

CGI INTERNATIONAL, INC.
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FRANCHISE DISCLOSURE DOCUMENT



Specialists in **COLOR RESTORATION & REPAIR**

The Franchisor is in the business of developing and franchising COLOR GLO Businesses for the color restoration of leathers, vinyls, velour, fabrics, carpet and wood grain panels.

The total investment necessary to begin operation of a Color Glo franchise is \$51,000.00 to \$54,800.00. This includes the \$30,000.00 initial fee and \$19,500.00 start-up fee that must be paid to the franchisor or its affiliate(s).

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

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

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

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

Date of Issuance: May 21, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor 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 A for information about the franchisor, 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 YOU TO RESOLVE DISPUTES WITH US BY MEDIATION ONLY IN THE STATE OF MINNESOTA. OUT-OF-STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE/ARBITRATE/MEDIATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

MINNESOTA STATUTES, SECTION 80C.21 AND MINNESOTA RULE 2860.440(J) PROHIBIT THE FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, REQUIRING WAIVER OF A JURY TRIAL, OR REQUIRING THE FRANCHISEE TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGEMENT NOTES. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS(S) CAN ABROGATE FRANCHISEE'S RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY LAWS OF THE JURISDICTION. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA STATE LAW, THE FRANCHISOR WILL COMPLY WITH MINNESOTA STATUTES, SECTION 80C.14, SUBDS. 3,4 AND 5, WHICH REQUIRE (EXCEPT IN SPECIFIED CASES) THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NON-RENEWAL OF THE FRANCHISE AGREEMENT; AND THAT CONSENT TO TRANSFER THE FRANCHISE WILL NOT BE UNREASONABLE WITHHELD.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: November 19, 2013

FRANCHISE DISCLOSURE DOCUMENT
 COLOR GLO INTERNATIONAL
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Exhibits

- Exhibit A – List of State Administrators, Agent for Service or Process
- Exhibit B – Operations Manual
- Financial Statements
- Appendix A to Franchise Agreement
- Color Glo Franchise Social Media Policy
- Schedule A – list of Franchisor supplied Equipment & Supplies

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:

Maryland	Pending	Illinois	08/09/12
Michigan	12/22/12	Minnesota	11/13/12
California	11/01/13	New York	08/06/12
Washington	7/29/12	Wisconsin	10/18/12
Virginia	06/23/12	North Dakota	07/27/12
Indiana	06/28/12	Florida	05/09/12

Item 1: The Franchisor and any Parent's, Predecessors; and Affiliates.

The purpose of this disclosure document is to familiarize you with the important legal and business aspects of "Color Glo", the franchisor, and the franchise it offers to qualified franchisees.

"Color Glo" means Color Glo International, a division of CGI International, Inc., the Franchisor. CGI International, Inc. was incorporated under the laws of the State of Minnesota on February 25, 1983, for the purpose of offering Color Glo business format franchises. Color Glo products had previously been marketed as a business opportunity pursuant to the business opportunity laws of several states by a corporation named Color Glo International, Inc., which had been incorporated on March 31, 1977. CGI International, Inc. purchased and merged with Color Glo International, Inc. on November 1, 1993. Business opportunities, subject to the business opportunity laws of several states, are no longer offered.

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

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

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

The market for the products and services which you will offer is the general public, but you may find it more efficient to work through commercial entities such as auto dealerships, automobile body shops, private aircraft companies, marinas, commercial building owners, furniture retailers and insurance companies. Many of our most successful franchisees began operations by marketing directly to automobile dealerships.

Competition with the Franchised Business is limited. Franchised businesses are typically based out of a home office, however, a retail location is suitable and acceptable to us.

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

Item 2: Business Experience.

Chairman of the
Board of Directors: Everett C. Smith

Mr. Everett C. Smith was the founder and President, Secretary and Director of Chem-Glass International, Inc., and Color Glo International, Inc., both located in Minneapolis, Minnesota from 1977 until 1982. He was also founder and President of Coustic-Glo International, Inc. at its formation in 1979. Mr. Smith was President of CGI International, Inc. from its formation in 1983 until December 1, 1993. He was also Chief Executive Officer of CGI International, Inc. from January 1, 1992 to December 1, 1993. Mr. Smith has been Chief Executive Officer of Color Glo from September 1983. He has been a Director of Color Glo since its founding and Chairman of the Board since July 1991.

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

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

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

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

Item 3: Litigation.

On December 14, 2012, a lawsuit was filed by American Refinishing, LLC, John Sellenberg and Judy Sellenberg against Color Glo International, Inc. and Gary E. Smith. The lawsuit was filed in the Chancery Court or Davidson County, Tennessee as file number 12-1748-II. The plaintiffs are the former Color Glo franchisees in Nashville, Tennessee area and they are seeking a recession of the contract and damages under the Tennessee Consumer Protection Act. Color Glo denies that there was any fraud or misrepresentation and have counterclaimed for damages based on the refusal of the plaintiff to follow the instructions regarding marketing and training and the proper use of the Color Glo products. Color Glo is also arguing that the case is governed by the federal law and that the claims under the Tennessee Consumer Protection Act should be dismissed. The case is currently in the discovery phase of litigation.

Item 4: Bankruptcy.

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

Item 5: Initial Fees

When you sign the franchise agreement you will pay us in cash or another form of payment that will make the funds immediately accessible to us, such as cashier's check or wire transfer, an initial franchise fee is \$30,000.00. Generally, the Exclusive Territory covered by each franchise agreement will include at least a population of 500,000 (or a portion thereof) in your licensed area. For each 10,000 population exceeding 500,000 you will pay an additional \$500.00.

If you request a larger Exclusive Territory, we may grant a larger Exclusive Territory to you, at our discretion, upon the payment of the additional fee. Generally in this case, the extra territory to be included in your Exclusive Territory would be capable of supporting a Sub-Licensee. In the event that you want to develop a larger territory, we may, at our discretion, give you a development schedule to allow you to sell subfranchises. The number of subfranchises requested to be sold and the time schedule by when they must be sold will be negotiated at the time the franchise agreement is signed. If the development schedule within the exclusive territory is not completed in the required time, for any reason, we may reduce the exclusive territory. Any additional fees paid by you for the right to develop the additional territory will not be refunded.

The total investment necessary to begin operation of a Color Glo franchised business is \$49,500.00 to \$54,800.00. This includes the Initial Fee, Start-Up Fee, Travel Expenses while training, Equipment and Supplies, Working Capital and Additional Funds. Other than situations where a franchisee desires a larger than normal Exclusive Territory, the initial franchise fee is uniform for all franchisees. The initial fee is nonrefundable. Refer to Schedule A for a complete list of Franchisor supplied Products & Equipment.

In addition when you sign the Franchise Agreement, you must pay us a start up fee of \$19,500.00 (plus shipping), which includes legal and administrative costs, initial training costs for 2 people (but not travel) and the purchase of the start-up kit containing an initial supply of all required Color Glo products and supplies. This fee is not refundable. Other than as described in this Item 5, you are not required to pay us, or an affiliate any additional sums before you begin the franchised business.

On the basis of financial information submitted, the State of Maryland Commissioner has determined that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, should be held in escrow pending satisfaction of all of the franchisor's material pre-opening obligations to the franchise. Maryland regulations allow alternatives to the imposition of an escrow condition including deferral of initial fees. Please advise the Division whether it should proceed with an excrow order or whether the franchisor elects another alternative, as provided under Maryland regulations.

Item 6: Other Fees.

CONTINUING FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Maintenance (Note 1)	4% of gross sales or \$150.00 per month, whichever is greater, \$200.00 for the second full	Payable monthly on the 15 th day of the next month (Note 2)	Gross sales include the total collected dollar amount of your Color Glo business not including taxes, if applicable, in your

	year or \$300.00 a month following a full year of business (Note 3)		location.
Annual License Fee and Product Purchases (Note 1)	\$2,500.00 (Note 2)	\$208.33 payable monthly by the 15 th day of each month	You will be required to pay in cash to Color Glo by the end of the year the difference between \$2,500.00 and the actual amount of products purchased from Color Glo. This is deemed a material provision of the License Agreement, breach of which can result in termination by Color Glo.
Audit (Note 1)	Cost of Audit	30 days after billing	Payable only if audit shows an understatement of at least 2% of gross sales for any month.
<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Insurance	Estimated cost of \$1,500.00 to \$3,000.00 per year (excluding automobile liability insurance) (Note 2)	On purchase of insurance	You are required to procure and pay for general liability insurance, personal property insurance, automobile liability insurance and other necessary insurance. Liability coverage must have a limit of \$1,000,000.00. The insurance policies must name Color Glo as an additional insured.
Transfer Fee	\$7,500.00 (Note 2)	Prior to consummation of transfer	Payable when you sell or transfer your franchise.

¹All fees are imposed by and are payable to Color Glo. All fees are non-refundable.

²None of the above fees or other payments are refundable to you.

³4% of gross sales, including cash, or a minimum of \$150.00 a month for the first full year of business. \$200.00 for the second full year of business; or \$300.00 a month for each following full year of business. See Note 4 for definition of Gross Revenue.

Any maintenance fee not paid when due will be assessed a \$5.00 per month late fee until all fees are brought current.

⁴“Gross Revenue” means the total amount of money you receive for all goods sold and services rendered within your Exclusive Territory or in connection with the Color Glo trade name or marks, excluding sales tax.

Item 7: Estimated Initial Investment.

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	\$30,000.00 (Note 1)	Lump Sum	At signing of License Agreement	Color Glo
Start-Up Fee	\$19,500.00 + shipping costs (Notes 6 & 7)	Lump Sum	At signing of License Agreement	Color Glo
Travel Expenses While Training	\$500.00 to \$2,500.00	As Incurred	During Training	Airlines, Hotels and Restaurants
Business Premises and Vehicle	(Note 3)	(Note 3)	(Note 3)	(Note 3)
Equipment and Supplies	\$200.00 to \$300.00 (Note 4)	Lump Sum	At signing of License Agreement	Color Glo
Additional Funds	\$500.00 to \$1,500.00 (Note 3)	As Incurred	As Incurred	Suppliers, employees, etc.
Additional Funds – 3 months	\$300.00 to \$1,000.00	As Incurred	As Incurred	
TOTAL	\$51,00.00 to \$54,800.00			

Notes:

- (1) When you sign the franchise agreement you will pay us in cash or another form of payment that will make the funds immediately accessible to us, such as cashier’s check or wire transfer, an initial franchise fee is \$30,000.00. Generally, the Exclusive Territory covered by each franchise agreement will include at least your Exclusive area population of 300,000-500,000 (or a portion thereof) in your licensed area. For each 10,000 population exceeding 500,000-500,000 you will pay an additional \$500,00.

