Day 4:</b>			
Review of placement process	1		Minneapolis, MN
Marketing plan & calendar	3		Minneapolis, MN
Office Management	2		Minneapolis, MN
Role Practice/Shadow	3		Minneapolis, MN
<b>Day 5:</b>			
Review of documents & recruitment and placement process	1		Minneapolis, MN
Financial	3		Minneapolis, MN
Support, training and planning	2		Minneapolis, MN
Building a team	1		Minneapolis, MN
Review & questions	2		Minneapolis, MN
<b>Total</b>	45		

Jessica Magnuson is in charge of the training program. Ms. Magnuson has over ten years of teaching and training experience and two years experience with us. Other trainers include Joe Keeley (ten years in the industry and six years with us), Rebecca Shavlik (three years in the industry and three years with us) and Bobette Berno (ten years in the industry and four years with us). 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 & Tutors business. The initial training program will generally be conducted within three months after signing the Franchise Agreement. It is offered on a pre-determined schedule four times per year but we may schedule additional classes when we have a new franchisee who is ready to be trained. We do not charge for this training course for you, but you must pay all travel and living expenses associated with the initial training program. The initial training program is mandatory for you (if you are an individual) or for the Principal Operator (if you are an entity). You must complete the training program to our satisfaction before the opening of the Franchised Business. Training will be held at our offices 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 week.

### **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 to us and/or 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 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. 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:

<b>ITEM</b>	<b>REQUIREMENTS</b>
Computers	PC IBM compatible Mac computers for Learning Centers where Mac computers are used in schools
Processor	Pentium 4 or higher
Operating System	Windows 2000 or higher
Processor	133 MHz or higher, Pentium compatible CPU
Memory	64 MB RAM or higher
Disk Space	2 GB with 650 MB free space

<b>ITEM</b>	<b>REQUIREMENTS</b>
Web Browser	Internet Explorer Version 6 or higher
Internet Connection	ADSL/SDSL/Broadband/Cable Connection
Monitor	VGA or higher resolution monitor (2 monitors are preferred for optimal efficiency)
Software	Microsoft Office and Skype
Printer	Any laser or inkjet printer
CD burner	
DVD	

You may purchase the computer hardware and software from suppliers of your choosing. The cost of the Computer System (hardware and software) is \$1,200. 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 204.

### **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 four to eight months for a business that includes a learning center from the onset, but only one to two months if you open a College Nannies & Tutors business from a small professional office. Other factors which may affect this length of time include your financing arrangements, securing premises and completing leasehold improvements.

## **ITEM 12 TERRITORY**

You will receive a protected territory (“Territory”). We will not locate another College Nannies & 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 are not restricted from accepting business from customers who are located outside your Territory.

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 & 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.

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.

The Territory will generally be delineated by population, but in determining the Territory, we may also consider the number of children under 19, the median household income, and other demographic factors which we deem to be relevant. The Territory will have a general population of at least 100,000. 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 & Tutors business and demographics of the neighborhood.

Presently, we do not operate or franchise the operation of any business which provides products or services under different trade names or trademarks similar to or competitive with those to be offered by you. However, the Franchise Agreement contains no limitations other than as stated above on our right to establish other franchises or schools 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 & 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 & 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 & 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 Date</b>	<b>Registration Number</b>
<b>College Nannies &amp; Tutors</b>	Supplemental	August 2, 2005	2,982,405
<b>College Nannies &amp; Tutors (and Design)</b>	Principal	March 7, 2006	3,065,569
<b>College Nannies (and Design)</b>	Principal	November 28, 2006	3,176,955
<b>College Tutors (and Design)</b>	Principal	November 28, 2006	3,176,953
<b>Building Stronger Families</b>	Principal	February 2, 2010	3,744,325

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.

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 all times after the date of the opening of the Franchised Business, the Franchised Business shall be under the direct, on-premises supervision of your Principal Operator. Your Principal Operator must have attended and successfully completed the initial training program. Although it is recommended that the Principal Operator have an equity interest in the Franchised Business, we do not require any specific amount of equity interest. You must also be responsible for overseeing the operation of the Franchised Business and will be the person with whom we may conduct all communications. You must comply with all of our quality standards including hours of operation for the Franchised Business.

**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 learning centers. 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**

<b>Provision</b>		<b>Section in Agreement</b>	<b>Summary</b>
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, nonsubmission 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.

<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 two years within the territory or within 10 mile radius of territory.
		Section 2.B of Owner Agreement.	No competing business for two 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 17.E	Only the terms of the Franchise Agreement its attachments and disclosures in this Disclosure Document are binding. Any other promises 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.
v.	Choice of forum	Section 17.C	Litigation must be in Minneapolis, Minnesota, except as stated in Exhibit E.
w.	Choice of law	Section 17.A	Law of where business is located and Lanham Act.

### **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 about possible performance at a particular location or under particular circumstances.

We have prepared seven charts which are included in Section 1 below using current pricing and expense information from actual College Nannies & Tutors franchised businesses. The purpose of the charts in Section 1 is to outline the prices, costs, and gross margin percentages and amounts for the services offered in the Franchised Business.

In Section 2 below we have prepared three charts using actual financial information from College Nannies & Tutors businesses. The chart shows the 2009 and 2010 unaudited gross revenue of College Nannies & Tutors franchises that were in operation as of December 31, 2010 and have been opened for more than three years.

In Section 3 we have prepared seven charts to show revenues for the franchise operated by CNTI in Wayzata, Minnesota. This business began operating nanny placement services in January 2004 and tutoring services and nanny employment services in June 2004. We have included the unaudited sales figures for the 2004 through 2010 fiscal years because we want to illustrate the start-up phase and revenue mix of this particular College Nannies & Tutors Business. The unaudited earnings claims figures 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 Franchised Business. Franchisees listed in this Disclosure Document may be one source of this information. Substantiation of all data presented in this Item 19 will be made available to you upon reasonable request.

In Section 4 we have prepared a chart to show the list of expenses with explanations and ranges of actual numbers experienced by franchisees in our system in the 2010 fiscal year. The range of expenses varies greatly due to the duration of the business referenced (start up or open for a longer period of time), operational model (learning center, office or home based), owner operated or semi-absentee owner operated and growth plans. The purpose of the chart in section 4 is to provide you with a basic understanding of what type of expenses a College Nannies & Tutors business will incur so you may be able to compare with actual expenses in your geographic area. Any individual franchisee may incur other expenses not listed at their discretion based on how they manage their business.

## **Section 1**

### **Chart 1**

<b><u>Nanny services pricing:</u></b>	<b><u>Price</u></b>	<b><u>Cost</u></b>
Part Time Placement Fee	\$595.00 - \$995.00	NA
Summer Placement Fee	\$395.00 - \$595.00	NA
Full Time Placement Fee	\$995.00 - \$1,500	NA
Babysitting set up fee	\$99.00	NA
Extended Guarantee (3 month)	\$150.00	NA

<b><u>Nanny services pricing:</u></b>	<b><u>Price</u></b>	<b><u>Cost</u></b>
Starting hourly rate billed to families for traditional nanny services	\$16.75	See cost in chart 3
Hourly Rate billed to customers for on-call/corporate/emergency care	\$18.50 - \$32.00	See cost in chart 4
Driving Record Search	\$95.00	Cost: \$4.75
Lab Based Drug Screen	\$145.00	Cost \$24.50

Chart 2

<b><u>Tutoring Services Pricing:</u></b>	<b><u>Price</u></b>	<b><u>Cost</u></b>
Learning Center Tutor Session	\$50.00 - \$70.00	See chart 5
Remote Tutor Session	\$60.00 - \$70.00	See chart 5 (modify price)
Special Project & College Prep Tutoring Sessions	\$60.00 - \$120.00	See chart 6

Chart 3

<b><u>Nanny Hourly Cost (Traditional Placements)</u></b>	
<b><u>Bill Rate</u></b>	<b>\$16.75</b>
Starting Wage	\$10.00
Variable employee expenses (taxes, work comp)	\$1.50
Total variable wage expenses	\$11.50
Gross Margin (Bill rate – total variable wage expenses)	\$5.25
<b>Gross Margin %</b>	<b>31%</b>

Chart 4

<b><u>Nanny Hourly Cost (Corporate On-Call/Babysitting Services)</u></b>	
<b><u>Bill Rate</u></b>	<b>\$26.00</b>
Starting Wage	\$10.00
Variable employee expenses (taxes, work comp)	\$1.50
Total variable wage expenses	\$11.50
Gross Margin (Bill rate – total variable wage expenses)	\$14.50
<b>Gross Margin %</b>	<b>56%</b>

Chart 5

<b><u>Nanny Hourly Cost (Private Family Babysitting Services)</u></b>	
<b><u>Bill Rate</u></b>	<b>\$18.75</b>
Starting Wage	\$10.00
Variable employee expenses (taxes, work comp)	\$1.50
Total variable wage expenses	\$11.50

<b>Nanny Hourly Cost (Private Family Babysitting Services)</b>	
Gross Margin (Bill rate – total variable wage expenses)	\$7.25
<b>Gross Margin %</b>	<b>39%</b>

Chart 6

<b>Tutoring Hourly Cost (In-Center)</b>	
<b>Bill Rate</b>	<b>\$60.00</b>
Starting Wage	\$13.00
Variable employee expenses (taxes, work comp)	\$1.75
Total variable wage expenses	\$14.75
Gross Margin (Bill rate – total variable wage expenses)	\$45.25
<b>Gross Margin %</b>	<b>75%</b>

Chart 7

<b>Tutoring Hourly Cost (Special Projects)</b>	
<b>Bill Rate</b>	<b>\$120.00</b>
Starting Wage	\$20.00
Variable employee expenses (taxes, work comp)	\$2.69
Total variable wage expenses	\$22.69
Gross Margin (Bill rate – total variable wage expenses)	\$97.31
<b>Gross Margin %</b>	<b>81%</b>

## **Section 2**

Chart 1

<b>Franchisee</b>	<b>Inception Date*</b>	<b>2008Gross Revenues**</b>
Franchisee #1	6/2004	\$866,000
Franchisee #2	2/2005	\$1,279,000
Franchisee #3	10/2005	\$790,000
Franchisee #4	12/2005	\$194,000
Franchisee #5***	10/2006	\$144,000
Franchisee #6	1/2007	\$444,000
Franchisee #7	2/2007	\$281,000
Franchisee #8***	3/2007	\$153,000
Franchisee #9	4/2007	\$222,000
Franchisee #10***	6/2007	\$287,000
Franchisee #11***	7/2007	\$161,000

Franchisee #12***	8/2007	\$108,000
Franchise #13***	8/2007	\$87,000

\*Inception date is the month in which the franchise business attended classroom training but not necessarily the date in which operations began.

