



**TAPSNAP VENTURES, INC. d/b/a TAPSNAP**  
**FRANCHISE DISCLOSURE DOCUMENT**

## FRANCHISE DISCLOSURE DOCUMENT

Franchisor:

Tap Snap Ventures, Inc.  
d/b/a TapSnap  
140-890 Harbourside Drive  
North Vancouver, BC V7P 3T7  
Canada  
(877) 577-0566



TapSnap™ offers franchises for the sale of its digital photo booths, services and products under the TapSnap™ marks. The total investment necessary to begin operation of your first TapSnap™ Franchise ranges from \$47,948 to \$208,128. This includes \$42,545 to \$193,500 that must be paid to TapSnap™. If you already own a TapSnap™ Franchise and are entering into a Franchise Agreement for an additional franchise, the Initial Franchise Fee and the Equipment Purchase Fee that you must pay us for your second or more franchise is the same, or may vary based upon the quantity of equipment purchased.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact TapSnap™ Corporate Headquarters at 140-890 Harbourside Drive, North Vancouver, BC V7P 3T7 Canada, (877) 577-0566.

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

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

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

We issued this Disclosure Document on October 31, 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 "G" 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 RIGHT 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:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN BRITISH COLUMBIA, CANADA. ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN BRITISH COLUMBIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT BRITISH COLUMBIA 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.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

EFFECTIVE DATE: [See next page].

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
California	Pending
Hawaii	
Illinois	February 7, 2014
Indiana	March 26, 2015
Maryland	April 18, 2014
Michigan	March 1, 2015
Minnesota	December 2, 2014
New York	January 2, 2015
Rhode Island	
Virginia	December 10, 2014
Washington	February 15, 2015
Wisconsin	April 18, 2014

Some of the states listed above require that we give you additional disclosures. Any additional required disclosures for these states are attached as Exhibit B. Registration will shortly be on file in any state listed above where an effective date is not yet shown. No state has refused to register these franchises, or revoked or suspended the right to offer these franchises. No franchise filing has been withdrawn in any state.

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## **EXHIBITS**

- A.** FRANCHISE AGREEMENT
- B.** ADDITIONAL STATE-REQUIRED DISCLOSURES
- C.** GENERAL RELEASE
- D.** NONDISCLOSURE AND NONCOMPETE
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- J.** FRANCHISEES WHO HAVE LEFT THE SYSTEM
- K.** ACKNOWLEDGMENT OF RECEIPT (2 copies)

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

This Disclosure Document describes TapSnap™ Franchises. To simplify the language in this Disclosure Document, “we,” “us,” or “our,” means TapSnap Ventures, Inc., the franchisor. “You,” “your,” or “Franchisee” means the purchaser of a franchise. If the purchaser of a franchise is a partnership, corporation, limited liability company, or any other type of entity (collectively, an “Entity”), “you” means both the purchaser and its partners, shareholders, members, or other equity owners.

TapSnap Ventures, Inc. is a British Columbia corporation that was organized on June 11, 2012. TapSnap Ventures, Inc. does business under the names TapSnap™, TapSnap™ Kiosks, and TapSnap™. TapSnap Ventures principal place of business address is 140-890 Harbourside Drive, North Vancouver, British Columbia V7P 3T7 Canada. To the extent that we have designated agents for service of process in other states, they are listed in **Exhibit G**. We do not operate businesses similar to the franchises being offered in this Disclosure Document. We began offering TapSnap™ franchises in December 2012, and have never offered any other franchises in any other line of business.

### **The TapSnap™ Franchise**

We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee to develop and operate a TapSnap™ franchise. TapSnap™ franchises sell our unique digital photo entertainment kiosk services, to be used at events, such as weddings, conventions, reunions, and other types of social gatherings, using proprietary technology (the “Services”), as well as other ancillary and related merchandise (the “Products”). TapSnap™ franchises operate under the Marks “TapSnap™” and certain other trademarks, service marks, trade names, logos, trade dress, emblems, and indicia of origin (collectively, the “Marks”). We may designate other trade names, service Marks, and trademarks as Marks. TapSnap™ franchises may be located or operated from your home or any small office.