If you request a larger Exclusive Territory, we may grant a larger Exclusive Territory to you, at our discretion, upon the payment of the additional fee. Generally in this case, the extra territory to be included in your Exclusive Territory would be capable of supporting a Sub-Licensee.

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

- (2) In addition when you sign the Franchise Agreement, you must pay us a start up fee of \$19,500.00 (plus shipping), which includes legal and administrative costs, initial training costs for 2 people (but not travel) and the purchase of the start-up kit containing an initial supply of all required Color Glo products and supplies. This fee is not refundable. Other than as described in this Item 5, you are not required to pay us, or an affiliate any additional sums before you begin the franchised business.
- (3) **Work Vehicle.** Your work vehicle must present a professional appearance, and must be licensed and insured. You must obtain our approval of your work vehicle before beginning operation of the franchised business. The low estimate assumes you will use your personal vehicle as your work vehicle. The high estimate assumes you will lease a used vehicle, with a \$350 down payment and monthly lease payments of \$328 for 3 months. Both estimates include \$175 for gasoline during the first 3 months of operations.
- (4) You will need approximately \$500.00 to \$1,500.00 for working capital. The amounts needed for working capital will vary depending upon the size of your business, whether you use working capital for economic factors, household bills, family expenses, etc.. Although these amounts are not paid to Color Glo, payments by you from working capital are generally not refundable as they are typically considered monthly household expenses.
- (5) Color Glo does not offer direct or indirect financing to franchisees for any items.
- (6) Although a franchise may acquire a larger Exclusive Territory for an additional fee more than 90% of our franchisees operate in a standard size exclusive territory. If you choose to have a larger than normal Exclusive Territory, you will pay an additional \$500.00 per 10,000 in population. The Franchisee fee must be paid in full before we will schedule training.
- (7) The start up fee includes legal and administrative costs for 2 people (but not travel), and the purchase of a start up kit that contains an initial supply of all required Color Glo products and supplies. The start up fee must be paid in full before we schedule training and includes all shipping costs incurred by the initial supply package.
- (8) **Vehicle Signs.** Before beginning operations, you must have all required vehicle signs applied to your work vehicle, exactly according to our specifications.
- (9) **Business Licenses/Permits.** You must obtain all necessary permits and licenses required by applicable law before you begin the Franchised Business.
- (10) **Marketing.** You must spend the then-current monthly minimum expenses (currently \$125) with Google AdWord or other approved supplier to market your Franchised Business. We will coordinate with Google AdWords marketing but you will pay Google or other approved supplier directly. The estimate is for 3 months at the minimum monthly rate.

Item 8: Restrictions on Sources of Products and Services.

To maintain compliance with Color Glo's standards of uniformity and quality of products and services by all franchisees, you must purchase certain items and services according to our specifications. These specifications may include minimum standards for quality, performance, design, appearance, delivery and other restrictions. These specifications are maintained in the Field Operations Manual and other support material we make available to you (collectively, the "Manual"). The Manual is available online through

our website. We may periodically change these specifications, either by notice to you or through changes to the Manual, and you must promptly comply with the changed standards following notice to you. You may incur expenses or increased costs to comply with these changes.

You must purchase certain items and services from Color Glo or from supplies that we have approved in the Manual. This includes the start-up kit, Color Glo Products, Craftsman's Choice Products, marketing material, and promotional products. Color Glo Products include those manufactured by Color Glo or by contractual agreements with manufacturers committed to the quality and specifications required by Color Glo. A complete list of these items and services, and the approved suppliers, for each, is contained in the Manual. The list of Color Glo products is listed in Schedule A. The approved suppliers have demonstrated to our satisfaction that they have the ability to meet standards and specifications for relevant items and services, that they possess adequate quality controls, and that they have the capacity to supply your needs promptly and reliably. We have the right to change the list of approved suppliers, and you must promptly change the suppliers if required.

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

You must purchase at least \$2,500.00 of proprietary Color Glo Products from us each year. Color Glo has no affiliates which are approved suppliers for any products or supplies which are not proprietary Color Glo products. Color Glo has no purchase agreements with any suppliers and derives no revenue from suppliers. No negotiated purchase agreements exist with suppliers including price terms, for the benefit of franchisees.

Color Glo derives a profit from the sale of these products by charging more than its cost. In the fiscal year ending August 31, 2013, Color Glo's revenue from the sales of these products was \$823,468.11 or 43% of Color Glo's total revenue of \$1,919,004.23.

Except for the initial Equipment and supplies Package you must first purchase from us, there are no other products or equipment needed to operate your Franchise Business that you must purchase from us for that first calendar year you start your Franchised Business.

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

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

of the relevant information requested. We may uphold approval of any item, service or supplier, as we determine in our decision. We have the right to revoke approval of any item, service or supplier at any time for any reason, and we will notify you of any revocation of approval.

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

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

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

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

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

Item 9: Franchisee's Obligations

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.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Article 1	Item 11
b. Pre-opening purchases/leases	Article 7	Item 8

c. Site development and other pre-opening requirements	Articles 4, 6, 7, 8, 13 & 14	Items 6, 7 and 11
d. Initial and ongoing training	Article 13	Item 11
e. Opening	Article 1	Item 11
f. Fees	Articles 4, 5, 6, 7, 13, 15, 16	Items 5 & 6
g. Compliance with standards and policies / Operating Manual	Articles 1, 7, 8 & 14	Item 11
h. Trademarks and proprietary information	Article 3	Items 13 and 14
Obligation	Section in agreement	Disclosure document item
i. Restrictions on products/ services offered	Article 7	Item 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quota	Not Applicable	Not Applicable
l. Ongoing product/ service purchases	Articles 7 & 8	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Article 14	Item 6
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Article 15	Not Applicable
q. Owner's participation/ management/staffing	Articles 7 & 8	Item 15
r. Records and reports	Articles 7 & 16	Item 6

s. Inspections and audits	Articles 7 & 16	Items 6 and 11
t. Transfer	Article 17	Item 17
u. Renewal	Article 2	Item 17
v. Post-termination obligations	Article 11	Item 17
w. Non-competition covenants	Article 12	Item 17
x. Dispute resolution	Not Applicable	Not Applicable

Item 10: Financing

Neither we nor any agent or affiliate offers direct or indirect financing to to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

Item 11: Franchisor’s Assistance, Advertising, Computer Systems, and Training

Except as listed below, Color Glo is not required to provide you with any assistance. Color Glo will not provide any assistance in finding a site.

Color Glo does not determine or consider for you any factors in selecting or approving sites. Color Glo does not maintain a funded advertising program nor does Color Glo require you to buy any electronic cash register or computer system. Color Glo occasionally will advertise by use of trade show exhibits or trade magazine advertisements. Color Glo does not restrict you or any franchisee from advertising in your own location. During the operation of your business Color Glo will loan you a copy of our operations manual which is 180 pages in length.

You must use your best efforts to promote the Color Glo business to all industry targets throughout your exclusive territory. To do this, you must actively market your Color Glo business according to our recommendations, including electronic advertising, direct mail and direct in-person customer contact.

In order for you to make full use of the online resources to communicate with us while at your job sites, you must have a smart phone or tablet computer, such as an iPad with paid internet service for internet access. You must also monitor and participate in the communication /forum group available for all Color Glo franchisees through the Color Glo intranet system.

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

- (1) provide you with a schedule of all supplies and equipment approved by the Franchisor for use in the Franchisee's business (Article 13, page 14 of the License Agreement);
- (2) provide you with an initial supply of Color Glo products as set forth in Schedule A of the License Agreement (License Agreement Schedule A); and
- (3) provide one copy of Color Glo's Operating Manuals (Article 7, page 8 of the License Agreement).

TRAINING PROGRAM

Outline of Week #1 of Color Glo Training

Monday – Friday

Subject	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introductions to staff and Color Glo System	N/A	3 Hours	N/A	Classroom Training held at Corporate Office in Minneapolis, Minnesota
Equipment Overview	Equipment in tools supplied in Franchise start up package	2 Hours	N/A	Classroom Training held at Corporate Office in Minneapolis, Minnesota
Procedures for how to perform a successful repair on Auto & Marine Interiors	Color Glo Products & recommended tools	20 Hours	Varies with training performed in the field	Classroom Training held at Corporate Office in Minneapolis, Minnesota Field Training varies with Trainer
Color Mixing & Matching	Color Glo Dye system; Color mixing & matching literature, Color Wheel, and Misc. mixing supplies	6 Hours	Varies with training performed in the field	Classroom Training held at Corporate Office in Minneapolis, Minnesota Field Training varies with Trainer
Understanding of the Color Glo Bases	Color Glo Bases & Bases literature	2 Hours	N/A	Classroom Training held at Corporate Office in Minneapolis, Minnesota
Proper application of your dye and base mixture	Color Glo Bases, Dyes, and recommended HVLP Spray gun w/compressor	2 Hours	Varies with training performed in the field	Classroom Training held at Corporate Office in Minneapolis, Minnesota Field Training varies with Trainer
Weekly Review	Varies upon Franchisee's questions and concerns	5 Hours	N/A	Classroom Training held at Corporate Office in Minneapolis, Minnesota

Outline of Week #2 of Color Glo Training

Monday – Friday

Subject	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Location
Hazmat Training, Operations Manuals MSDS review, FAA review, Respirator fit test	Operations Manual's MSDS, Franchisee's assigned Respirator, FAA literature	3 Hours	N/A	Classroom Training held at Corporate Office
In the field, hands on training	Color Glo products & recommended tools	N/A	15 Hours	Field Training varies with Trainer
The repair and servicing of both residential and commercial furniture	Color Glo Products & recommended tools	10 Hours	N/A	Classroom Training held at Corporate Office
Sales and Marketing	Color Glo Brochures, Sales Aids, Mailings	4 Hours	N/A	Classroom Training held at Corporate Office
Introducing you and your service, Customer Billing	Invoices, Work proposal sheets, and Billing Statements	4 Hours	N/A	Classroom Training held at Corporate Office
Final 2 nd week review	Any remaining questions, concerns or product and repair technique review	4 Hours	Varies with each Franchise	Classroom Training held at Corporate Office Field Training varies with Trainer

Outline of Week #3 of Color Glo Training

Monday - Friday in Franchisee's Market Area

Subject	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Location
Unpack and inventory products Vehicle & Product set up	Franchisees Vehicle & Color Glo Product	N/A	8 Hours	Field Training varies with Trainer
Mapping of Service Route	N/A	N/A	3 Hours	Field Training varies with Trainer
Soliciting of services / Opening of accounts	Vehicle & Product	N/A	37 Hours/ 4 Days	Field Training varies with Trainer
Weekly Review	Varies upon Franchisee's questions and concerns	5 Hours	N/A	Classroom Training held at Corporate Office in Minneapolis, Minnesota

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

During the operation of the franchise business, Color Glo will:

- (1) provide certain advertising production materials (Article 13, page 14 of the License Agreement);
- (2) inspect your business as often as Color Glo deems necessary (Article, 13, page 14 of the License Agreement);
- (3) protect the Marks and Business System (Article 3, page 4 of the License Agreement); and
- (4) provide supplements and modifications to the Operating Manuals (Article 8, page 9 of the license Agreement).