\*\*Rounded to nearest thousand.

\*\*\*No learning center.

### Chart 2

<b>Franchisee</b>	<b>Inception Date*</b>	<b>2009 Gross Revenues**</b>
Franchisee #1	6/2004	\$801,000
Franchisee #2	2/2005	\$1,108,000
Franchisee #3	10/2005	\$904,000
Franchisee #4	12/2005	\$195,000
Franchisee #5***	10/2006	\$175,000
Franchisee #6	1/2007	\$524,000
Franchisee #7	2/2007	\$430,000
Franchisee #8***	3/2007	\$199,000
Franchisee #9	4/2007	\$404,000
Franchisee #10***	6/2007	\$504,000
Franchisee #11***	7/2007	\$269,000
Franchisee #12***	8/2007	\$186,000
Franchise #13***	8/2007	\$94,000

\*Inception date is the month in which the franchise business attended classroom training but not necessarily the date in which operations began.

\*\*Rounded to nearest thousand.

\*\*\*No learning center.

### Chart 3

<b>Franchisee</b>	<b>Inception Date*</b>	<b>2010 Gross Revenues**</b>
Franchisee #1	6/2004	\$987,000
Franchisee #2	2/2005	\$1,364,000
Franchisee #3	10/2005	\$1,279,000
Franchisee #4	12/2005	\$303,000
Franchisee #5***	10/2006	\$154,000
Franchisee #6	1/2007	\$674,000
Franchisee #7	2/2007	\$703,000
Franchisee #8***	3/2007	\$337,000
Franchisee #9	4/2007	\$534,000
Franchisee #10***	6/2007	\$704,000

Franchisee #11***	7/2007	\$446,000
Franchisee #12***	8/2007	\$133,000
Franchise #13***	8/2007	\$66,000

\*Inception date is the month in which the franchise business attended classroom training but not necessarily the date in which operations began.

\*\*Rounded to nearest thousand.

\*\*\*No learning center.

### **Section 3**

#### Chart 1

<b><u>Actual Revenue of Wayzata, MN Territory: January 1, 2004 – December 31, 2004</u></b>	
Nanny Placement Fees	\$69,000.00
Screening & Assessments	\$13,000.00
Nanny Hourly Billing	\$143,000.00
Tutoring Hourly Billing	\$32,000.00
<b>Total</b>	<b>\$257,000.00</b>

#### Chart 2

<b><u>Actual Revenue of Wayzata, MN Territory: January 1, 2005 – December 31, 2005</u></b>	
Nanny Placement Fees	\$39,000.00
Screening & Assessments	\$5,000.00
Nanny Hourly Billing	\$308,000.00
Tutoring Hourly Billing	\$155,000.00
<b>Total</b>	<b>\$507,000.00</b>

#### Chart 3

<b><u>Actual Revenue of Wayzata, MN Territory: January 1, 2006 – December 31, 2006</u></b>	
Nanny Placement Fees	\$35,000.00
Screening & Assessments	\$8,000.00
Nanny Hourly Billing	\$269,000.00
Tutoring Hourly Billing	\$174,000.00
<b>Total</b>	<b>\$486,000.00</b>

Chart 4

<b><u>Actual Revenue of Wayzata, MN Territory:</u></b> <b><u>January 1, 2007 – December 31, 2007</u></b>	
Nanny Placement Fees	\$44,000.00
Screening & Assessments	\$7,000.00
Nanny Hourly Billing	\$450,000.00
Tutoring Hourly Billing	\$189,000.00
<b>Total</b>	<b>\$690,000.00</b>

Chart 5

<b><u>Actual Revenue of Wayzata, MN Territory:</u></b> <b><u>January 1, 2008 – December 31, 2008</u></b>	
Nanny Placement Fees	\$48,000.00
Screening & Assessments	\$9,000.00
Nanny Hourly Billing	\$618,000.00
Tutoring Hourly Billing	\$192,000.00
<b>Total</b>	<b>\$867,000.00</b>

Chart 6

<b><u>Actual Revenue of Wayzata, MN Territory:</u></b> <b><u>January 1, 2009 – December 31, 2009</u></b>	
Nanny Placement Fees	\$21,426.00
Screening & Assessments	\$4,035.00
Nanny Hourly Billing	\$572,159.46
Tutoring Hourly Billing	\$209,881.76
<b>Total</b>	<b>\$807,502.22</b>

Chart 7

<b><u>Actual Revenue of Wayzata, MN Territory:</u></b> <b><u>January 1, 2010 – December 31, 2010</u></b>	
Nanny Placement Fees	\$21,288.00
Screening & Assessments	\$3,070.00
Nanny Hourly Billing	\$525,587.42
Tutoring Hourly Billing	\$437,397.39
<b>Total</b>	<b>\$987,342.81</b>

## **Section 4**

<b>Expenses of a College Nannies &amp; Tutors Franchise</b>	
Cost of Goods Sold (hourly labor, taxes, workers compensation of nanny & tutor services)	See Section 1 for specifics on labor bill and pay rates
Office Staff Salaries	Franchisees can start the business with zero office employees other than themselves and hire as needed. An established office typically has 2-3 full time employees in a range of \$30,000 - \$45,000 each per year.
Royalties	5% of gross revenues
Brand Fund	1% of gross revenues
Technology Fee	\$150.00 to \$200.00 per month
Accounting & Bookkeeping	Franchisees often manage their own bookkeeping. An accountant is required for tax filing and business review. For those enlisting a bookkeeper cost ranges from \$300 - \$1,000 per month based on \$20 – 30/hr bill rates.
Marketing	Marketing expenses vary based on the current revenue and growth plans of the business. In 2010, franchisees spent between \$1,000 and \$3,400 per month.
Payroll processing	Payroll processing will vary based on the number of employees (nannies & tutors) that a franchisee employs. In 2010, franchisee experienced an average of \$100 per month plus \$1 per each check issues.
Bank & Credit Card Fees	Assuming normal bank activity, a typical business bank account will charge \$0 to \$10 per month for services. Credit card fees were an average of 2.34% of dollars processed in 2010.
Insurance	General and professional liability insurance cost franchisees between \$2,500 and \$7,000 in 2010. In some states, the cost of insurance may be significantly higher.
Rent	A small office can range from \$500 and will increase depending on lease rates and space occupied in each market. If a franchisee opens a learning center, 1,000 – 1,500 square feet is the typical range needed.

<b>Expenses of a College Nannies &amp; Tutors Franchise</b>	
Supplies	Most materials, equipment and supplies needed to operate the business are non-consumable, franchisees will need to purchase basic supplies such as paper on a monthly basis.
Telephone & Internet	Franchisees are required to have a minimum of one dedicated business phone line with voicemail capabilities and high speed internet. Rates will vary depending on local suppliers.
Travel, Entertainment & Training	Very little to no travel is needed to operate the business on a monthly basis although attending a company annual conference will typically require \$800 - \$1,500 depending on the number of attendees.
Miscellaneous	As with any business, franchisees typically experience minor miscellaneous expenses each month.

Footnotes:

1. New Learning Center opened June 2004.
2. Existing Nanny Placement fee business (direct hire, placement fee only).
3. Began employing nannies (employment model) June 2004.
4. Business included 2 placement coordinators for a 5 month period for training.
5. Business included a second location for a period of 6 months in 2005 and 2006.
6. Numbers rounded to the nearest thousand.
7. Learning center tutoring was changed from \$35/hour to \$40/hour beginning February 2005.
8. The business became the training and testing center in 2006 for the College Nannies & Tutors Franchise System.
9. The services which will be offered by you may or may not be the same depending on whether you open a franchised business with both the nanny and tutoring services included. The revenues attained by each Franchised Business will depend on a wide range of factors including geographic differences, competition within the immediate market area, the quality of the service provided to customers by you and your nannies and/or tutors, the consumer demand for nanny and/or tutors and the marketing skills and sales efforts employed by you. The profitability of any individual franchisee will depend on a number of factors which may vary due to the individual characteristics of the



specific geographical area. Factors affecting the net profits may include the number of families served, labor costs, rent and insurance.

10. Rates used in 2004-2006 for placement fees, tutoring sessions and nanny services were lower in many cases compared to the actual numbers used in 2008 as reflected in the charts in section 1.