TapSnap™ franchises operate under a prescribed system of specifications and operating procedures that we and our affiliates have developed and will continue to develop (the “System”). The distinguishing characteristics of the System include, but are not limited to, our colors, packaging and presentation and identification schemes (collectively, the “Trade Dress”); our proprietary operations manuals (the “Manuals”); our specifications for equipment, materials and methods; our software and computer programs; and the accumulated experience reflected in our training program, operating procedures, customer service standards, methods, and marketing techniques. We change, improve, add to, and further develop the elements of the System from time to time. We describe our mandatory and suggested specifications and procedures in our Manuals.

### **Market and Competition**

TapSnap™, the name we have given our digital photo entertainment kiosk, is a modern update to the traditional photo booth concept. Rather than force users to sit inside of a booth, TapSnap™ takes photos of users standing 10-15 feet in front of the unit, allowing for group shots of any size and for the subjects to pose in a variety of positions. Photos are displayed on a large multi-touch screen where users are encouraged to draw or write on the images with their

finger. Unlike a traditional photo booth that is limited to taking pictures and printing photos, TapSnap™ takes photos then allows those photos to be shared over social networks, through email and as a physical print.

TapSnap Ventures, Inc. is operated by the same management team as DVDNow Kiosks, Inc. ("DVDNow"). Founded in 2006 and with over 3,000 units deployed, DVDNow has grown to be the largest independently operated network of DVD kiosks in the world.

TapSnap™ is a device that is rented to provide entertainment at an event or social gathering. The two largest categories of suitable events are weddings and corporate events. There are approximately 2.1 million weddings per year in the United States resulting in approximately \$54 billion in revenue related to all aspects of those weddings. There are over 1.8 million meetings and conventions in the United States each year. Annual spending on meetings and conventions is approximately \$109 billion. In addition to weddings and corporate events, TapSnap™ may also be rented for birthday parties, grand openings, bar/bat mitzvahs, school functions and other types of social gatherings.

The competition for TapSnap™ is primarily the traditional photo booth, and in a broader sense event entertainment generally.

### **Industry-Specific Regulations**

There are no laws or regulations that are specific to the sale of digital photo services and merchandise featuring digital photos. However, you will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Business.

### **Parents and Affiliates**

We are an affiliate of DVDNow Kiosks, Inc., a British Columbia Corporation, through common ownership. DVDNow was established by our founder to sell and continues to sell movie rental kiosks. DVDNow was established in British Columbia, Canada on June 22, 2006 and has conducted its movie rental kiosk sales business since that time. DVDNow does not offer and has not offered franchises in any line of business.

Except as described above, we have no parents, predecessors, or affiliates required to be included in this Item.

## **ITEM 2 BUSINESS EXPERIENCE**

The following is a list of our directors, trustees, general partners, principal officers, and other individuals who will have management responsibility relating to the sale or operation of the franchise offered by this Disclosure Document. The list shows each person's principal occupation and employers during the past five years.



**Founder and CEO - Scott McInnes**

June 11, 2012 to Present – TapSnap Ventures, Inc.  
June 2006 to Present – President/CEO of DVD Now Kiosks, Inc.  
June 2003 to Present – President/CEO of PayKiosks Internet Terminals, Inc.  
(All in Vancouver, British Columbia)

**VP Business Development – Robert Gallner**

June 11, 2012 to Present – TapSnap Ventures, Inc., Parkland, Florida  
August 2006 to Present – DVDNow Kiosks, Inc., Parkland, Florida

**Technical Support Manager – Dale Gerken**

June 11, 2012 to Present – TapSnap Ventures, Inc., Vancouver, British Columbia  
March 2009 to Present – Technical Support Manager, DVDNow Kiosks, Inc., Vancouver BC  
July 2007 to December 2008 – HP, Tech Support, Portland, Oregon