Your business site will be designated by the parties in the License Agreement prior to execution. Generally, the area will be chosen by you based upon where you live. The only site selection criteria generally used is population (Article 1, page 2 of the License Agreement). There is a 90 day time limit for the franchisor to approve a site. Should a site not be approved within this time limit, no franchise shall be awarded to the franchisee. The franchisor provides names and contact information of approved supplies for signs & decals only. Delivery and installation is the responsibility of the franchisee. Payment for the franchise is due at the time of signing the franchise agreement. In most cases, it is less than 60 days from the time of signing the franchise agreement to opening of the business. The franchisor is not required to spend any money on advertising in the franchisee's area or territory. The franchisor is not required to participate in any local or regional advertising cooperatives. Further, there is no advertising council composed of franchisees. Any restrictions the franchisor has regarding the franchisee's use of the internet can be found on the Color Glo Social Media Policy at the end of this FDD.

The franchisor does not require the franchisee to buy or use electronic cash registers or computer systems but does recommend a credit card debit system that can be used in conjunction with your most mobile devices and costs on average \$15-20 per month. With these types of devices, there are few maintenance updates and any are done by the device at no charge. Support contracts associated with these devices are inclusive of your monthly fee.

Franchisees generally commence their business within one month from the date the License Agreement is executed.

Color Glo provides training to you in the licensed area or at such other location designated by Color Glo. The content of the training program will include training in the use of all products used in operating the Color Glo business with specific emphasis on advertising and accounting procedures. The mandatory training program must be completed by you or your on-premises supervisor to Color Glo's satisfaction. The length of the training is at the discretion of Color Glo, but will generally last three (3) weeks and generally takes place approximately two (2) weeks after signing the License Agreement. You are responsible for all expenses in connection with attending the training, including travel, room and board, salaries, and fringe benefits for all persons attending the training program. There is no actual cost to you for the training itself or for any materials used during the training session. These costs are included in the initial fee. Color Glo maintains a formal training staff and does implement a formal training

procedure. The training instructors are experienced in all aspects of the operation of a Color Glo business and have trained for Color Glo for at least one year. Your particular training criteria used to train you is up to the discretion of Color Glo. Color Glo may, but is not required to, offer additional training as it deems appropriate. Any such additional training is not mandatory and will be provided at no cost to you. You will be responsible for all expenses incurred in connection with attending any additional training sessions. The additional training sessions may be held in the licensed area or at such other location designated by Color Glo. The content of any additional training sessions will be instructions on new techniques and methods to be used in the Color Glo business. Such training will not exceed one day in length (Article 13, page 14 of the License Agreement).

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

During the operation of your business Color Glo will loan you a copy of our Operations Manual. This manual is confidential and remains our property. See Exhibit B.

Item 12. Territory.

Each Color Glo franchise is granted an Exclusive Territory, but no specific location is designated for the premises of the Franchised Business. Your Color Glo Service must be based within your Exclusive Territory. We do not have any approval rights as to the locations or relocation of your Franchised Business within your Exclusive Territory. There will normally be at least about 300,000-500,000 people in your Exclusive Territory.

We and our affiliates will not operate another similar or competitive Service within the Exclusive Territory, authorize another franchisee or licensee using our Marks or other marks to operate a similar or complete Service in the Exclusive Territory, nor sell products to another service provider in the Exclusive Territory (including through our channels of distribution, such as the internet, catalog sales, telemarketing or other direct marketing sales). The Franchise Agreement restricts us and our affiliates from selling Proprietary Products to end users or product resellers in the Exclusive Territory, however, we specifically reserve the right to sell Craftsman's Choice® Products and CGI Boutique Services Products to end users and resellers regardless of their locations (including through other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales.) We will not provide any compensation to you for any sales of Craftsman's Choice® Products and CGI Boutique Services Products in your Exclusive Territory. We and our affiliates do not operate or franchise, and have no plans to operate or franchise, any competing business under any other marks.

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

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

- (c) Sell Proprietary Products through any means of distribution not specifically prohibited by another provision of this Agreement, including wholesale distribution to retail stores, by catalog sales, or by Internet sales; and
- (d) Acquire, or be acquired by, any competing system including a competing system that has one or more units within your Exclusive Territory.

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

You will not be required to meet a quota or other condition to maintain the exclusivity of your Exclusive Territory or to keep us from modifying your Exclusive Territory. However, if you fail to make minimum annual purchased of Proprietary Products (minimum \$2,500 per year), you may lose your franchise.

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

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

Your franchise does not give you an option to purchase additional franchises in neighboring Territories.

Item 13. Trademarks.

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

CGI INTERNATIONAL, INC.

SEPTEMBER 1, 2013

TRADEMARKS AND TRADEMARK APPLICATIONS

U.S. Trademark Registrations

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

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

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

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

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

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

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

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

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

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

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

U.S. Trademark
Registration No. 2,798,481
Registered: December 23, 2003
Mark: CRAFTSMAN'S CHOICE
Renewal Due Date: December 23, 2013

U.S. Service Mark
Registration No. 2,879,014
Registered: August 31, 2004
Mark: THE RIGHT BUSINESS AT
THE RIGHT TIME
Renewal Due Date: August 31, 2014

U.S. Service Mark
Registration No. 2,904,454
Registered: November 23, 2004
Mark: SPECIALISTS IN COLOR
RESTORATION & REPAIR
Renewal Due Date: November 23, 2014

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

U.S. Trademark Applications

U.S. Service Mark
Application No. 76/711,562
Mark: PRECISION LEATHER RESTORATION

U.S. Service Mark
Application No. 76/711,563
Mark: PRECISION LEATHER TUNING

U.S. Service Mark
Application No. 76/713,261
Mark: CGI BOUTIQUE SERVICES

Foreign Trademark Registrations

COUSTIC-GLO

Canadian Trademark
Registration No. 294,970
Registered: September 14, 1984
Mark: COUSTIC-GLO
Renewal Due Date: September 14, 2014

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

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

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

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

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

COUSTIC-GLO INTERNATIONAL

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

SPRAY WAND DESIGN

Canadian Trademark Registration No. 289,454
Registered: April 6, 1984
Mark: SPRAY WAND DESIGN
Renewal Due Date: April 6, 2014

COUSTIC-COAT

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

COLOR GLO INTERNATIONAL and Rectangle Design

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

CRAFTSMAN GUARANTEED INDUSTRIES

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

THE LEATHER GUYS

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

CRAFTSMAN'S CHOICE

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

LOOK UP

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

THE CEILING GUYS

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

COLOR GLO

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

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

Renewal Due Date: November 11, 2015

Thailand Trademark
Registration No. 22,907
Registered: September 2, 2004
Mark: COLOR GLO
Renewal Due Date: September 30, 2013

Malaysian Trademark
Registration No. 3,013,327
Registered: August 25, 2006
Mark: COLOR GLO
Renewal Due Date: October 2, 2013

Italian Trademark
Registration No. 1158404
Registered: November 27, 2008
Mark: COLOR GLO
Renewal Due Date: April 5, 2015

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

COLOR GLO

Mexican Trademark
Registration No. 838,751
Registered: June 18, 2004
Mark: COLOR GLO
Renewal Due Date: May 7, 2014

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

Foreign Trademark Application

Indian Trademark
Application No. 1909148
Mark: COLOR GLO

September 1, 2013

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You must follow all rules when you use this mark. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which Color Glo licensed

to you. You may not use Color Glo's registered mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Color Glo.

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

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

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

The franchisor has filed all required affidavits. All registrations remain in full effect and have been renewed. The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name as per Minnesota Statutes, Section 80C.12, Subd. 1(g).

Item 14. Patents, Copyrights, and Proprietary Information.

U.S. Copyright TXu-1-106-508 was issued August 25, 2003 for the work titled Aircraft Interior Repair/Restoration. Franchisor owns this U.S. Copyright and only franchisees who have successfully passed our FAA training program are permitted to use it.

U.S. Patent 10/915 944, issued August 11, 2004, is currently pending. It describes a process and method of Repairing and Restoring Aircraft Interior Parts. Still Pending.

Item 15. Obligation to Participate in the Actual Operation of the Franchise Business.

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

Item 16: Restrictions on What the franchisee May Sell.

The License Agreement provides that you must sell all the products and services required by Color Glo. Furthermore, you are prohibited from offering or selling any products or services

unauthorized by Color Glo in connection with the Color Glo marks or business system. You are not limited in the customers to whom you may sell services, but you are prohibited from selling or re-selling the Color Glo products to anyone not licensed by Color Glo. The franchisor reserves the right to change the types of authorized products and services without limit.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution.

With respect to franchisees governed by Minnesota Law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds., 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

THE FRANCHISE RELATIONSHIP.

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Article 2(a)	Term of license agreement is for ten years.
b. Renewal or extension of the term	Article 2(b)	If you are in good standing you can add additional terms of ten years.
c. Requirements for franchisee to renew or extend the franchise system	Article 2(b)	Written notice 90 days prior to end of License Agreement that you are going to renew, compliance with material terms of license agreement and material operating and quality standards, pay all money owed to Color Glo and have done so in a timely manner, sign new agreement which may contain changes from their original agreement and make all reasonable capital expenditures.
d. Termination by franchisee	Article 10	If Color Glo violates any material provision, term or condition of the License Agreement, you can terminate.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article 9	Color Glo can terminate only if franchisee defaults.
g. "Cause" defined – curable defaults	Article 9(A)	You have 30 days to cure: non-payment of fees, non-payment of liabilities, not purchasing any equipment required for the operation of a Color

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

covenants during the term of the franchise		
Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the term of the franchise	Article 12(B)	No competing business for 1 year within 25 miles of another Color Glo licensed area.
s. Modification of the agreement	Article 8(C) Article 18(C)	No modifications may be made except by written instrument. The Operating Manual is subject to change.
t. Integration/merger clause	Article 18(H)	Only the terms of the license agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	State Cover Page	Maryland law governs any dispute resolution by arbitration or mediation.
v. Choice of forum	State Cover Page	The State of Maryland.
w. Choice of law	Article 18(F)	The law of the state in which the licensed location is located applies.