11. CNTI was purchased by an existing franchisee that had been operating a CNT franchise in an adjoining territory since February of 2006. 2007 sales reflect the merger of the territories.

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

#### WARNINGS:

A. Your individual financial results may differ from the results shown above. Many factors, including location of the business, management capabilities, local market conditions, competition and other factors, are unique to each business and may significantly impact the financial performance of the business.

B. The actual results included in this statement relate to results for the CNTI Business located in Wayzata, Minnesota, and should not be considered as the actual or probable performance results that you should expect through the operation of your business. we do not make any promises or representations of any kind that you will achieve any particular results or level of sales or profitability.

C. You are responsible for developing your own business plan for your business. We encourage you to consult with your own accounting, business, and legal advisors in doing so. In developing the business plan, you are cautioned to make necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business in different geographic areas or new market areas, or during periods of, or in areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

D. Historical costs do not necessarily correspond to future costs because of factors such as inflation, changes in minimum wage laws, location, financing, real estate-related costs and other variables. All information should be evaluated in light of current market conditions, including such cost and price information as may then be available. Prospective franchisees must bear in mind that a newly opened business cannot be expected to achieve sales volumes or maintain expenses similar to those of an established business.

E. The expenses identified above are not the only expenses that you will incur in connection with your operation of your business. For example, you will pay royalty and advertising fees to us (see item 6 of this disclosure document), although these fees are not included in the table. You also may incur other additional expenses including, but not limited to,

legal and accounting, interest on debt service, and taxes and licenses. You and your advisors should consider this in your due diligence and preparation of your business plan.

F. Other than the information above, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, income or profits of a College Nannies & Tutors, College Nannies or College Tutors franchised business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Joseph Keeley, President, c/o College Nannies & Tutors Development, Inc., 1415 Wayzata Blvd. East, Wayzata, Minnesota 55391, telephone (952) 476-0262, the Federal Trade Commission, and the appropriate state authorities.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**COLLEGE TUTORS BUSINESSES**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2008-2010**

<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	2008	20	32	+12
	2009	32	52	+20
	2010	52	70	+18
Company-Owned	2008	0	0	0
	2009	0	0	0
	2010	0	0	0
Total Outlets	2008	20	32	+12
	2009	32	52	+20
	2010	52	70	+18

**Table No. 2  
Transfers of Outlets From Franchisees to New Owners  
(Other than the Franchisor)  
For Years 2008 – 2010**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Connecticut	2008	1
	2009	0
	2010	0
Florida	2008	0
	2009	0
	2010	1
State Total	2008	1
	2009	0
	2010	1

**Table No. 3  
Status of Franchised  
Outlets For Years 2008 to 2010**

<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	2008	1	0	1	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	2	0	0	0	0	2
California	2008	1	3	0	0	0	0	4
	2009	4	3	0	0	0	0	7
	2010	7	5	0	0	0	0	12
Colorado	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Connecticut	2008	2	1	0	0	0	0	3
	2009	3	1	0	0	1	0	3
	2010	3	0	1	0	0	0	2
Florida	2008	1	1	0	0	0	0	2
	2009	2	1	0	0	0	0	3
	2010	3	0	0	0	0	0	3
Georgia	2008	0	1	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
Illinois	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
Kansas	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Maryland	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Michigan	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	2	0	0	0	0	2

Massachusetts	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	3	0	0	0	0	3
Minnesota	2008	7	2	0	0	0	0	9
	2009	9	2	0	0	0	0	11
	2010	11	1	0	0	0	0	12
Missouri	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
New Jersey	2008	1	1	0	0	0	0	2
	2009	2	1	0	0	1	0	2
	2010	2	1	0	0	0	0	3
New York	2008	1	1	0	0	0	0	2
	2009	2	1	1	0	0	0	2
	2010	2	0	0	0	0	0	2
North Carolina	2008	1	0	0	0	0	0	1
	2009	1	1	0	0	0	0	2
	2010	2	1	0	0	0	0	3
Ohio	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
Oklahoma	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	1	0	0	0	0	1
Oregon	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Pennsylvania	2008	1	0	0	0	0	0	1
	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
Rhode Island	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	1	0	0	0	0
Tennessee	2008	0	1	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	1	0	0	0	0
Texas	2008	2	0	0	0	0	0	2
	2009	2	1	0	0	0	0	3
	2010	3	1	0	0	0	0	4

Virginia	2008	0	2	0	0	0	0	2
	2009	2	1	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Washington	2008	0	0	0	0	0	0	0
	2009	0	3	0	0	0	0	3
	2010	3	0	0	0	0	0	3
Wisconsin	2008	0	0	0	0	0	0	0
	2009	0	2	0	0	0	0	2
	2010	2	0	0	0	0	0	2
Total	2008	20	13	1	0	0	0	32
	2009	32	23	2	0	1	0	52
	2010	52	21	3	0	0	0	70

**Table No. 4  
Status of Company-Owned  
Outlets For Years 2008 to 2010**

<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 Outlets Reacquired From Franchisees</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisees</b>	<b>Column 8 Outlets at End of the Year</b>
Total	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0

**Table No. 5  
Projected Openings  
As of December 31, 2010**

<b>Column 1 State</b>	<b>Column 2 Franchised Agreements Signed But Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the next Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets in Next Fiscal Year</b>
Arizona	0	1	0
California	0	3	0
Colorado	1	1	0
Georgia	0	1	0
Illinois	0	1	0
Massachusetts	0	1	0
Missouri	1	1	0
New York	0	2	0
Ohio	0	1	0
Pennsylvania	0	1	0
Texas	0	1	0

Virginia	0	1	0
Washington	0	1	0
Wisconsin	0	1	0
Totals	3	18	0

Attached as Exhibit G is a list of our franchisees 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 three years, we have signed two confidentiality clauses with franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the College Nannies & 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, 2009 and December 31, 2010.

## **ITEM 22 CONTRACTS**

Copies of the Franchise Agreement (with Schedules), and the State Specific Addendum 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 Multi-Territory Addendum.

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

## **ITEM 23 RECEIPT**

**Exhibit I** to this Disclosure Document contains two 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.**  
**WAYZATA, MINNESOTA**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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



**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

INDEPENDENT AUDITOR'S REPORT

To Shareholders and Board of Directors  
College Nannies & Tutors Development, Inc.  
Wayzata, Minnesota

We have audited the accompanying balance sheets of College Nannies & Tutors Development, Inc. as of December 31, 2010 and 2009, and the related statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our 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, 2010 and 2009, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Weber & Deegan, Ltd.*

Weber & Deegan, Ltd.  
Edina, Minnesota  
February 15, 2011

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 109,391	\$ 17,835
Accounts receivable, net of allowance for doubtful accounts of \$16,000	109,937	192,764
Employee advance	6,000	-
Prepaid expenses	<u>89,707</u>	<u>172,901</u>
<b>TOTAL CURRENT ASSETS</b>	<u>315,035</u>	<u>383,500</u>
PROPERTY AND EQUIPMENT:		
Furniture and equipment	32,131	25,530
Leasehold improvements	34,601	34,601
Vehicles	<u>-</u>	<u>24,553</u>
	66,732	84,684
Less accumulated depreciation	<u>15,211</u>	<u>25,579</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>51,521</u>	<u>59,105</u>
OTHER ASSETS		
Website development costs, net	66,089	65,378
Other	<u>9,783</u>	<u>10,535</u>
<b>TOTAL OTHER ASSETS</b>	<u>75,872</u>	<u>75,913</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 442,428</b></u>	<u><b>\$ 518,518</b></u>

See notes to financial statements.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**BALANCE SHEETS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 22,307	\$ 24,674
Accrued expenses	18,121	8,970
Deferred revenue	105,000	315,000
Deferred tax liabilities	-	13,500
Current portion of long-term debt	-	<u>9,118</u>
TOTAL CURRENT LIABILITIES	<u>145,428</u>	<u>371,262</u>
LONG-TERM DEBT	<u>-</u>	<u>1,380</u>
TOTAL LIABILITIES	<u>145,428</u>	<u>372,642</u>
SHAREHOLDERS' EQUITY:		
Common Stock - \$0.001 par value; 20,000,000 shares authorized; 13,317,308 and 13,467,308 shares, respectively, issued and outstanding	13,317	13,467
Additional paid-in capital	42,169	42,169
Retained earnings	<u>241,514</u>	<u>150,180</u>
	297,000	205,816
Less: treasury stock - 60,000 shares at cost	<u>-</u>	<u>(59,940)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>297,000</u>	<u>145,876</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 442,428</u></b>	<b><u>\$ 518,518</u></b>

See notes to financial statements.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010		2009	
	Amount	Percent	Amount	Percent
REVENUES				
Franchise fees	\$ 684,500	42.4 %	\$ 562,000	48.4 %
Royalties	585,629	36.3	395,170	34.1
Advertising fees	125,977	7.8	78,128	6.7
Technology fees	99,450	6.2	62,450	5.4
Other income	119,221	7.4	62,542	5.4
TOTAL REVENUE	1,614,777	100.0	1,160,290	100.0
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	1,473,007	91.2	1,022,259	88.1
OPERATING INCOME	141,770	8.8	138,031	11.9
OTHER INCOME (EXPENSE):				
Interest income	426	0.0	380	0.0
Interest expense	(322)	(0.0)	(2,454)	(0.2)
TOTAL OTHER INCOME (EXPENSE)	104	0.0	(2,074)	(0.2)
INCOME BEFORE INCOME TAXES	141,874	8.8	135,957	11.7
INCOME TAXES	(12,400)	(0.8)	28,143	2.4
<b>NET INCOME</b>	<b>\$ 154,274</b>	<b>9.6 %</b>	<b>\$ 107,814</b>	<b>9.3 %</b>