**Director, Corporate Relations - Oz Perez**

June 11, 2012 to Present – TapSnap Ventures, Inc., Vancouver, British Columbia  
November 2010 – Present – DVDNow Kiosks, Vancouver, BC  
2002 to September 2009 – Altair Technologies, Corporate Development, Houston, Texas

**Controller – Yurika Kuroki**

June 11, 2012-Present – TapSnap Ventures, Inc., Vancouver, British Columbia  
June 2006 to Present – DVDNow Kiosks, Vancouver, BC

**Sales Trainer – Zamon Kingi**

June 11, 2012 to Present – TapSnap Ventures, Inc., Vancouver, British Columbia  
June 2006 to Present – DVDNow Kiosks, Vancouver, British Columbia

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

The initial fees (“**Equipment Purchase Fee**,” “**Optional Marketing Package**,” “**Initial Launch Advertising**,” and “**Initial Franchise Fee**”) for your first franchise vary from \$42,545 to \$193,500 USD, depending upon the number of TapSnap™ kiosks purchased, and are due upon execution of the Franchise Agreement. The Initial Franchise Fee is \$17,500 USD and will be used by us to pay training expenses, commissions, cover marketing and overhead costs and profits to us. The Initial Franchise Fee is uniform for all franchisees. The Equipment Purchase Fee will range from \$21,895 USD to \$166,850 USD, depending upon the number of TapSnaps™

you purchase. The Equipment Purchase Fee includes an iPad station (for your first TapSnap kiosk only), Canon Flash, Printer Supplies, Logitech Keyboard with Touch Pad, Green Screen accessories, clothing and carrying cases you will need. If you already own a franchise and are entering into a Franchise Agreement for an additional franchise, the Equipment Purchase Fee that you must pay us for each additional franchise will vary depending upon the amount of additional equipment that you purchase. Except as described below, we have no obligation to refund the Initial Franchise Fee or Equipment Purchase Fee, in whole or in part, for any reason. In addition, we charge Shipping and Handling fees the amount of which will depend on the amount of your initial equipment purchase. Shipping and Handling fees will range between \$650 and \$6,650 USD. Please refer to Exhibit A to Franchise Agreement, which is Exhibit A to this disclosure document.

The Initial Launch Advertising is a minimum amount of \$2,500 (you may choose to spend more) payable to us. We will use these funds to assist you and manage your grand opening marketing—the funds will then be paid out by us to third parties and retained in part by us to cover the cost of services that we provide for you.

We do not offer financing for the Equipment Purchase Fee, the Initial Franchise Fee, the Initial Launch Advertising or Optional Marketing Package.

**ITEM 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
<b>Software Updates</b>	Actual cost of updated software programs and training (if applicable)	As required by your software vendor	If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements and any related software maintenance agreements that we or the licensor of the software require and pay any related fees required by your software vendor.
<b>Transfer Fee</b>	Fifty (50%) of the current Initial Franchise Fee for a comparable Market Area for a transfer of your Franchise Agreement.	At or before transfer	Payable only upon transfer of Franchise.