Item 18: Public Figures.

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

Item 19. Financial Performance Representations.

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

A new franchisee's financial results may differ from the results stated.

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

The following Calculation of Potential Gross Profit includes estimates of gross profit at seven different sales volumes. During the calendar year individual gross sales of existing Color Glo franchisees ranged from \$20,000 to \$300,000. The actual amount of total revenue may vary among franchisees as each franchisee has the right to charge more for each service or to discount as necessary. Market conditions and geographic differences may also cause a difference in the amount a franchisee may charge for services rendered.

The calculation does not include any estimate of a franchisee's overhead expenses, such as office space, vehicle costs, or insurance, or advertising, legal and accounting fees. Paying for office space is optional to each franchisee. The purchase of a vehicle varies based upon the age and quality of the vehicle.

Most franchisees earn the amounts disclosed in categories 3-5. Your individual results may differ. There is no assurance that you will earn this much.

Unaudited calculation of Potential Annual Gross profit

GROSS SALES	COST OF PRODUCT	MAINTENANCE FEE	GROSS PROFIT
\$20,000	\$2,500	\$800	\$16,700
\$50,000	\$2,500	\$2,000	\$45,500
\$100,000	\$2,500	\$4,000	\$93,500
\$150,000	\$2,500	\$6,000	\$141,500
\$200,000	\$2,500	\$8,000	\$184,500
\$250,000	\$2,500	\$10,000	\$237,500
\$300,000	\$2,500	\$12,000	\$285,500

The definition of the factors used to calculate the revenue and costs are as follows:

- 1) Gross Sales. During the calendar year, the individual gross sales of existing Color Glo franchisees ranged from \$20,000.00 to \$300,000.00. Gross sales are the results of the number of services performed times the price charged to the customer for the service. The existing franchisees of Color Glo will charge differently for the type of service performed. Following is an example of charges for repair and or re-dye of leather seats. The pricing will range from \$30.00 on the low side to \$250.00 on the high side with \$80.00 being on the medium side. Thus using the \$30,000.00 figure for gross sales, the franchisee would need to repair and or re-dye 375 leather seats per year at an average price of \$80.00
- 2) Cost of Product. Color Glo's existing franchisees cost of product ranges from 8% to 13% of gross sales. The variance depends primarily upon the efficiency in the use of products by the franchisee as well as the size of the services performed and the number of services performed. Experience usually results in a more efficient use of the products. The \$2,500.00 product cost is shown for the example using zero gross sales due to the minimum purchase requirement contained in the franchise agreement. The cost of product figures includes the proprietary Color Glo products.
- 3) Maintenance Fee. The Maintenance Fee is calculated at 4% of Gross Sales.
- 4) Gross Profit. Gross Profit is calculated by subtracting cost or product and royalty from Gross Sales. The estimated gross profit in the above examples ranges from 83% to 88% of gross sales.

- 5) Net Profit: To calculate Net Profit, expenses incurred for overhead expenses such as office space, vehicle expense, insurance, advertising, legal and accounting fees. Color Glo does not obtain these costs from franchisees. The above calculation includes the minimal estimate for vehicle expense, insurance and advertising expenses only.

Percentage of franchisees in operation for the last calendar year that achieved the above Gross Sales and Gross Profit levels:

2 (3.23%)	4 (6.45%)	9 (14.52%)	42 (35.48%)	14 (22.58%)	9 (14.52%)	1 (1.61%)
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Item 20: Outlets and Franchisee Information.

Currently, no known franchisees have signed confidentiality clauses during the last three years. Additionally, no known franchisee trademarks exist.

**Systemwide Outlet Summary
For years 2011 to 2013**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2011	125	123	-2
	2012	123	122	-1
	2013	122	125	+3
Company Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	125	123	-2
	2012	123	122	-1
	2013	122	125	+3

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2011 to 2013**

State	Year	Number of Transfers
California	2011	1
	2012	0
	2013	1
Colorado	2011	0
	2012	0
	2013	1
Florida	2011	1
	2012	0
	2013	1
Georgia	2011	0
	2012	0
	2013	1
Louisiana	2011	0
	2012	0
	2013	1
Montana	2011	1
	2012	0
	2013	1
Nevada	2011	0
	2012	0
	2013	1
Oregon	2011	1
	2012	0
	2013	1
Total	2011	4
	2012	0
	2013	5

**Status of Franchise Outlets
For years 2010 to 2012**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AL	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	0
	2013	1		0	0	0	0	0
AK	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
AZ	2011	4		0	1	0	0	3
	2012	3		0	0	0	0	3
	2013	3	1	0	0	0	0	4
CA	2011	8		0	0	0	0	8
	2012	8	1	0	0	0	0	9
	2013	9		0	1	0	1	6
CO	2011	2		0	0	0	0	2
	2012	2	1	0	0	0	0	3
	2013	3	1	0	0	0	0	4
CT	2011	0		0	0	0	0	0
	2012	0		0	0	0	0	0
	2013	0	1	0	0	0	0	1
FL	2011	15		0	0	0	2	13
	2012	13	1	0	1	0	0	13
	2013	13	0	0	1	0	0	11
GA	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
HI	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1

ID	2011	3		1	0	0	0	2
	2012	2		0	0	0	0	2
	2013	2		0	0	0	0	2
IL	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
IN	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
IA	2011	2		0	0	0	0	2
	2012	2		0	0	0	0	2
	2013	2	1	0	0	0	0	3

KS	2011	2		0	0	0	0	2
	2012	2		0	0	0	0	2
	2013	2		0	0	0	0	2
LA	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		1	0	0	0	0
MA	2011	0		0	0	0	0	0
	2012	0		0	0	0	0	0
	2013	1		0	0	0	0	1
MN	2011	6		0	0	0	0	6
	2012	6		0	0	0	0	6
	2013	6		0	0	0	0	6
MT	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
NV	2011	2		0	0	0	0	2
	2012	2		0	0	0	0	2
	2013	2		0	0	0	0	2
NH	2011	1		0	0	0	1	0
	2012	0		0	0	0	0	0
	2013	0		0	0	0	0	0
NM	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
NY	2011	3		0	0	0	0	3
	2012	3		0	1	0	0	2
	2013	3		0	0	0	0	2
NC	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
ND	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations	Outlets at End of Year
OH	2011	2		0	0	0	0	2
	2012	2		0	0	0	0	2
	2013	2		0	0	0	0	2
OK	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1
OR	2011	8		0	0	0	0	8
	2012	8		1	0	0	0	7
	2013	7	0	0	0	0	0	7
PA	2011	1		0	0	0	0	1
	2012	0		0	0	0	0	1
	2013	0		0	0	0	0	1
SC	2011	1		0	0	0	0	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	2
TN	2011	2		1	0	0	0	1
	2012	1	1	0	0	0	0	1
	2013	2		0	1	0	0	0
TX	2011	3		0	0	0	0	3
	2012	3		0	0	0	0	3
	2013	3		0	0	0	0	3
UT	2011	3		0	0	0	0	3
	2012	3		0	0	0	0	3
	2013	3		0	0	0	0	3
WA	2011	8		0	0	0	0	8
	2012	8		0	0	0	0	8
	2013	8		0	0	0	0	8
WI	2011	2		0	0	0	1	1
	2012	1		0	0	0	0	1
	2013	1		0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
Inter-national	2011	22	2	0	0	0	0	24
	2012	24	18	0	0	0	0	42
	2013	23	3	0	0	0	0	42
Total	2011	122	0	1	2	0	0	125
	2012	125	4	3	3	0	0	123
	2013	123	5	2	0	0	0	126

**Status of Company-Owned Outlets
For years 2011 to 2013**

Color Glo International has no Company-Owned Outlets.

Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
2011	0	0	0	0	0	0
2012	0	0	0	0	0	0
2013	0	0	0	0	0	0

**Projected New Franchised Outlets
As of August 31, 2013**

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

Franchise Owners & Locations as of 8/31/13

ALASKA

Jason Palenske
Color Glo of Alsaka
P.O. Box 201225
Anchorage, AK 99521
907-441-7551

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480-430-7431

Mike Earle
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17797 W. Evans Dr.
Surprise, AZ 85379
623-544-8310

Shannon Hudgins
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623-910-2878

CALIFORNIA

Rene Dekker
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CALIFORNIA (continued)

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Color Glo
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559-260-7087

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Color Glo International of Kern County
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Tehachapi, CA 93561
661-823-8435

Skeet Wyman
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760-240-4985

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951-377-6846

Rodney Smith
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530-921-8077

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Palm Springs, CA 92262
206-660-3469

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719-651-9920

COLORADO continued...

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Color Glo
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970-759-5818

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303-946-3631

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Avon Park, FL 33825
863-453-7218

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CG/Treasure Valley
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Boise, ID 83704
208-375-0947

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208-326-3295

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847-719-2934

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812-584-4132

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541-419-9035

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Color Glo
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Austin Texas 78720-3894
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Sean Keys
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360-885-1925

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Tri Cities Color Glo
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Kennewick, WA 99336
509-947-1968

Julie Nord
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360-498-5529

Joe Olson
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Astoria, OR 97103
503-805-5718

Gary Whitcomb
Color Match
P.O. Box 40066
Spokane, WA 99202
509-245-3506

Joe Blessen
Color Glo
2725 E. Roycroft Ct.
Spokane, WA 99223
509-954-3332

WISCONSIN

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

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

Danny Changoor
Color Glo of Lake County
1807 Sunset Ridge Drive
Mascotte, FL 34753
352-536-7384
MUTUAL RELEASE

Todd Smith
Color Glo of Naples
PO Box 367186
Bonita Springs, FL 34136
239-229-7109
TRANSFER TO BEN YOCUM

Jim Sellenberg
Color Glo of Nashville
3710 John Lunn Road. Suite 5
Spring Hill, TX 37174
931-489-6021
OTHERWISE

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

Item 21: Financial Statements.

Commencing on page F-1 are the Franchisor's audited financial statements for the period starting August 31, 2011 ending August 31, 2013.

Item 22: Contracts.

Commencing on page L-1 is the Color Glo International License Agreement.