See notes to financial statements.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TREASURY STOCK</u>	<u>TOTAL</u>
BALANCES JANUARY 1, 2009	\$ 13,216	\$ 4,724	\$ 42,366	\$ (59,940)	\$ 366
Debt conversion option exercised	251	37,445	-	-	37,696
Net income for the year ended December 31, 2009	<u>-</u>	<u>-</u>	<u>107,814</u>	<u>-</u>	<u>107,814</u>
BALANCES, DECEMBER 31, 2009	13,467	42,169	150,180	(59,940)	145,876
Stock redeemed by the Company	(150)	-	(3,000)	-	(3,150)
Retirement of treasury stock	-	-	(59,940)	59,940	-
Net income for the year ended December 31, 2010	<u>-</u>	<u>-</u>	<u>154,274</u>	<u>-</u>	<u>154,274</u>
<b>BALANCES, DECEMBER 31, 2010</b>	<b><u>\$ 13,317</u></b>	<b><u>\$ 42,169</u></b>	<b><u>\$ 241,514</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 297,000</u></b>

See notes to financial statements.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 154,274	\$ 107,814
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	59,363	41,928
Loss on disposal of property and equipment	366	
Change in operating assets and liabilities:		
Accounts receivable	82,827	(124,670)
Employee advance	(6,000)	-
Prepaid expenses	83,194	(169,494)
Accounts payable and accrued expenses	6,784	(12,863)
Deferred revenue	(210,000)	280,000
Deferred tax liabilities	(13,500)	17,300
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>157,308</u>	<u>140,015</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(6,600)	(20,389)
Proceeds from the sale of equipment	7,000	
Web site development costs	(52,504)	(68,544)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(52,104)</u>	<u>(88,933)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Debt repayment	(10,498)	(34,434)
Common stock redeemed	(3,150)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(13,648)</u>	<u>(34,434)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	91,556	16,648
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>17,835</u>	<u>1,187</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 109,391</u></u>	<u><u>\$ 17,835</u></u>

See notes to financial statements.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**NOTE 1 – NATURE OF BUSINESS**

College Nannies & Tutors Development, Inc. (CNTD) 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.

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

Basis of Presentation

The accompanying financial statements are presented to portray the financial position, operations and cash flow of CNTD on a stand-alone basis. Accordingly, they do not include the assets, liabilities, revenue, and expenses of Franchise Development Group LLC (FDG). FDG ceased operations in August 2009, with ownership of CNTD shares transferred to its members.

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

The Company had the following concentrations at December 31, 2010 and 2009:

Cash and Equivalents

The Company maintains its cash balances in one financial institution located in Minnesota, which at times, may exceed federally insured limits. As of December 31, 2010 and 2009, the Company believes it is not exposed to any significant credit risk on cash and equivalents and did not have any uninsured cash balances.

Accounts Receivable

Financial instruments that potentially subject the Company to credit risk consist principally of accounts receivable for which no collateral is required. The Company had accounts receivable from three customers representing 53% of total receivables at December 31, 2009. There were no significant concentrations in accounts receivable at December 31, 2010.

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 AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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Trade Accounts Receivable

Trade accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. There is no interest charged on balances not paid within 30 days as historically there has not been significant past due accounts. 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 off 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	39
Equipment and Furniture	3 to 5

Depreciation expense was \$7,313 and \$9,073 for the years ended December 31, 2010 and 2009, respectively.

Website Development Costs

The company capitalizes various website development costs including acquired software, development costs for code, 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 website. Capitalized costs are amortized over the useful life which is estimated to be three years. Website development costs, net includes the following at December 31:

	<u>2010</u>	<u>2009</u>
Total capitalized costs	\$ 181,630	\$ 129,126
Less: accumulated amortization	<u>115,541</u>	<u>63,748</u>
Net website development costs	<u>\$ 66,089</u>	<u>\$ 65,378</u>

Amortization expense was \$53,030 and \$34,240 for the years ended December 31, 2010 and 2009, respectively.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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Revenue Recognition

Revenue is recognized in accordance with the Accounting for Franchise Fee Revenue topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. Revenues from franchise sales are recognized when all material service or conditions relating to the sale have been substantially performed or satisfied by the franchisor. This topic also establishes accounting standards for continuing franchise fees, continuing product sales, agency sales, repossessed franchises, franchising costs, commingled revenue, and relationships between a franchisor and a franchisee.

Advertising

The Company expenses advertising costs as incurred. Total advertising costs charged to operations were \$182,043 and \$114,337 for the years ended December 31, 2010 and 2009, respectively.

Income Taxes

Effective January 1, 2010 the Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes will be included in the financial statements.

Prior to January 1, 2010, deferred income tax assets and liabilities were 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. Valuation allowances were established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense was the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Comprehensive Income (Loss)

Comprehensive income (loss) is the combination of the net income (loss) and other comprehensive income (loss) for the period. Other comprehensive income is defined as the change in a business enterprise's equity during a period arising from transactions, events or circumstances relating to non-owner sources, such as foreign currency translation adjustments and unrealized gains or losses on available-for-sale securities. Comprehensive income and net income were the same for the years ended December 31, 2010 and 2009.

Reclassifications

Certain reclassifications have been made in the 2009 financial statements to conform to classifications used in 2010. These reclassifications have no effect on net income or retained earnings.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**NOTE 3 – FRANCHISE INFORMATION**

The Company added 21 and 23 new territories during 2010 and 2009, respectively, through new or existing franchise owners, and 3 locations were closed in each year. Initial franchise fee revenue was \$684,500 and \$562,000 for the years ended December 31, 2010 and 2009, respectively. All territories are owned by franchisees and no territories were owned by the Company. Territories in operation were as follows as of and for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Outlets at the start of the year	52	32
Outlets at the end of the year	<u>70</u>	<u>52</u>
Net Change	<u>18</u>	<u>20</u>

**NOTE 4 – LINE OF CREDIT**

The Company had a \$50,000 revolving line of credit that expired in September 2010. The note bore interest at the prime rate and was secured by all corporate assets and the guarantee of the principal shareholder. Interest expense was \$322 and \$2,454 for the years ended December 31, 2010 and 2009, respectively.

**NOTE 5 – LONG-TERM DEBT**

Long-term debt consisted of a note payable for a vehicle. The note bore interest at 7.5%, was scheduled to mature in 2012, and was collateralized by the vehicle. During 2010, the Company sold the vehicle and paid off the remaining debt.

**NOTE 6 – LEASES**

The Company leases a vehicle under a 42-month non-cancellable operating lease expiring in 2014. Future minimum rental payments due under the lease are as follows for the years ending December 31:

2011	\$ 11,988
2012	11,988
2013	11,988
2014	<u>4,995</u>
	<u>\$ 40,959</u>

Rent expense charged to operations under the lease totaled \$12,357 for the year ended December 31, 2010.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**NOTE 7 – DEFINED CONTRIBUTION PLAN**

The Company provides a defined contribution plan for its employees whereby employees can make elective deferral contributions up to amounts as defined in the plan document. The Company makes matching contributions for employee deferral contributions. Plan eligibility includes working at least 1,000 hours annually, attaining 21 years of age, and having one year of service. The Company charged \$16,440 to operations under the Plan during the year ended December 31, 2010. There were no Company contributions for the year ended December 31, 2010 and 2009.

**NOTE 8 – INCOME TAXES**

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

	2010	2009
Current	\$ 1,100	\$ 10,843
Deferred	(13,500)	17,300
	\$ (12,400)	\$ 28,143

Income taxes are substantially the same as that which would result from applying statutory rates to income before income taxes. The net deferred tax liability results from excess tax depreciation at December 31, 2009. The deferred tax benefit in 2010 is the result of the Company electing S-corporation status as described in Note 2 to the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company has not been audited by the Internal Revenue Service or a state tax authority and, accordingly, the returns for the past three and one half years are open to examination.

The Company follows the provisions of uncertain tax positions as addressed in the Income Taxes topic of the FASB Accounting Standards Codification. Based on the Company's evaluation, it has recognized no liability for uncertain tax positions as it believes there are no material uncertain tax positions at December 31, 2010 and 2009.

**NOTE 9 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Income Taxes and Interest

Cash paid for income taxes was \$3,215 and \$6,600 and cash paid for interest was \$322 and \$712 for the years ended December 31, 2010 and 2009, respectively.

Non-Cash Transactions

In May 2009, an unrelated party exercised its option to convert their promissory note plus accrued interest in the amount of \$37,696 to 251,308 shares of common stock.

**COLLEGE NANNIES AND TUTORS DEVELOPMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**

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**NOTE 10 – RELATED PARTY TRANSACTIONS**

The Company leases office space under a month-to-month operating lease with a company related to one of the shareholders. Related party office rent charged to operations was \$74,166 and \$42,766 for the years ended December 31, 2010 and 2009, respectively.

The Company also pays consulting fees to a company related to one of the shareholders. Related party consulting fees charged to operations were \$40,000 for the year ended December 31, 2010.