Type of Fee	Amount	Due Date	Remarks
<b>Transfer Referral Fee</b>	Twenty-five (25%) percent of the then current Initial Franchise Fee for a comparable Market Area of the purchase price paid for your Franchise by the Buyer	At closing of the transfer	Paid if we identify qualified persons who may be interested in purchasing your Franchise and you choose to sell to that person.
<b>Enforcement Expenses</b>	Our reasonable cost of de-identifying your franchise or photo booths	Upon demand	Payable if your Franchise Agreement expires or is terminated, you fail to de-identify your Business, and we take steps to do so.
<b>Indemnification</b>	Our liabilities, fines, losses, damages, costs, and expenses (including reasonable attorneys' fees) (" <b>Losses</b> ")	Upon demand	Payable if we incur Losses due to your activities under the Franchise Agreement.
<b>Royalty Fee</b>	7% of actual Event Fees charged to customers	Prior to event date	Paid by credit card
<b>Call Centre Fee</b>	Currently 4% of actual Event Fees charged to customers	Prior to event date	Paid by credit card
<b>Software Fee</b>	Currently \$25 per month per TapSnap™	1 <sup>st</sup> day of each month	Paid by credit card
<b>Branding Fund Fee</b>	Currently 3% of actual event fees charged to customers	Prior to event date	Paid by credit card
<b>Training Fee</b>	\$2,500  \$500	Upon training of Transferee  For training additional trainees beyond the first for each franchised unit.	Payable by a transferee for training if you sell your franchise. Payable by you if we provide training to more than one trainee from your franchised unit.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
<b>Fine for Non Compliance with Manuals or other Contractual Obligations</b>	\$500 first and \$1000 for later violations	Upon notice from Us	For non-payment of late payment of Royalties
	\$250 first and \$500 for later violations	Upon notice from Us	Use of unapproved Marketing or Advertising materials
	\$50 per occurrence	Upon notice from Us	Your failure to provide reports or other required Marketing/Activity reports
<b>CRM Software Fee</b>	\$35/month/user	1 <sup>st</sup> day of each month	Paid by credit card debit
<b>Email Account Hosting Fee</b>	\$8/month/email address	1 <sup>st</sup> day of each month	Paid by credit card
<b>Reinstatement Fee (to Operating Status)</b>	\$750	At the time you request reinstatement to operating status	Only applies if your franchise is in non-operating status

1. All fees are non-refundable and uniformly imposed, where applicable.
2. In order to make certain payments by credit card, you must maintain a current, valid, credit card on file with us, along with a prior authorization for us to charge that card for those items.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to Be Made</b>
<b>Initial Franchise Fee</b>	\$17,500	Lump sum	At signing of Franchise Agreement	Us
<b>Equipment Purchase Fee</b>	\$21,895 to \$166,850	Lump sum	At signing of Franchise Agreement	Us
<b>Recommended Marketing Package (1)</b>	\$1,100	Lump Sum, if incurred	As incurred	Us
<b>Shipping and Handling Charges</b>	\$650 to \$6,650	Lump sum	At signing of Franchise Agreement	Us
<b>Insurance Deposits and Premiums – Three months (2)</b>	\$0 to \$500	As incurred	As incurred	Insurance company or broker
<b>Professional Fees (3)</b>	\$1,000 to \$3,000	As incurred	As incurred	Your attorneys, accountants, and business advisors
<b>Miscellaneous Opening Costs (4)</b>	\$500	As incurred	As incurred	Licensing authorities, utilities
<b>Start-Up Marketing Costs (5)</b>	\$2,500	As incurred	As incurred	Us
<b>Additional Funds - 3 Months (6)</b>	\$1,000 to \$5,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
<b>Travel and Meals at Initial Training (7)</b>	\$1,500 to \$3,500	As incurred	As incurred	Airlines, hotels, restaurants, etc.
<b>CRM Software Fee (8)</b>	\$105	Monthly as incurred	1 <sup>st</sup> day of each month	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
<b>SmugMug Power Account (8)</b>	\$60	As incurred	Yearly	Paid by credit card directly to SmugMug
<b>Additional Email Account Hosting Fee(8)</b>	\$24	Monthly, as incurred	1 <sup>st</sup> day of each month	Us
<b>Snap and SnapBook Software (8)</b>	\$75 to \$750	As Incurred	1 <sup>st</sup> day of each month	Us
<b>Uniforms</b>	\$39 to \$89	Lump Sum	At the training	Us
<b>TOTAL (9)</b>	\$47,948 to \$208,128			

TapSnap™ comes with touchscreen kiosk which includes the Stand, Camera, Computer and Printer. Also included are 1 Hiti 4x6 paper/ribbon, 1 Canon E320EX Flash, 1 Monitor Case (small PVC), 1 Green Screen with Frame, 1 Printer Carry Bag, Logitech Keyboard with Touch Pad, and 1 TapSnap Carry Bag (Front panel and Shelf). The Recommended Marketing Package contains Pop-Up Banner, 1 Formal Shirt, 1 Polo-style Shirt, Director's Chair, 500 Postcards, 500 Event Brochures and 500 Wedding Brochures.