Exhibit A

LIST OF STATE ADMINISTRATORS, AGENT FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>CALIFORNIA</u>	Department of Corporations 1515 K Street Suite 200 Sacramento, CA 95814 866-275-2677	Corporations Commissioner 1515 K Street Suite 200 Sacramento, CA 95814
<u>ILLINOIS</u>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<u>INDIANA</u>	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
<u>MARYLAND</u>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-7044	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<u>MICHIGAN</u>	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 670 Law Building Lansing, MI 48913
<u>MINNESOTA</u>	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101
<u>NEW YORK</u>	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23 rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, NY 12231-0001
<u>RHODE ISLAND</u>	Division of Securities Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920	Director of Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920
<u>SOUTH DAKOTA</u>	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 445 E. Capitol Avenue Pierre, SD 57501-3185

<u>VIRGINIA</u>	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 1300 E. Main Street, First Floor Richmond, VA 23219
<u>WASHINGTON</u>	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504 360-902-8700	Administrator of Securities Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98507 OR 150 Israel Road SW Tumwater, WA 98501
<u>WISCONSIN</u>	Commission of Securities 345 West Washington Ave. Madison, WI 53703 608-266-1365	Wisconsin Commissioner of Securities 345 West Washington Ave. Madison, WI 53703

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Appendix A to Franchise Agreement

Acknowledgement Appendix to Color Glo International Franchise Agreement

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

Acknowledgement and Representations

1. Did you receive a copy of our Franchise Disclosure Document (all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement?

Check one: YES NO - If no, please comment _____

2. Have you studied and reviewed carefully our Franchise Disclosure Agreement?

Check one: YES NO - If no, please comment _____

3. Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement?

Check one: YES NO - If no, please comment _____

4. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Franchise Disclosure Document?

Check one: NO YES - If yes, please describe in detail _____

5. Except as stated in Item 19 of our Franchise Disclosure Document, did any employee or other person speaking on behalf of Color Glo International or CGI International, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earning, income or profit levels at any Color Glo International location or business, or likelihood of success at your franchised business?

Check one: NO YES – If yes, please describe in detail _____

6. Except as stated in Item 19 of our Franchise Disclosure Document did any employee or other person speaking on behalf of Color Glo International or CGI International, Inc. make any statement or promise regarding the costs involved in operation a franchise or that is contrary to, or different from the information contained in the Franchise Disclosure Document.

Check one: NO YES – If yes, please describe in detail _____

7. Do you understand that the franchise granted is for the right to operated the Business in the territory, as stated in Article 1 Grant of License: Licensed area and we agree that except as set forth herein we will not operate or license others to operate a Color Glo business in the License Area provided the Licensee is in complete compliance with the term and conditions of the license agreement as stated in paragraph A.

Check one: YES NO – If no, please comment _____

8. Do you understand that the Franchise Agreement (and the representations in the Franchise Disclosure Document) constitutes the entire agreement between you and us concerning the franchise for the business, meaning that any prior verbal or written statements not set out in the Franchise Agreement will not be binding?

Check one: YES NO – If no, please comment _____

9. Do you understand that the success or failure of your business will depend in a large part upon your skills and experience, you business acumen, your location, the local market for the service under the Color Glo registered trademarks, interest rates, the economy, inflation, the number of employees you may hire and their compensation, competition and other economic and business factors? Further you do understand that the economic and business factors that exist at the time you open your business may change?

Check one: NO YES – If yes, please comment _____

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

Check one: YES NO – If no, please comment _____

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

Check one: YES NO – If no, please comment _____

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

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

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

Date: _____ Date: _____

APPROVED ON BEHALF OF
CGI INTERNATIONAL, INC.

Signed: _____ Signed: _____

Print Name: _____ Print Name: _____

Date: _____ Date: _____

COLOR GLO® Franchise Social Media Policy

Social media platforms, used properly, provide us with a great opportunity to learn more—about our consumers, our industry, our world and about each other. These are the official guidelines for the use of social media as a COLOR GLO® Franchisee. These guidelines apply to all COLOR GLO® franchisees creating and/or contributing to blogs, wikis, social networks, virtual worlds, or any other kind of social media both internally on www.colorglo.com and www.cgi-online.com and externally.

We have dedicated a number of webinars specifically to train and educate you on the various types of social media, and we expect all Franchisees who engage in social media in connection with the operation of their COLOR GLO® Franchise to attend our training and to understand and comply with this policy. Failure to comply with this policy will be considered a default of your obligations under the terms of your COLOR GLO® International Franchise Agreement. Please remember, as a COLOR GLO® franchisee, you determine whether your employees can use social media platforms in connection with their employment with you. If you encourage your employees to use social media platforms, you are solely responsible for monitoring your employees' use of social media platforms to ensure your employees' permitted use of social media platforms complies with this policy.

The social media sphere is constantly evolving, so please be aware that this policy is subject to change along with new technologies and social networking tools. This policy is intended to establish general expectations and is not intended to cover every possible situation that may arise in this new and dynamic arena. COLOR GLO® may modify, amend or delete this policy at any time, without notice, and may deviate from this policy as it determines appropriate.

A Word about Personal Participation

The choice to participate in social media is yours. We understand that you may choose not to engage in any form of social media, or that you may choose to participate in social media strictly for personal reasons and not for business purposes. Your decision to not participate in any form of social media for the benefit of COLOR GLO® or your COLOR GLO® Franchise will not negatively impact your franchise relationship with COLOR GLO® or your rights under your Franchise Agreement. If, however, you choose to participate in any form of social media for the benefit of your COLOR GLO® FRANCHISE, you must first notify us of your intention to use social media in connection with the advertising or marketing of your COLOR GLO® Franchise and identify the social media platforms you intend to use.

You must keep in mind, however, that even if you engage in social media strictly for personal reasons, your actions may reflect negatively on COLOR GLO® or your COLOR GLO® FRANCHISE. Accordingly, the following rules apply regardless of whether you are posting to an internal social media platform sponsored by COLOR GLO® or engaging in external social media for personal or professional purposes:

- **Do not disclose private, confidential or proprietary information of COLOR GLO® or its franchisees, employees, business partners or suppliers without first receiving written authorization from COLOR GLO®.** You must comply with COLOR GLO®'s confidentiality and privacy policies as outlined in your Franchise Agreement and the Franchise Operations Manual.
- **Do not disclose private, confidential client information.**
- **Do not purport to speak or make commitments on behalf of COLOR GLO® without authorization.** Only authorized COLOR GLO® staff members may make official company statements or conduct transactions on behalf of COLOR GLO®.
- **Your use of any COLOR GLO® trademarks, branding or logos must comply with the terms and conditions outlined in your Franchise Agreement.**

- **Do not violate COLOR GLO® policies.** This policy is incorporated into your Franchise Operations Manual. You and your employees must comply with this social media policy at all times. Any failure by you or your employees to comply with this social media policy will constitute a default of your obligations under the terms of your Franchise Agreement and may result in termination of the Franchise Agreement.
- **Do not breach any agreement between you and COLOR GLO®.** You must comply with the obligations set forth in your Franchise Agreement at all times, even when you engage in social media. Violation of the obligations outlined in your Franchise Agreement could lead to termination of your Franchise Agreement.
- **Do not violate applicable laws or terms of use.** Even when you participate in social media for personal reasons, COLOR GLO® expects you to comply with applicable law, including laws regarding copyright, fair use, privacy and financial disclosure, and to comply with the terms of use and privacy policies applicable to any site you access. Failure to do so may harm COLOR GLO®'s trademarks or reflect poorly on your COLOR GLO® Franchise and the COLOR GLO® System. In addition, keep in mind that you may be held legally responsible for your own postings or other content on social media sites.

How to Use / Not Use Social Media Tools

In addition to the rules set forth above, if you choose to use social media tools for the benefit of your COLOR GLO® Franchise, whether on internal or external platforms, COLOR GLO® expects you to adhere to the following guidelines. Please read them carefully. Social media is a new phenomenon and as such, is a world where there are tremendous positives, and the corresponding negatives. When you write anything that gets posted to the Web, it can reach over a billion people, and cannot be unsaid. Below we have provided a lot of sage advice on how to leverage social media for the positives it can provide for you and for your COLOR GLO® Franchise. Any failure by you or your employees to comply with this social media policy will constitute a default of your obligations under the terms of your Franchise Agreement and may result in termination of the Franchise Agreement.

Identify yourself. If you are blogging about your COLOR GLO® Franchise, identify that you own a COLOR GLO® Franchise, and be clear about your role. Be careful not to create the impression that you are speaking on behalf of COLOR GLO®, but rather on behalf of your independently owned and operated business. If you publish to a website outside COLOR GLO®, please use a disclaimer such as: "The postings on this site are my own and do not necessarily represent COLOR GLO®'s positions, strategies or opinions."

Publishing content externally. We do moderate the content published on external social media platforms on behalf of the COLOR GLO® organization. This means we may edit or revise your posts to the Company blog prior to publishing them externally on social media platforms on behalf of COLOR GLO®. This also means that we may decide to not post your comments to the Company blog.

Publishing content internally. Similar to moderating the content published externally to our Company blog, we likewise may edit posts made to COLOR GLO®'s internal social media platform. If the content you submit to COLOR GLO®'s internal social media platform is positive or negative and in context to the conversation, then we normally approve the content, regardless of whether it's favorable or unfavorable to the organization. However if the content is ugly, offensive, denigrating and completely out of context, then we reserve the right to reject the content.

If it gives you pause, pause. If you are about to publish something that makes you even the slightest bit uncomfortable, don't shrug it off and hit "send." Take a minute to review these guidelines and try to figure out what's bothering you, and then fix it. Ultimately, what you publish is yours—as is the responsibility. So be sure.

Protect our clients, business partners and suppliers. Client privacy is of the utmost importance, and clients should never be identified or referenced on any internal or external social media platform. COLOR GLO®'s partners and suppliers should not be cited or referenced without their approval. Externally, never identify a

partner or supplier by name without permission and never discuss confidential details of a client, partner or supplier, or an engagement relating to a client, partner or supplier.

Internal social media platforms permit suppliers and business partners to participate so be sensitive to who will see your content. It is acceptable to discuss general details about kinds of projects and to use non-identifying pseudonyms for a client (e.g., Client 123) so long as the information provided does not make it easy for someone to identify the client or violate any non-disclosure or COLOR GLO® intellectual property agreements that may be in place with the client. Furthermore, your blog or online social network is not the place to conduct business with a client or other confidential COLOR GLO® business.

Please respect people's privacy. We love to learn about new and interesting individuals, but most people will not be happy to have their names, phone numbers or e-mail addresses published. Do not share another's contact information through COLOR GLO®'s discussion threads or social networking features.