**NOTE 11 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through February 15, 2011, 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 & TUTORS  
DEVELOPMENT, INC.**

**FRANCHISE AGREEMENT**

Franchisee: \_\_\_\_\_

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

Territory: \_\_\_\_\_

**COLLEGE NANNIES & TUTORS DEVELOPMENT, INC.**  
**FRANCHISE AGREEMENT**  
**TABLE OF CONTENTS**

1.	DEFINITIONS.....	1
2.	GRANT OF FRANCHISE .....	3
3.	TERM OF THE AGREEMENT; RENEWAL .....	4
4.	FEES AND OTHER PAYMENTS.....	5
5.	OUR OBLIGATIONS .....	9
6.	YOUR OBLIGATIONS .....	11
7.	MARKS .....	14
8.	INSURANCE.....	16
9.	RELATIONSHIP.....	17
10.	RESTRICTIVE COVENANTS.....	18
11.	TRANSFER .....	19
12.	OUR RIGHT OF FIRST REFUSAL TO PURCHASE.....	21
13.	OUR TERMINATION RIGHTS .....	22
14.	YOUR TERMINATION RIGHTS; NOTICE REQUIRED.....	23
15.	YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION.....	23
16.	NOTICES.....	25
17.	DISPUTE RESOLUTION .....	25
18.	MISCELLANEOUS .....	26

Schedules

1.	TERRITORY AND DEVELOPMENT SCHEDULE
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 & TUTORS  
DEVELOPMENT, INC.  
FRANCHISE AGREEMENT**

This **FRANCHISE AGREEMENT** (“Agreement”) is made this \_\_\_ day of \_\_\_\_\_, 201\_\_, by and between College Nannies & Tutors Development, Inc., a Minnesota corporation, located at 1415 Wayzata Blvd. East, Minneapolis, Minnesota 55391 (“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 & Tutors;”

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

C. You desire to operate a College Nannies & Tutors business in compliance with our quality standards and operating procedures;

D. You acknowledge the benefits to be derived from being identified with the College Nannies & 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, operational techniques, 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. “**Business**” or “**Franchised Business**” means the business operations conducted or to be conducted by you consisting of providing nanny services and tutoring services using our System and in association with the Marks.

C. “**Confidential Information**” means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of a College Nannies & 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, e-mail addresses, manuals, promotional and marketing materials, marketing strategies and any other data which we designate as confidential.

D. **“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 on or off your business premises, 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.

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

F. **“Internet”** means any of one or more local or global interactive communications media, that is now available, or that may become available, and includes Web sites and domain names. Unless the context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

G. **“Manual”** means our confidential: (i) manual or manuals, and (ii) any Intranet or password protected portion of an Internet site, and (iii) any amendments, supplements, derivative works, and replacements, whether embodied in electronic or other media.

H. **“Marks”** means the service mark “College Nannies & 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.

I. **“Multi-Area Marketing Programs”** mean regional or national programs designed to increase business including multi-area customer, national customer, commercial customer, Internet, event, yellow pages, 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.

J. **“Premises”** means the locations within the Territory which has been approved by us for you to conduct the Franchised Business and includes both your administrative office and your learning centers.

K. “**Principal Operator**” means the individual who will devote full time and best efforts to the development and operation of the Franchised Business. All communication with you shall be through the Principal Operator.

L. “**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, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of the Franchised Business, as modified by us at any time. All such modifications and improvements become our property.

M. “**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 & Tutors Business at a location (“Franchised Location”) in the following territory: \_\_\_\_\_ (“Territory”); (ii) use the Marks and the System; and (iii) offer and market only services and products which have been approved by us. You will administer the nanny placement and babysitting services portion of the Business from the Franchised Location and also administer the tutoring and college prep portion of the Business from the Franchised Location upon the terms and conditions of this Agreement. 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.

B. **Territorial Rights.** Except as otherwise provided in this Agreement, we will not during the term of this Agreement operate or franchise others to operate a nanny and tutor service business under the College Nannies & Tutors name within the Territory. Provided that you are in compliance with the development schedule set forth in **Schedule 1**, we will not operate or franchise others to operate a nanny and tutoring services business under the College Nannies & Tutors name within the Territory. In consideration of this territorial protection, you agree to locate your Franchised 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 & 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 & Tutor 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 & Tutors businesses;

iii. We may 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 your College Nannies & Tutors business on the Internet or otherwise conduct e-commerce except as we approve;

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; and

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

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.

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.

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

A. **Term.** The initial term of this Agreement shall continue for a period of ten years (the "Term"). The Term shall begin on the date this Agreement is executed by us, subject, however, to termination according to the provisions of this Agreement.

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 & 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 Business up to the then-current standards for a College Nannies & 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 \$35,000 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 Data Storage 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 the third year of this Agreement, the monthly royalties will be the greater of 5% of Gross Revenues and \$625. You must also pay us a continuing non-refundable technology data storage fee. As of the date of this Agreement, the technology data storage fee ranges between \$150 and \$200 per month depending on the monthly revenue generated by the Franchised Business as listed below:

Monthly Revenue of Franchised Business	Monthly Technology Data Storage Fee
Up to \$19,999	\$150
\$20,000 to \$39,999	\$175
\$40,000 or more	\$200

We reserve the right to increase the amount of the monthly technology data storage 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 & 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 \$10,000.

D. **Brand Fund Contribution.** You will pay an Brand Fund Contribution to be deposited in the College Nannies & Tutors Brand Fund ("Fund"). As of the date of this Agreement, the amount of the Brand Fund Fee is 1% of your Gross Revenues. We reserve the right to increase the amount of the Brand Fund Fee up to a maximum of 2% 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 & 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 Web pages, 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 1% of Gross Revenues 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 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 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 percent 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, sales 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 the Premises. If you request assistance in selecting a site for the Premises, 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 site for the Premises, and for relocation of the Premises, 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 will deliver to us a copy of your proposed lease for our review at least 10 days before signing. Your lease for the premises 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.
- iii. We will provide consultation as to the selection, training and supervision of nannies 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 program. Two people in your organization, including the Principal Operator, shall attend and satisfactorily complete the classroom training program prior to opening the Business. The classroom training program will be for approximately five days, and will take place in Minneapolis, Minnesota. You shall be responsible for personal traveling and living expenses incurred by yourself and others in your organization who participate in the training program.

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 operating 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 or the operation 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 regarding the operation of the Business. If applicable, you must comply with the Development Schedule contained on Schedule 1.

**B. Premises.** You will operate your Franchised Location and Learning Centers only from premises which meet our standards and have been accepted by us. You will be responsible for construction and leasehold improvements to the Premises. We must approve your build out, architectural plans and décor (including artwork and posters) in advance. You may not redecorate your Premises without our prior written approval. You may not offer child care or babysitting services at your office or learning centers. Rather, nanny and babysitting services may only be provided in customers' homes. Prior to attending initial training, you must have established a Franchised Location at a location accepted by us.

**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, administrative, marketing, accounting and other aspects of the Business. You acknowledge and agree that we have entered into this Agreement in reliance on the Principal Operator's qualifications. Any attempted delegation of duties or substitution of the Principal Operator shall be deemed to be a material breach of this Agreement. You will hire and place only nannies and tutors who: (i) meet our qualification standards, (ii) provide acceptable applicant references; and (iii) pass the required training and background checks.

**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 insure that no unapproved products or services are offered on the Premises. You may not allow alcohol consumption, smoking, gambling or the operation of coin operated games or any unapproved games on the Premises. 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 Premises, 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 Premises 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 date of this

Agreement, you are required to pay us a technology data storage 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 e-mail capabilities and use an e-mail 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 all of the operational aspects of the Franchised Business including, but not limited to: (i) hours of operation; (ii) safety, maintenance, cleanliness, sanitation, function and appearance of the Premises; (iii) training, dress, general appearance and demeanor of your staff; (iv) advertising and promotional programs; (v) use and retention of standard forms; (vi) your identification as the owner of the Franchised Business; (vii) handling of customer complaints; and (viii) any other standard, specification or procedure designated by us.

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.

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. 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 Premises 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. 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 persons having an ownership interest in you 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.** We may, from time to time, specify in the Operations 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.

## 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 operating 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 Premises putting your customers on notice that the Business is independently owned and operated by you as our franchisee. All of your written materials including stationery and invoices shall also contain the notice that your Business is independently owned and operated by you.

C. **Promotion.** You will operate your Business so that it is clearly identified and advertised as a College Nannies & 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”, “Nannies” or “Tutors” as part of the name of your business entity.

D. **Internet.** You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We retain the sole right to market on the Internet, including all use of Web sites, domain names, URL’s, linking, advertising, and co-branding arrangements. You will provide us content for our Internet marketing and comply with our Internet and Intranet policies as set out in the Manual. We also retain the sole right to use the Marks on the Internet, including on Web sites, as domain names, directory addresses, metatags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our Web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent. We intend that any franchisee Web site be accessed only through our home page. All Internet marketing must be coordinated through us and approved by us. Your Website must be created and maintained by our designated supplier at your cost. We have the sole right to use social media to market or promote the System. You may not use any form or social media to market or promote the Retail Business without our prior written approval. You must comply with our social media policies as we promulgate them from time to time.

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; and

iii. 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. 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. All persons hired by or working for you shall not, for any purpose, be deemed our employees or subject to our control. 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.