Be respectful. Avoid language that others may perceive to be harmful, offensive or inflammatory.

Be honest. Your honesty—or dishonesty—will be quickly noticed in the social media environment. Did you make a mistake or misspeak? Point it out and do all you can to correct the wrongdoing. Did you get some great information from a different source? Be honest, provide attribution, and cite the source appropriately and do not remove or obscure any copyright or other legal notices. Never use a false identity when you participate in social media for the benefit of your COLOR GLO® Franchise. Being honest and transparent are social media best practices.

Be cautious and comply with COLOR GLO® policies and the law. Make sure your efforts to be transparent do not violate your privacy and confidentiality obligations. Ask permission before publishing or reporting on conversations that are meant to be private or internal to COLOR GLO®. All statements must be true and not misleading and all claims must be substantiated and approved. Also be smart about protecting yourself, your privacy and COLOR GLO® confidential information. Respect brand, trademark, copyright, fair use, privacy, confidentiality and financial disclosure laws. COLOR GLO® may ask you not to post (or may remove or ask you to remove) comments on certain subjects; for example, if it believes that doing so will help ensure compliance with applicable laws, including securities regulations. COLOR GLO® may also post (or ask you to post) particular notices or disclaimers on social media outlets. Remember, you are personally responsible for your content. What you publish will be around for a long time, so consider the content carefully and be judicious.

Add value. There are millions of words out there. The best way to get yours read is to write stuff people will value. Social communication from you should be helpful, insightful and genuine. At COLOR GLO®, making more possible should seep through every facet of our company and, if your comments help people improve knowledge or skills, build their businesses, do their jobs, or understand COLOR GLO® better, then you are making more possible.

Be engaging. When you engage people through social media, be conversational, be authentic, be yourself. Consider engaging people through content that's open-ended and invites response; encourage comments. You can also broaden the conversation by citing others who are blogging about the same topic and allowing your content to be shared or syndicated.

Be an example. Understand that social media discussions, like face-to-face conversations, can get heated. Resist any urges you may have to engage in inflammatory conversations, even when invited to contribute or “called out.” Refrain from making negative comments about our competitors. Our mantra is to add value, add value, and add value. Be an example, a “social media role model,” and keep in mind that whatever you post to the Internet will be out there for a long time, so think twice. Rule of thumb: How would your actions reflect on COLOR GLO® and your COLOR GLO® Franchise?

Create some excitement. One of the key benefits of social media is to create a higher level of excitement for the COLOR GLO® name and system. Social media can be an inexpensive way to share the services offered by your COLOR GLO® Franchise.

To sum up

If you choose to participate in social media for the benefit of your COLOR GLO® Franchise, keep in mind that what you say reflects not only on your COLOR GLO® Franchise but on COLOR GLO®'s trademarks, trade names and system. This is your opportunity to promote your business and, as such, we request that you follow these guiding principles:

- Provide unique, individual perspectives on the services offered by your COLOR GLO® Franchise and in the home health and staffing industry.
- Post meaningful, respectful comments - in other words, no spam and no remarks that are off-topic or offensive.
- Reply to comments quickly when a response is appropriate.
- Respect proprietary information, confidentiality and the privacy of others.
- When disagreeing with others' opinions please remain respectful and treat others the way you yourself would like to be treated.
- Comply with your obligations under the Franchise Agreement at all times.

Franchisee Signature:

Date:

Print Franchisee Name

Date:

Gary E. Smith
CGI International, Inc. President

**Color Glo Schedule "A"
Start-Up Package/Picking
List
For:**

PART #	QTY. TO SHIP	DESCRIPTION
COMPRESSOR AND RELATED SUPPLIES		
*101	1	COLOR GLO COMPRESSOR - YOUR CHOICE
*102	1	AIR HOSE (50')
*103	1	COMPRESSOR CONNECTION KIT
*107	1	QUICK RELEASE CONNECTOR (MALE)
*108	1	AIR BLOW GUN
*149	1	EXTENSION CORD (100' 12 GAGE-3 OUTLET)
*151	1	EXTENSION CORD (25' 14 GAGE SINGLE OUTLET)
*152	1	CORD REEL
*153	1	RYOBI SANDER
HEAT GUN & SPRAY GUN & SUPPLIES		
*121	1	BINKS AIR BRUSH KIT
*132	1	REDUCTION NOZZLE (20MM)
*136	1	REDUCTION NOZZLE (9MM)
*137	1	STEINEL HEAT GUN
*138	1	WIRE PROTECTION TUBE
*180	1	SATA SPRAY GUN
*185	1	AIR MICRO METER
HEATING IRON & SUPPLIES		
*140	1	HEATING IRON (BLACK BARON)
*142	1	TEFLON MAT (12" X 12")
*154	1	STEAM IRON
SMALL HAND TOOLS		
**143	1	COOLING PLATE
*144	1	PALLET KNIFE (3" OFFSET)
*146	1	1" MINI PALLET KNIFE, OFFSET
*147	1	DIP SPRAYER/MOUTH ATOMIZER
*165	1	DELUXE PAPER TAPER (NO BLADE)
*167	1	6" BLADE
*172	1	COLOR MATCHING WHEEL
**210	1	COOLING PAD (SET OF 2)
ULTRA TORCH KIT & SUPPLIES		
*190	1	SELF IGNITING ULTRA TORCH W/ IRON SHOE
*196	1	BUTANE FUEL (5 OZ.)
DASH & VELOUR REPAIR KITS & SUPPLIES		
**206	1	SPRAY TEXTURE, AEROSOL, 4.5 OZ.
**209	1	VELOUR SUB-PATCH
**222	2	S.B.V. ADHESIVE
**226	1	BASE PROMOTER, AEROSOL, 9.5 OZ.
**224	1	VELOUR FABRIC ADHESIVE
**228	1	VELOUR PENS 36/PK
**233	2	VELOUR SPRAY ADHESIVE, AEROSOL, 4.5OZ
**235	1	VEOUR WICKING SOLUTION
*911	1	GLASS PUFFER WITH HOSE
*920	1	VELOUR TOOL KIT W/GLASS PUFFER
**4100	1	VELOUR KIT, INCLUDES ALL VELOURS

PART #	QTY. TO SHIP	DESCRIPTION
VEHICLE BASES, PRIMERS, PROTECTANTS, & CLEANERS		
**301	1	CARPET BASE, GAL
**302	1	DELUXE BASE, GAL.
**305	1	VINYL LEATHER BASE, GAL
**306	1	FURNITURE BASE, GAL.
**307	1	FABRIC BASE, GAL
**310	1	CROSSLINKER, 8 OZ.
**314	2	"S" REDUCER, GAL.
**320	1	NU-LEATHER, GAL.
**321	1	VY-NU, GAL.
**322	1	NU-LEATHER 2, QT.
**326	1	FEEL MODIFIER, QT
**328	1	"NO-GLOSS" FLAT ADDITIVE, 8 OZ.
**329	1	FLAT TOP COAT, QT.
**330	1	GLOSS COAT, 16OZ.
**372	2	COLOR CLEAN, GAL.
**382	1	ALL PURPOSE SOLVENT, GAL.
**383	1	LO SOLVENT CLEANER, GAL.
**387	1	WAX & SILICONE REMOVER, GAL.
**388	1	GUM REMOVER, 2OZ.
**390	1	UNIVERSAL CLEANER, GAL.
**392	1	RED STAIN REMOVER, 2 PART KIT
**393	1	RED WINE STAIN REMOVER
**301P	1	PEARLESCENT ADDITIVE FOR CARPET BASE
**396	1	TOP SLIP, 10 OZ. AEROSOL/CASE
COLORANTS, 8OZ.		
**401	2	BLACK
**402	2	WHITE
**403	1	CANARY YELLOW
**404	2	DARK BROWN
**405	1	FIRE RED
**406	1	KELLY GREEN
**407	1	LIGHT BROWN
**409	1	YELLOW ORANGE
**410	1	PURPLE
**411	1	REGAL RED
**412	1	ROYAL BLUE
**413	1	RUST RED
**414	1	YELLOW GOLD
**415	1	X-BLACK
**416	1	X-BROWN
**417	1	STONE
**418	1	OPAQUE RED
**419	1	CRANBERRY
**420	1	CADET BLUE
**421	1	BLACK CHERRY
**422	1	CHARCOAL
**423	1	DOVE GRAY
**424	1	SADDLE GOLD
**425	1	WINE RED
**426	1	GRAY
**427	1	BISQUE
**428	1	LIGHT GREEN
**429	1	ORANGE (8 OZ.)

**430	1	DARK GOLD METALLIC (8 OZ.)
**431	1	LIGHT GOLD METALLIC (8 OZ.)
**432	1	SILVER METALLIC (8 OZ.)

PART #	QTY. TO SHIP	DESCRIPTION
COLORANTS CONTINUED...		

**433	1	SADDLE
**434	1	ANTELOPE
**435	1	KHAKI
**440	1	COLORESENT SILVER WHITE (2 OZ.)
**441	1	COLORESENT WHITE (2 OZ.)
**443	1	COLORESENT SILVER GREEN (2 OZ.)
**444	1	COLORESENT SILVER RED (2 OZ.)
**445	1	COLORESENT SILVER BLUE (2 OZ.)

ADHESIVES, ACTIVATORS, & SUPPLIES		
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**503	1	SUPER VINYL ADHESIVE, 1 OZ.
**511	2	QUIK STIK, 1 OZ.
**511C	1	CAP FOR QUIK STIK BOTTLE
**515	1	QUIK STIK ACTIVATOR (6 OZ. AEROSOL)
**517	4	BONDING GEL, 3 GR
**518	2	LIQUID BONDING GEL, 1 OZ.
**519	2	C.A.B., 1 OZ.
**202	2	DASH COMPOUND, 4 OZ
**204	2	D.C.A., 1 OZ.
**520	1	DEBONDER, 1 OZ.