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, and actions or representations you make, 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 date of this Agreement. 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 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 or tutoring services within the Territory or within a 10 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 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 Premises, 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 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 you or the Principal Operator, we shall consent to the transfer of the interest in the franchise, the Franchised Business and this Agreement to your 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) you (if you are an individual) or your Principal Operator (if you are a business entity) are absent or incapacitated by reason of illness or death and that you are not, in our sole judgment, able to perform under this Agreement, or (ii) any allegation or claim is made against the Franchised Business, you or the Principal Operator involving or relating to any fraudulent or deceptive practice. 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. You or your Principal Operator 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 twelve-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; or
- viii. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.

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 provide you with 30 days written notice of your default and of our intent to terminate the Agreement, or if a default cannot reasonably be cured within 30 days, to begin with that time substantial and continuing action to cure such default and to provide us with evidence of such actions. If the defaults specified in such notice are not cured within the 30 day period, or if substantial and continuing action to cure has not been initiated, this Agreement shall automatically terminate upon the expiration of the thirty day period without further notice. Such defaults shall include, without limitation, the occurrence of any of the following events.

- i. You fail to satisfactorily complete the training, and commence operating the Business within 12 months of the date of this Agreement or fail to secure a suitable location for the Premises within 12 months of the date you complete training;
- 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 Premises.

#### **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 & 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, 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 & 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, 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 on the Premises on the date this Agreement terminates or expires.

vi. You must pay to us all damages, costs and expenses, including reasonable attorneys' 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 and 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. 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, and an average of the two appraised values will be binding. Appraised values will 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 10 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. 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 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 assumes 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 and specifications and operating 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 the requirements of Section 5.E and other 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 \_\_\_\_\_, 201\_\_.

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

WITNESS:

\_\_\_\_\_

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

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

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

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

**SCHEDULE 1**  
**TERRITORY AND DEVELOPMENT SCHEDULE**

## 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 within 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 \_\_\_\_\_, 201\_\_, is entered into by and between \_\_\_\_\_ (“Lessor”), and \_\_\_\_\_ (“Lessee”).

**RECITALS:**

A. The parties hereto have entered into a certain Lease Agreement, dated \_\_\_\_\_, 200\_\_, 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 (the “Premises”) pursuant to a Franchise Agreement (the “Franchise Agreement”) with College Nannies & Tutors Development, Inc. (“Company”) under the name “College Nannies & Tutors” (“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 Premises and to display such proprietary marks and signs on the interior and exterior of the Premises 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 on the Premises. Lessee agrees that all exterior signage and marks will comply with applicable city 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 fifteen 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: 1415 Wayzata Blvd. East, Minneapolis, Minnesota 55391.

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 and must agree to cure all existing defaults within ten business days of the date of termination.

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

**TELEPHONE LISTING AUTHORIZATION AND ASSIGNMENT AGREEMENT**

THIS AGREEMENT (the "Agreement"), dated \_\_\_\_\_, 201\_ 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 & 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 & 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 & 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 & 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 your Principal Operator is \_\_\_\_\_. All communication between us and you shall be through the Principal Operator.

D. 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;

E. 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 & 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 provides child care or nanny services or 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 & 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 or nanny services or 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 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 & 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 & TUTORS FRANCHISE AGREEMENT**

As you know, you and we are entering into a Franchise Agreement for the operation of a College Nannies & 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 & Tutors Development 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 & 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 & Tutors system if you violate the covenant(s)? Further, do you understand that the term "you" for purposes of the non-compete covenants in 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 & Tutors Development franchisees (with telephone numbers) and did you have an opportunity to talk with them about their experience in the College Nannies & 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**

## SCHEDULE 7

### MULTIPLE ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement (“Addendum”), dated \_\_\_\_\_, 201\_\_, is entered into between \_\_\_\_\_ (“you”), and College Nannies & Tutors Development, Inc. (“we” or “us”).

#### RECITALS

- A. The parties have entered into \_\_\_\_\_ separate Franchise Agreements, all dated \_\_\_\_\_, 201\_\_, relating to the development and operation of College Nannies & Tutors franchises in or around the following areas: (1) \_\_\_\_\_ (the “Territory No. 1 Agreement”), (2) \_\_\_\_\_ (the “Territory No. 2 Agreement”), and (3) \_\_\_\_\_ (the “Territory No. 3 Agreement”).
- B. The parties desire to amend the Territory No. \_\_\_\_ Agreement in accordance with the terms and conditions contained in this Addendum.

#### AGREEMENT

The parties agree that the Territory No. \_\_\_\_\_ Agreement is hereby modified, as follows:

1. The following is the development schedule for three Stores:

Territory No.	Date by Which Office Location Must be Open
1	
2	
3	

2. Section 4.A. of the Franchise Agreement is deleted in its entirety and replaced with the following:

“A. **Initial Franchise Fee.** The parties agree that the combined Initial Franchise Fees for the \_\_\_\_ Territories to be developed by you is \$\_\_\_\_\_ which is payable in full upon execution of the \_\_\_\_\_ Agreements and this Addendum. The Initial Franchise Fees are fully earned when paid and no portion of them are refundable under any circumstance, including your failure to open any College Nannies & Tutors business.

**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 and Tutors Development, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) enter into this Release of Claims (“Agreement”).

#### RECITALS

- A. Franchisor and Franchisee entered into COLLEGE NANNIES & TUTORS Franchise Agreement dated \_\_\_\_\_.
- B. [NOTE: Described 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: \_\_\_\_\_, 201\_

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

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

Dated: \_\_\_\_\_, 201\_

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 Corporations 1515 K Street Suite 200 Sacramento, CA 95814 (866) 275-2677	Corporations Commissioner 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, P.O. Box 40 Honolulu, HI 96810 (808) 586-2744	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 500 St. Paul, MN 55101 (651) 296-4026	Any officer of College Nannies & Tutors Development, Inc.

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>NEW YORK</b>	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8222	Secretary of State of New York 41 State Street Albany, NY 12231-0001
<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 Revenue and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities Same Address
<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 345 West Washington Ave. Madison, WI 53703 (608) 266-1365	Same

**EXHIBIT E**  
**STATE SPECIFIC ADDENDUM**

**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 CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [www.corp.ca.gov](http://www.corp.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 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.

## **ILLINOIS**

### **Disclosure Document**

#### **Items 5 and 7 of this Disclosure Document are revised to include the following language:**

Because of the Franchisor's financial condition, the Illinois Attorney General requires us to defer collection of the Initial Franchise Fee until such time as we have fulfilled our initial obligations and you have commenced operation of the Franchised Business.

#### **Item 17 of this Disclosure Document and the Franchise Agreement is amended by adding the following:**

In accordance with Illinois law 815 ILCS 705/1-44 and Rule Section 200.608, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

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

Illinois law may affect the conditions under which we may terminate the Franchise Agreement, 815 ILCS 705/1-44.

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

Illinois law may affect your rights upon non-renewal, 815 ILCS 705/1-44.

#### **The following should be added to Provision V of Item 17 of the Disclosure Document:**

Litigation between the parties will take place in Illinois.

### **Franchise Agreement**

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

Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/1-44.

#### **Section 4.A of the Franchise Agreement is amended to include the following language:**

For Illinois franchisees, the Initial Fee is payable at such time as we have fulfilled our initial obligations to you and you have commenced operation of the Franchised Business.

#### **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 ABOUT COMPARISONS OF FRANCHISORS MAY BE AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS 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.**

**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 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.

## **NORTH DAKOTA**

1. Item 17(c) of the Disclosure Document, Section 3.B. of the Franchise Agreement and Section 5 of the Area Representative 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, Section 10.C. of the Franchise Agreement and Section 2 of the Area Representative 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. For Washington franchisees, we will defer collection of the Initial Franchise Fee until such time as we have met our initial obligations (including providing training) and you are open for business.
2. 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.

3. 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.

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

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

**EXHIBIT F**  
**MANUAL TABLE OF CONTENTS**



## Operations Manual Table of Contents

Operations Overview Introduction.....	3
Confidentiality.....	3
History of College Nannies & Tutors.....	3
Today.....	3
Company Purpose.....	4
Company Vision.....	4
Company Goals.....	4
Organizational Core Values.....	4
Disclaimer.....	5
Other Resources.....	6
Franchise Package.....	7
Fees/Cost of Getting Started.....	7
Legal Considerations of Franchising.....	8
Relationships Are Built On Trust.....	11
Planning for Your Business.....	17
Financial and Operations Management.....	23
Staffing Best Practices.....	24
Training and Operational Start-Up Introduction.....	31
Prerequisite Skills.....	31
CNTD Franchise Support.....	32
Pre-Training.....	34
Classroom Training.....	46
Marketing Introduction.....	51
Our Brand Promise — Building Stronger Families™.....	52
Creating a Marketing Plan.....	52
Tactics and Tools.....	53
Sales.....	71
Prospecting.....	71
CNT’s “5–a–day for a Balanced Business” Program.....	72
Sales Strategies.....	73
Our Sales Process.....	73
Our Sales Metrics and Sales Funnel.....	78
Managing Objections.....	82
Business Development.....	83
What do we mean by “business development”?.....	83
Why is business development important?.....	83
Know Your Workforce.....	91
Build Your Workforce.....	93
Maintaining and Expanding Workforce Tools.....	96

Recruiting Wrap Up and Documentation .....	98
Hiring and Managing Employees Introduction.....	103
Recruitment .....	103
Interviewing and Hiring .....	104
Hiring.....	108
Orientation and Training .....	115
Employee Relations and Employment Policies.....	117
Reward and Recognition .....	118
Performance Reviews.....	119
At Will Employment .....	120
Disciplinary Actions.....	120
Termination of an Employee .....	121
Suspension.....	123
Resignation.....	124
Exit Interviews.....	124
Nanny Placement and On-Call Services Introduction.....	129
Brand Position and Promise — Building Stronger Families™ .....	129
Nanny Services positioning and points of difference .....	129
Overview of Services and Sales .....	130
Selling Nanny Services.....	131
Prior to the Family Meeting: .....	132
Remember — You are the expert.....	133
The Family Meeting Insights.....	135
Placement Services.....	137
Building a Placement Description with Family.....	140
Overview of Nanny Placement.....	141
Search for the right candidate.....	141
Prescreen the Candidate’s Profile.....	144
Overview of On-Call Placement.....	150
National On-Call Accounts .....	154
Receiving an On-Call Request from National Account .....	154
Post Request to National Account On-Call Group.....	154
Nanny Recruitment Specifics .....	155
Placement & Staffing Best Practices .....	156
Nanny Placement Coaching / Empowering.....	156
Building Stronger Relationships with Customers.....	157
Tutor Operations Introduction .....	165
Complete Student Approach☐.....	165
Role Model Match☐ .....	165
Brand promise — Building Stronger Families™ .....	166
Tutor Services positioning and points of difference.....	166
Overview of Tutor Services.....	166
Selling Tutor Services .....	168
Remote Tutoring Considerations.....	171
Overview of Tutor Placement.....	174
A guide to the interview process .....	177
Tutor Orientation and Training.....	179
Timesheets.....	180
National Accounts .....	185
Business Development of Tutor Services.....	186



Staffing best practices with tutors: Managing Expectations.....	186
Customer Relations .....	187
Learning Center and Office Operations Introduction .....	193
Data Management.....	193
Learning Center Location and Construction Recommendations .....	194
Learning Center Design, Layout, and Best Practices .....	195
Learning Center Best Practices.....	198
Rewards Program .....	201
CUSTOMER Service Standards.....	202
Daily operations and LC Supervisor Responsibilities .....	204

**EXHIBIT G**  
**COLLEGE NANNIES & TUTORS**  
**LIST OF FRANCHISEES**  
**(As of December 31, 2010)**

**Arizona**

North Scottsdale, AZ Territory  
Inception: 2/2010  
Contact: Gary Matsuda  
480-304-5300  
Email: [gmatsuda@collegenannies.com](mailto:gmatsuda@collegenannies.com)

North Tucson, AZ Territory  
Inception: 4/2010  
Contact: Chuck Nickel  
520-262-0177  
Email: [cnickel@collegenannies.com](mailto:cnickel@collegenannies.com)

**California**

Beverly Hills, CA Territory  
Inception: 2/2010  
Contact: Ellen Sandwiess  
818-817-5389  
Email: [esandweiss@collegenannies.com](mailto:esandweiss@collegenannies.com)

Chino Hills, CA Territory  
Inception: 2/2010  
Contact: Amy Choi-Won  
909-271-6323  
Email: [achoi\\_won@collegenannies.com](mailto:achoi_won@collegenannies.com)

East Sacramento, CA Territory  
Inception: 3/2008  
Contact: Claire Wingate  
916-941-1188  
Email: [cwingate@collegenannies.com](mailto:cwingate@collegenannies.com)

Laguna Beach, CA Territory  
Newport Beach, CA Territory  
Inception: 8/2009  
Contact: Patrick Porter  
949-525-2179  
Email:  
[patrick.porteroc@collegenannies.com](mailto:patrick.porteroc@collegenannies.com)  
Contact: Lori Murphy  
619-227-8304  
Email: [lori.murphy@collegenannies.com](mailto:lori.murphy@collegenannies.com)

Mission Viejo, CA Territory  
Inception: 4/2010  
Contact: Gary or Susan Van Houten  
949-716-7600  
Email: [gvanhouten@collegenannies.com](mailto:gvanhouten@collegenannies.com)

North San Diego, CA Territory  
Inception: 2/2008  
Contact: Lori Murphy  
619-227-8304  
Email: [lori.murphy@collegenannies.com](mailto:lori.murphy@collegenannies.com)

Palo Alto, CA Territory  
Inception: 7/2010  
Contact: Alan Camburn  
650-777-7898  
Email: [acamburn@collegenannies.com](mailto:acamburn@collegenannies.com)

San Ramon – Danville, CA Territory  
Inception: 6/2009  
Contact: Dave Culp  
925-550-6738  
Email: [dculp@collegenannies.com](mailto:dculp@collegenannies.com)

Villa Park – Yorba Linda, CA Territory  
Inception: 4/2010  
Contact: Mike Yetter  
339-234-3220  
Email: [myetter@collegenannies.com](mailto:myetter@collegenannies.com)

Westlake/Thousand Oaks, CA Territory  
Inception: 1/2008  
Contact: Janyce Kamahele  
Janyce Kamahele: 805-497-8777  
Email: [jkamahele@collegenannies.com](mailto:jkamahele@collegenannies.com)

Woodland Hills, CA Territory  
Inception: 2/2007  
Contact: Shon Afzali  
877-626-6952  
Email: [safzali@collegenannies.com](mailto:safzali@collegenannies.com)

## **Colorado**

Arvada, CO Territory  
Inception: 8/2009  
Contact: Chris Johnstone  
720-536-8562  
Email: [cjohnstone@collegenannies.com](mailto:cjohnstone@collegenannies.com)

## **Connecticut**

West Hartford, CT Territory  
Inception: 10/2006  
Contact: Mark Greenstein  
860-826-8288  
Email: [mgreenstein@collegenannies.com](mailto:mgreenstein@collegenannies.com)

Westport, CT Territory  
Inception: 1/2008  
Contact: Tom and Berit Watson  
203-373-0498  
Email: [twatson@collegenannies.com](mailto:twatson@collegenannies.com)  
Email: [bwatson@collegenannies.com](mailto:bwatson@collegenannies.com)

## **Florida**

Clermont, FL Territory  
Inception: 1/2008  
Contact: Lucinda Goes  
352-389-4331  
Email: [Lucinda.goes@collegenannies.com](mailto:Lucinda.goes@collegenannies.com)

Tarpon Springs – Clearwater, FL Territory  
Inception: 1/2009  
South Tampa, FL Territory  
Inception 3/2007; Acquired 2010  
Contact: Cori Hansen or Carol Grass  
727-234-0643  
Email: [chanson@collegenannies.com](mailto:chanson@collegenannies.com)  
Email: [cgrass@collegenannies.com](mailto:cgrass@collegenannies.com)

## **Georgia**

Duluth, GA Territory  
Inception: 7/2008  
Contact: Shawn and Christian Warren  
678-259-0232  
Email: [swarren@collegenannies.com](mailto:swarren@collegenannies.com)  
Email: [cwarren@collegenannies.com](mailto:cwarren@collegenannies.com)

North Gwinnett, GA Territory  
Inception: 2/2010  
Contact: DeNita McGuinn  
770-696-2368  
Email: [dmcguinn@collegenannies.com](mailto:dmcguinn@collegenannies.com)

## **Illinois**

Glenview, IL Territory  
Inception: 4/2007  
Contact: Charlie and Laura Horwitz  
847-998-5657  
Email: [chorwitz@collegenannies.com](mailto:chorwitz@collegenannies.com)  
Email: [lhowitz@collegenannies.com](mailto:lhowitz@collegenannies.com)

North East Chicago, IL Territory  
Inception: 2/2010  
Contact: Mary Dombrowski  
773-961-8449  
Email: [mdombrowski@collegenannies.com](mailto:mdombrowski@collegenannies.com)

## **Kansas**

Overland Park, KS Territory  
Inception: 7/2007  
Contact: Jennifer Schellhase  
913-754-3633  
Email: [jschellhase@collegenannies.com](mailto:jschellhase@collegenannies.com)

## **Maryland**

Bethesda, MD Territory  
Inception: 1/2009  
Contact: Maxine Gill  
301-980-6367  
Email: [mgill@collegenannies.com](mailto:mgill@collegenannies.com)

## **Massachusetts**

Belmont, MA Territory  
Newton, MA Territory  
Wellesley, MA Territory  
Inception: 11/2010  
Contact: Laura Davis  
612-964-7014  
Email: [ldavis@collegenannies.com](mailto:ldavis@collegenannies.com)

## **Michigan**

Ann Arbor, MI Territory  
Inception: 2/2010  
Contact: Sharon Ragland-Keys  
734-761-8395  
Email: [sragland\\_keys@collegenannies.com](mailto:sragland_keys@collegenannies.com)

Rochester Hills, MI Territory  
Inception: 2/2010  
Contact: Amber O'Hara  
248-840-7081  
Email: [aohara@collegenannies.com](mailto:aohara@collegenannies.com);

## **Minnesota**

Shorewood, MN Territory  
Inception: 2/2006  
Contact: Mike Lutz  
952-401-9051  
Email: [mlutz@collegenannies.com](mailto:mlutz@collegenannies.com)

Edina, MN Territory  
Eden Prairie, MN Territory  
Minneapolis, MN Territory  
Inception: 1/2005  
Contact: Laura Davis  
612-964-7014  
Email: [ldavis@collegenannies.com](mailto:ldavis@collegenannies.com)

Woodbury, MN Territory  
St. Paul, MN Territory  
White Bear Lake, MN Territory  
Dakota County, MN Territory  
Inception: 1/2005  
Owners  
Bye Barsness  
Ron Bure  
Peter Barsness  
Contact: Joe Barsness  
651-209-8759  
Email: [jbarsness@collegenannies.com](mailto:jbarsness@collegenannies.com)