REPAIR SUPPLIES		
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**598	1	BLEMISH FILLER, 1QT.
**599	1	LEATHER FLEX, 1 OZ. BLACK
**600	1	LEATHER FLEX, 1 OZ. GRAY
**601	1	LEATHER FLEX, 1 OZ. WHITE
**602	1	HOT CURE, WHITE, 4 OZ.
**603	1	HOT CURE, GRAY, 4 OZ.
**604	1	HOT CURE, BLACK, 4 OZ.
**605	1	HOT CURE, RED, 4 OZ.
**606	1	HOT CURE, BLUE, 4 OZ.
**608	1	HOT CURE, NATURAL, 4 OZ.
**609	1	LOW TEMP HOT CURE, 4 OZ.
**641	1	BACKING FABRIC, (4" X 36")
**642	1	REPAIR GAUZE (STANDARD)
**643	1	REPAIR GAUZE (HEAVY DUTY)
**644	1	HARD PLASTIC BACKER
**645	1	WOVEN GRAPHITE
**651	1	GRAINING PAPER (PACK)
**652	1	GRAIN-IT KIT
**0001	1	NUBUCK CLOTH
**0002	1	DEGREASER, AEROSOL, 6 3/4OZ.
**0003	1	INK-AWAY REMOVER KIT, 1OZ.
**0005	5	MICRO FIBER CLOTH
**0006	1	TORNADOR
**175	1	TECH KIT, COMPLETE

MINI HEEL PADS		
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*701	1	RED
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*702	1	TAUPE
*703	1	MAROON
*704	1	DARK GREEN
*705	1	GRAY
*707	1	DARK BLUE
*708	1	SLATE GRAY
*709	1	BROWN
*710	1	SADDLE
*711	1	CARAMEL
*713	1	BLACK
*714	1	CHARCOAL
*716	1	MEDIUM BLUE

PART #	QTY. TO SHIP	DESCRIPTION
SMALL HEEL PADS		

*731	1	RED
*732	1	TAUPE
*733	1	MAROON
*734	1	DARK GREEN
*735	1	GRAY
*737	1	DARK BLUE
*738	1	SLATE GRAY
*739	1	BROWN
*740	1	SADDLE
*741	1	CARAMEL
*743	1	BLACK
*744	1	CHARCOAL
*746	1	MEDIUM BLUE

LARGE HEEL PADS		
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*761	1	RED
*762	1	TAUPE
*763	1	MAROON
*764	1	DARK GREEN
*765	1	GRAY
*767	1	DARK BLUE
*768	1	SLATE GRAY
*769	1	BROWN
*770	1	SADDLE
*771	1	CARAMEL
*773	1	BLACK
*774	1	CHARCOAL
*776	1	MEDIUM BLUE

MISCELLANEOUS MATERIALS & SUPPLIES		
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*168	1	TRU COLOR LIGHT
*170	1	OPTIVISOR
*6111	10	APPLICATION SPONGES (WHITE)
*6116	10	APPLICATION SPONGES (ORANGE)
*6201	1	PACK/ABSORBENT CLOTH TOWELS (12)
*780	1	AUTO CARPET COVER, 24" X 600'
*781	1	AUTO CARPET COVER DISPENSER
*802	2	MASKING PAPER, 3"
*803	2	MASKING PAPER, 6"

*811	1	SANDPAPER, PACK
*813	6	3/4" MASKING TAPE
*814	3	1" MASKING TAPE
*815	3	1 1/2" MASKING TAPE
*821-20	1	SCUFF PAD, WHITE, 20/COUNT
*822-20	1	SCUFF PAD, GREY, 20/COUNT
*831	1	PAPER/POLY TARP (9' X 12')
*832	1	MIXING STICKS, 100/PACK
*833	2	RAZOR BLADES, 100/BOX
*834	1	MIXING BRUSH, 5 COUNT
*835	1	WIPE-ITS, BUNDLE OF 76
*837	4	MIXING CUPS, 4 OZ., PACK OF 25
*838	2	MIXING CUPS, 8 OZ, PACK OF 25
*839	2	MIXING CUPS, 1 OZ. (10 COUNT)
*841	1	SMALL HAND MIXER
*842	1	CHEMICAL RESISTENT GLOVES
*843L	1	NEO PRO DISPOSABLE GLOVES (L) 100/BOX
*844L	1	DIAMOND GRIP DISPOSABLE GLOVES (L) 100/BOX
*850	1	FILTER, MESH/PAPER

PART #	QTY. TO SHIP	DESCRIPTION
MISCELLANEOUS MATERIALS & SUPPLIES CONTINUED		

*874	1	INJECTOR NEEDLE, (10 COUNT)
*879	1	SYRINGE, 1 CC, (10 COUNT)
*345	1	THERMAL FOGGER
*554	1	STORAGE CAN FOR DESICCANT
*7025	1	SAFETY GOGGLES
*7032-8	4	EYE WASH 4OZ
*7300	1	RESPIRATOR, HALF FACE
*952	1	PIPETTES (50/PACK)

DEODORIZERS & NEUTRALIZERS		
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**347	1	BUBBLEGUM, 1 GAL
**343	1	LEATHER SCENT KIT
**340	1	EXCEL DEODORIZER, GAL.
**341	2	SMOKE ODOR BE-GONE, 5 OZ. AEROSOL
**351	1	MUST-GO DEODORIZER, GAL.

NON AEROSOL PRODUCTS		
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**395-NA	1	NON AEROSOL TOP SLIP, 8OZ
*8341-NA	1	NON AEROSOL SMOKE ODOR BE GONE, 8 OZ.
**0002-NA	1	NON AEROSOL DEGREASER, 8OZ
**226-NA	1	NON AEROSOL BASE PROMOTER, 8OZ
**512	1	QUIK STIK ACTIVATOR (2 OZ. NON-AEROSOL)

BOTTLES & CAPS		
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*1105	8	4 OZ. BOTTLE
*1107	6	16 OZ. BOTTLE
*3107	6	CAP, 28MM
*1109	12	32 OZ. BOTTLE
*3301	12	POP TOP, 28MM
*1407	2	5 GALLON JUG
*4301	2	SPIGOT
*3402	8	YORKER SPOUT, 24MM
*3403	25	YORKER SPOUT, 28MM
*4501	6	TRIGGER SPRAYER, 28MM

PRODUCT LABELS		
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*LBL301	4	CARPET BASE LABEL
*LBL302	4	DELUXE BASE LABEL
*LBL306	4	FURNITURE BASE LABEL
*LBL305	4	VINYL LEATHER BASE LABEL
*LBL307	4	FABRIC BASE LABEL
*LBL314	4	"S" REDUCER LABEL
*LBL320	4	NU-LEATHER LABEL
*LBL321	4	VY-NU LABEL
*LBL372	4	COLOR CLEAN LABEL
*LBL382	4	ALL PURPOSE SOLVENT LABEL
*LBL383	4	LO SOLVENT LABEL
*LBL387	4	WAX & SILICONE REMOVER LABEL
*LBL390	4	UNIVERSAL CLEANER LABEL
*LBL340	4	EXCEL DEODORIZER LABEL
*LBL351	4	MUST-GO DEODORIZER LABEL

BROCHURES

*G04	125	FULL SERVICE BROCHURE (125/COUNT)
*G08	250	ROLLS ROYCE (SIZE 10)

PART #	QTY. TO SHIP	DESCRIPTION
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POSTCARDS

**PC0101	100	IS IT MAGIC
**PC0102	100	COLOR GLO CAN
**PC0103	100	THE SKY IS THE LIMIT
**PC0104	100	FLY RIGHT
**PC0105	100	RESIDENTIAL FURNITURE
**PC0106	100	COMMERCIAL FURNITURE
**PC0107	100	BOATING AND MARINA
**PC0108	100	RECREATIONAL VEHICLES
**PC0109	100	LEATHER REPAIR
**PC0110	100	THANK YOU

BUSINESS SUPPLIES

**K01	1	TRAINING MANUAL - MARKETING MANUAL
**F02	250	TRI-FOLD BUSINESS CARDS
**F10	250	ENVELOPES
**F05	250	INVOICES
**F09	250	LETTERHEAD
**U06	1	COLOR GLO UMBRELLA
*0007	1	BUSINESS CARD TRUCK HOLDER (SET OF 2)
*0008	1	COLOR GLO COOLER

UNIFORM

**U01	1	COLOR GLO CAP
**U03	2	COLOR GLO APRON
**U04	1	COLOR GLO BRIEFCASE
**U02	2	COLOR GLO SHIRT

SIGNS

**DVP	1	DECALS VEHICLE PACKAGE
-------	---	------------------------

CD ROM

**D04 1 COLOR GLO MSDS CD ROM

PRICE BOOK/REORDER CATALOG

**F12 1 MONTHLY SALES REPORTS (PACK OF 12)

**F13 1 REORDER PRICE BOOK

ANILINE DYES, QT.

**470 1 DARK BROWN ANILINE DYE, 32 OZ.

**471 1 GOLDEN BROWN ANILINE DYE, 32 OZ.

**472 1 LIGHT BROWN ANILINE DYE, 32 OZ.

**473 1 GREEN ANILINE DYE, 32 OZ.

**474 1 BLACK ANILINE DYE, 32 OZ.

**475 1 YELLOW ANILINE DYE, 32 OZ.

**476 1 BLUE ANILINE DYE, 32 OZ.

**477 1 BORDEAUX ANILINE DYE, 32 OZ,

**478 1 RED ANILINE DYE, 32 OZ.

**479 1 NEUTRAL ANILINE DYE, 32 OZ.

HEADLIGHT RESTORATION

**H13 1 HEADLIGHT KIT

SEWING TOOLS

*929 1 SEWING PALM - RIGHT HAND

*928 1 DIAMOND HOLE PUNCH

*930 1 SEWING KIT COMPLETE

*931 1 UPHOLSTERY THREAD - 2/PK

**Marketing
Products**

**CC104 5 CLEANING PEN

**CC105 5 INK REMOVER PEN

**CC108 1 TOUCH SCREEN CLEANER

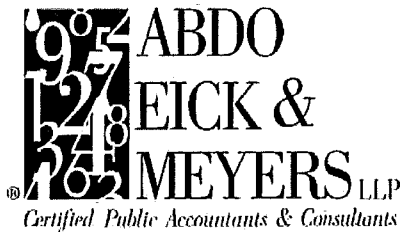
** Proprietary products must be purchased from Color Glo.

* Restricted Sources. If not purchased from Color Glo, must obtain approval per Item 8

CGI INTERNATIONAL, INC.
ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2013, 2012 AND 2011

CGI INTERNATIONAL, INC.
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AUGUST 31, 2013, 2012 AND 2011

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5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Board of Directors
CGI International, Inc.
Edina, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of CGI International, Inc. (the Company), a Minnesota corporation, which comprise the balance sheets as of August 31, 2013, 2012 and 2011, and the related statements of operations and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CGI International, Inc. as of August 31, 2013, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

November 14, 2013
Minneapolis, Minnesota

FINANCIAL STATEMENTS

CGI INTERNATIONAL, INC.
BALANCE SHEETS
AUGUST 31, 2013, 2012 AND 2011

	2013	2012	2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 36,569	\$ 148,239	\$ 300,798
Accounts and contract receivable	91,037	185,042	68,521
Inventories	219,707	220,649	212,760
Prepaid expenses	10,000	-	-
TOTAL CURRENT ASSETS	357,313	553,930	582,079
PROPERTY AND EQUIPMENT			
Office equipment	37,846	37,846	37,846
Furniture and fixtures	86,709	86,709	86,709
Transportation equipment	102,674	102,674	102,674
TOTAL PROPERTY AND EQUIPMENT, COST	227,229	227,229	227,229
LESS ACCUMULATED DEPRECIATION	(192,449)	(190,140)	(187,831)
TOTAL FIXED ASSETS, NET	34,780	37,089	39,398
TOTAL ASSETS	\$ 392,093	\$ 591,019	\$ 621,477
 LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 84,001	\$ 10,293	\$ 80,841
Accrued expenses	2,623	3,659	13,380
Customer deposits	36,557	308,455	245,911
Line of credit - US Bank	-	-	17,530
TOTAL CURRENT LIABILITIES	123,181	322,407	357,662
STOCKHOLDERS' EQUITY			
Common stock, \$1 par value, 25,000 shares authorized, 826 shares issued and outstanding,	826	826	826
Additional paid-in capital	45,299	45,299	45,299
Retained earnings	222,787	222,487	217,690
TOTAL STOCKHOLDERS' EQUITY	268,912	268,612	263,815
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 392,093	\$ 591,019	\$ 621,477

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

CGI INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED AUGUST 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
SALES AND FRANCHISE FEES			
Initial franchise fees and transfers	\$ 212,500	\$ 366,500	\$ 483,000
Continuing franchise fees	726,470	338,559	299,991
Product sales and related shipping fees	954,726	1,098,998	1,408,410
Equipment sales	<u>25,308</u>	<u>35,442</u>	<u>37,894</u>
TOTAL SALES AND FRANCHISE FEES	1,919,004	1,839,499	2,229,295
COST OF SALES	<u>784,242</u>	<u>744,736</u>	<u>993,566</u>
GROSS PROFIT	1,134,762	1,094,763	1,235,729
OPERATING EXPENSES	<u>1,133,572</u>	<u>1,084,943</u>	<u>1,227,010</u>
INCOME FROM OPERATIONS	1,190	9,820	8,719
OTHER EXPENSE			
Interest expense	<u>466</u>	<u>3,231</u>	<u>992</u>
INCOME BEFORE INCOME TAXES	724	6,589	7,727
INCOME TAXES	<u>424</u>	<u>1,792</u>	<u>2,058</u>
NET INCOME	300	4,797	5,669
RETAINED EARNINGS, BEGINNING	<u>222,487</u>	<u>217,690</u>	<u>212,021</u>
RETAINED EARNINGS, ENDING	<u>\$ 222,787</u>	<u>\$ 222,487</u>	<u>\$ 217,690</u>

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

CGI INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2013, 2012 AND 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
CASH FLOW FROM OPERATING ACTIVITIES			
Net income	\$ 300	\$ 4,797	\$ 5,669
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Depreciation	2,309	2,309	4,612
Change in current assets and liabilities			
Accounts and contracts receivable	94,005	(116,521)	32,884
Inventories	942	(7,889)	37,512
Prepaid expenses	(10,000)	-	-
Accounts payable	73,708	(70,548)	14,597
Accrued expenses	(1,036)	(9,721)	163
Customer deposits	(271,898)	62,544	(79,224)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(111,670)</u>	 <u>(135,029)</u>	 <u>16,213</u>
 CASH FLOWS FROM FINANCING ACTIVITIES			
Net borrowings (payments) on line of credit - US Bank	-	(17,530)	(3,949)
Principal payments on long-term debt	-	-	(10,390)
 NET CASH USED BY FINANCING ACTIVITIES	 <u>-</u>	 <u>(17,530)</u>	 <u>(14,339)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (111,670)	 (152,559)	 1,874
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>148,239</u>	 <u>300,798</u>	 <u>298,924</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 36,569</u>	 <u>\$ 148,239</u>	 <u>\$ 300,798</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	<u>\$ 466</u>	<u>\$ 3,231</u>	<u>\$ 992</u>
 Income taxes	 <u>\$ 424</u>	 <u>\$ 1,792</u>	 <u>\$ 2,058</u>

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

CGI INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business

CGI International, Inc. (the Company), a Minnesota corporation, is a franchisor/manufacturer/distributor of ceiling, wall and automotive cleaning and color systems and products, worldwide.

B. Use of Estimates

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

C. Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The balances in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.. As of August 31, 2013 there were no balances in excess of FDIC insurance limits.

D. Accounts and Contracts Receivable

Accounts and contracts receivable, which are generally unsecured, include only those accounts considered by management to be collectible. Management provides for probable uncollectible amounts through a charge to earnings and a credit to allowance for doubtful accounts based on its assessment of the current status of individual accounts. Management determines the likelihood of collectability of receivables on an individual customer basis, based on length outstanding, likelihood of collecting, and the customer's current economic status. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to allowance for doubtful accounts and a credit to accounts receivable. No allowance for doubtful accounts has been provided as of August 31, 2013, 2012 and 2011, since management expects all receivables to be collectible. The company has varying terms for their contract receivables and they become past due depending on the contract terms, the balance of contracts receivables were zero at August 31 ,2013, 2012 and 2011.

E. Inventories

Inventories are stated at the lower of cost or market, with cost determined using the first-in first-out method.

F. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenses for maintenance and repairs are charged to expense as incurred; major betterments over \$500 are capitalized. Upon retirement or other disposition of properties, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current income. Depreciation is computed using the straight-line method based upon the estimated useful life of the assets.

The estimated useful lives of depreciable assets are as follows:

<u>Assets</u>	<u>Useful Lives in Years</u>
Office equipment	7
Furniture and fixtures	7
Transportation equipment	5

CGI INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Customer Deposits

Customer deposits consist of a deposit from one customer for future purchases, they are recorded as current liabilities until the related sale is recognized and the deposit is applied against the amount due from the customer.

H. Revenue Recognition

Revenue from sales of franchises is recognized when the Company has substantially performed all significant services and franchisee training.

I. Income Taxes

Income taxes are provided for tax effects of transactions reported in the financial statements and consist of taxes currently due on federal and state returns at tax rates in effect at the end of the reporting period. There were no material deferred tax differences as of the end of August 31, 2013, 2012 or 2011.

The Company files income tax returns in the U.S. federal jurisdiction and the State of Minnesota. With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2009.

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

The Company recognizes accrued interest related to unrecognized tax benefits, if any, in interest expense and penalties as a component of the income tax provision. During the year ended August 31, 2013 the Company did not recognize any tax penalties or interest in relation to unrecognized tax benefits.

J. Shipping and Handling Costs

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

K. Presentation of Sales Tax

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

L. Advertising

Costs associated with advertising are charged to expense as incurred. Advertising costs for the years ended August 31, 2013, 2012 and 2011 were \$88,164, \$146,221 and \$111,347, respectively.

CGI INTERNATIONAL, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2013, 2012 AND 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. Subsequent Events

The Company has evaluated subsequent events through November 14, 2013, the date the financial statements were available to be issued.

NOTE 2: ACCOUNTS AND CONTRACTS RECEIVABLE

The Company finances franchisee start-up of operations over a period of 36 months at various interest rates. For the years ending August 2013, 2012 and 2011 there was no financed franchisees.

The Company also sells the rights to territories, selling the purchaser the right to sell franchises.

NOTE 3: INVENTORIES

Inventories consisted of the following as of August 31, 2013, 2012 and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Finished goods	\$ 199,842	\$ 198,452	\$ 185,950
Raw materials	<u>19,865</u>	<u>22,197</u>	<u>26,810</u>
Total	<u>\$ 219,707</u>	<u>\$ 220,649</u>	<u>\$ 212,760</u>

NOTE 4: DEPRECIATION

Depreciation has been charged against income during the years ended 2013, 2012 and 2011 as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 534	\$ 534	\$ 615
Transportation equipment	<u>1,775</u>	<u>1,775</u>	<u>3,997</u>
Total	<u>\$ 2,309</u>	<u>\$ 2,309</u>	<u>\$ 4,612</u>

NOTE 5: LINE OF CREDIT

The Company has two approved credit lines of \$25,000 and \$5,000 of which \$0, \$0, and \$17,530 was outstanding at August 31, 2013, 2012 and 2011, respectively. The lines of credit are renewed annually. The lines of credit had an interest rate of 9.75 percent as of August 31, 2013 and were secured by assets of the company.

CGI INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2013, 2012 AND 2011

NOTE 6: OPERATING LEASE COMMITMENTS

The Company operates from office and warehouse space located in Edina, Minnesota. The Company leases this space under the terms of a 79 month agreement expiring April 30, 2017. Rent expense for the years ended August 31, 2013, 2012 and 2011 was \$123,807, \$114,152 and \$87,636, respectively.

Future minimum lease payments are as follows:

<u>Year Ended August 31,</u>	<u>Amount</u>
2014	\$ 74,940
2015	77,192
2016	79,508
2017	<u>54,056</u>
Total	<u>\$ 285,696</u>

NOTE 7: INCOME TAXES

Income tax expense consisted of the following as of August 31, 2013, 2012 and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Federal: current year	\$ 53	\$ 846	\$ 1,001
Federal: deferred	-	-	-
State: current year	371	946	1,057
State: deferred	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 424</u>	<u>\$ 1,792</u>	<u>\$ 2,058</u>

NOTE 8: FOREIGN SALES

Foreign sales for the years ended August 31, 2013, 2012 and 2011 were \$921,365, \$876,321 and \$931,285, respectively.



Specialists in **COLOR RESTORATION & REPAIR**

LICENSE AGREEMENT

BETWEEN

COLOR GLO INTERNATIONAL,
A Division of CGI International, Inc.
7111 Ohms Lane
Minneapolis, Minnesota 55439
(952) 835-1338

and

Name(s) of Licensee

Street

City State Zip

Area Code Telephone

COLOR GLO INTERNATIONAL

LICENSE AGREEMENT

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LICENSE AGREEMENT

THIS LICENSE AGREEMENT, made and entered into this ____ day of _____, 20__, by an between COLOR GLO INTERNATIONAL, a Division of CGI International, Inc., a Minnesota corporation, hereinafter referred to as the "LICENSOR", and _____ hereinafter referred to as the "LICENSEE".

WITNESSETH:

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

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

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

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

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

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

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