Anoka, MN Territory  
Wayzata, MN Territory  
Maple Grove, MN Territory  
Inception: 1/2005  
Contact: Jere Edlund  
763-486-3975  
Email: [jedlund@collegenannies.com](mailto:jedlund@collegenannies.com)

Rochester, MN Territory  
Inception: 7/2010  
Contact: Lindsay Stepp  
507-202-8498  
Email: [lstepp@collegenannies.com](mailto:lstepp@collegenannies.com)

## **Missouri**

North West Kansas City, MO  
Inception: 6/2009  
Contact: Matt Murray  
816-256-5907  
Email: [mmurray@collegenannies.com](mailto:mmurray@collegenannies.com)

## **New Jersey**

Hamilton, NJ Territory  
Inception: 8/2008  
Contact: Scott or Giovanna Link  
609-324-7600  
Email: [slink@collegenannies.com](mailto:slink@collegenannies.com);  
[glink@collegenannies.com](mailto:glink@collegenannies.com)

Livingston, NJ Territory  
Inception: 3/2009  
Contact: Lisa McFarland  
973-629-3668  
Email: [lmcfarland@collegenannies.com](mailto:lmcfarland@collegenannies.com)

Princeton, NJ Territory  
Inception: 4/2010  
Contact: Sue Buck  
609-945-3557  
Email: [sbuck@collegenannies.com](mailto:sbuck@collegenannies.com)

## **New York**

Upper East Side of Manhattan, NY Territory  
New York, NY  
Inception: 6/2007  
Owner: Mark Greenstein  
Contact: Stacey Campbell  
516-345-5400  
Email: [scampbell@collegenannies.com](mailto:scampbell@collegenannies.com)

Brooklyn Heights, NY  
Inception: 1/2008  
Contact: Charlene or Adrian Niles  
718-841-7458  
Email: [cniles@collegenannies.com](mailto:cniles@collegenannies.com)  
Email: [aniles@collegenannies.com](mailto:aniles@collegenannies.com)

### **North Carolina**

Lake Norman, NC Territory  
Inception: 12/2009  
Contact: Shawna Castoria  
704-947-8687  
Email: [scastoria@collegenannies.com](mailto:scastoria@collegenannies.com)

South East Charlotte, NC Territory  
Inception: 8/2007  
Contact: Candace Gibbs  
704-497-0132  
Email: [cgibbs@collegenannies.com](mailto:cgibbs@collegenannies.com)

Cary, NC Territory  
Inception: 7/2010  
Contact: Greg or Linda Tarsa  
919-896-7227  
Email: [gtarsa@collegenannies.com](mailto:gtarsa@collegenannies.com);  
[ltarsa@collegenannies.com](mailto:ltarsa@collegenannies.com)

### **Ohio**

Powell, OH Territory  
Inception: 2/2010  
Contact: Susan Cornish  
614-761-3060  
Email: [scornish@collegenannies.com](mailto:scornish@collegenannies.com)

### **Oklahoma**

Edmund, OK Territory  
Inception: 7/2010  
Contact: Karin Dallas  
405-562-0080  
Email: [kdallas@collegenannies.com](mailto:kdallas@collegenannies.com)

### **Oregon**

Lake Oswego, OR Territory  
Inception: 1/2009  
Contact: Jere Edlund  
503-686-5619  
Email: [jedlund@collegenannies.com](mailto:jedlund@collegenannies.com)

### **Pennsylvania**

Paoli, PA Territory  
Inception: 3/2009  
Contact: Jennifer or Malcolm Thomson  
484-318-7494  
Email: [jthomson@collegenannies.com](mailto:jthomson@collegenannies.com),  
[mthomson@collegenannies.com](mailto:mthomson@collegenannies.com)

Tannersville, PA Territory  
Inception: 1/2007  
Contact: Charlene or Adrian Niles  
570-620-1300  
Email: [cniles@collegenannies.com](mailto:cniles@collegenannies.com)  
Email: [aniles@collegenannies.com](mailto:aniles@collegenannies.com)

### **Texas**

Katy, TX Territory  
Inception: 2/2010  
Contact: Doina Berea  
281-398-6809  
Email: [dberea@collegenannies.com](mailto:dberea@collegenannies.com)

North West Austin, TX Territory  
South West Austin, TX Territory  
Inception: 2/2007  
Contact: Donna or Doug Balser  
512-372-8385  
Email: [dbalser@collegenannies.com](mailto:dbalser@collegenannies.com)  
Email: [dmbalser@collegenannies.com](mailto:dmbalser@collegenannies.com)

South East Houston, TX Territory  
Inception: 8/2007  
Contact: Candace Blumenthal  
281-326-8888  
Email: [cblumenthal@collegenannies.com](mailto:cblumenthal@collegenannies.com)

**Virginia**

McLean, VA Territory

Inception: 3/2009

Contact: Mary Jane Graham

703-748-0707

Email: [mgraham@collegenannies.com](mailto:mgraham@collegenannies.com)

Loudoun County, VA Territory

Inception: 7/2008

Contact: Joel Getis

571-333-0660

Email: [jgetis@collegenannies.com](mailto:jgetis@collegenannies.com)

Glen Allen - Richmond, VA Territory

Inception: 3/2008

Contact: Vicki Daniel

804-346-2242

Email: [vdaniel@collegenannies.com](mailto:vdaniel@collegenannies.com)

Fairfax, VA Territory

Inception: 4/2010

Contact: Shirley Corkill

571-420-1300

Email: [scorkill@collegenannies.com](mailto:scorkill@collegenannies.com)

**Washington**

Seattle, WA Territory

Bellevue, WA Territory

Redmond, WA Territory

Inception: 1/2009

Contact: Laura Davis

612-964-7014

Email: [ldavis@collegenannies.com](mailto:ldavis@collegenannies.com)

**Wisconsin**

Hudson, WI Territory

Inception: 1/2005

Owners

Bye Barsness

Ron Bure

Peter Barsness

Contact: Joe Barsness

651-209-8759

Email: [jbarsness@collegenannies.com](mailto:jbarsness@collegenannies.com)

Mequon, WI Territory

Inception: 1/2009

Contact: Alan Day

414-491-7381

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

**Franchisees signed but not yet open as of December 31, 2010:**

**Colorado**

NE Colorado Springs, CO Territory

Contact: Reid Kaiser

Email: [rkaiser@collegenannies.com](mailto:rkaiser@collegenannies.com)

**Massachusetts**

Weston, MA Territory

Contact: Brian Hrybyk

Email: [bhrybyk@collegenannies.com](mailto:bhrybyk@collegenannies.com)

**Missouri**

St. Peters, MO Territory

Contact: Rebecca Wilson

Email: [rwilson@collegenannies.com](mailto:rwilson@collegenannies.com)



**Former Franchisees no longer in the system as of December 31, 2010:**

**Connecticut**

Greenwich, CT Territory  
Reason for departure: mutual termination  
Contact: Stephen Kane  
203-837-6204  
Email: smkane\_60422@hotmail.com

**Florida**

South Tampa, FL Territory  
Reason for departure: transfer (sale) to another franchisee  
Contact: Nadia Awaida-Nachabe  
813-368-4048  
Email: nawayda@gmail.com

**Rhode Island**

Providence-East Bay, RI Territory  
Reason for departure: mutual termination  
Contact: Lisa Lehman  
612-501-7820  
Email: lisaraelehman@cox.net

**Tennessee**

Franklin/Brentwood, TN Territory  
Reason for departure: termination  
Contact: Russ Browning  
615-772-6270  
Email: russ.brown216@comcast.net

**EXHIBIT H**

**RECEIPT**

**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. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

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 A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joe Keeley, Michael Condon and Terry Johnson of College Nannies & Tutors Development, Inc., 1415 Wayzata Blvd. East, Minneapolis, Minnesota 55391, (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 1415 Wayzata Blvd. East, Minneapolis, MN 55391. Its telephone number is (952) 476-0262.

Issuance Date: February 18, 2011

See Exhibit D for our registered agents authorized to receive service of process.

I have received a Disclosure Document effective as of February 18, 2011 (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 Addendum                                      |
| Exhibit F | Manual Table of Contents                                     |
| Exhibit G | List of Franchisees  |
| Exhibit H | Receipt  |

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign a copy of this receipt, date your signature, and return it to Joe Keeley, College Nannies & Tutors, Development, Inc., 1415 Wayzata Blvd. East, Minneapolis, MN 55391, (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. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, we must provide this Disclosure Document to you at your first personal meeting to discuss the franchise.

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 A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joe Keeley, Michael Condon and Terry Johnson of College Nannies & Tutors Development, Inc., 1415 Wayzata Blvd. East, Minneapolis, Minnesota 55391, (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 1415 Wayzata Blvd. East, Minneapolis, MN 55391. Its telephone number is (952) 476-0262.

Issuance Date: February 18, 2011

See Exhibit D for our registered agents authorized to receive service of process.

I have received a Disclosure Document effective as of February 18, 2011 (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 Addendum                                      |
| Exhibit F | Manual Table of Contents                                     |
| Exhibit G | List of Franchisees  |
| Exhibit H | Receipt  |

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please sign a copy of this receipt, date your signature, and return it to Joe Keeley, College Nannies & Tutors, Development, Inc., 1415 Wayzata Blvd. East, Minneapolis, MN 55391, (952) 476-0262.