1. We recommend you purchase the Recommended Marketing Package, which includes equipment you may find helpful in providing your TapSnap™ kiosks Services. You may however purchase none, some or all of these items, or purchase them at a later time.
2. This estimate is for the cost of a deposit necessary to obtain insurance. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums.
3. This estimate is for the cost of engaging an attorney, accountant, or other business advisors to assist you in reviewing this Disclosure Document, the Franchise Agreement, your business plan, and any other contracts that you enter related to this Franchise. We strongly recommend that you seek the assistance of professional advisors when evaluating this Franchise opportunity. The estimates represented in this chart are based on professional fees in the State of Georgia. You may experience different rates for professional fees in your market. It is best to ask your

professional advisors for their fee schedule prior to engaging them to perform any services on your behalf.

4. This estimate includes the cost of licenses and permits and utility deposits necessary to open your business. You are responsible for maintaining all required licenses and permits necessary to operate your business. You should check with local authorities, an attorney, or a business consultant to determine what licenses and permits are necessary at your location.
5. We require that you engage in certain start-up or grand opening activities to promote your business. This might include local and internet advertising, joining and attending local networking organizations and events, sponsorships and the like. We will agree on a budgeted amount to be spent on this in Exhibit A to the Franchise Agreement, but the minimum you must spend is \$2,500 and that amount is paid to us upon signing the Franchise Agreement. We will use these funds to assist you and manage your grand opening marketing.
6. This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your business. This estimate includes additional funds you may need to pay employee salaries and wages, payroll taxes, utilities, such items as payroll taxes (including payroll to cover the pre-opening training period for your staff), legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. The preceding list is by no means conclusive of the extent of possible categories of expenses. The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and the level of merchandise sales at events where your TapSnap™ is utilized. We also have not included the cost of purchasing or leasing a vehicle large enough to transport your TapSnap™ because you may already own or lease an SUV, station wagon, mini-van or similar vehicle. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate or that you will not need additional funds after your first three months of operation. It is best to contact your accountant or financial advisor for further guidance.
7. This estimate is for the cost of attending initial training at our corporate offices in North Vancouver, B.C. We provide instructors, facilities, and materials for the initial training program at no charge. You are responsible for the travel expenses, living expenses, wages, and other expenses incurred by you or your trainees during initial training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices, as well as the U.S./Canadian Dollar exchange rates.
8. There are monthly fees payable to us or SmugMug and which are necessary to the operation of your business on a day-to-day basis. The CRM fee is \$35/month/user. SmugMug Power account is \$60 per year. The email hosting fee is \$8 per account per month. Snap and Snapbook software operates your kiosk and is \$25.00 per month per TapSnap.

9. This total amount is based upon our market research and experience. Your costs may vary based on a number of factors including, but not limited to, the geographic area in which you open, local market conditions, and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. You should independently investigate the costs of opening a franchised business in the geographic area in which you intend to operate. You should also review the figures carefully with a business advisor before making any decision to purchase the Franchise. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral which you may make available, or policies of local lending institutions with respect to the nature of the business.

Note: None of the costs shown in this Item are typically refundable. These costs are based upon our experience in providing equipment and services to our existing franchises in the United States.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Except as set forth below, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchise from us, our designees, suppliers, or service providers we approve, or under our specifications.

**Authorized Products and Services.** We are the sole supplier for the TapSnap™ kiosks. We may elect to sell you affiliated merchandise directly, through an affiliate or subsidiary entity, or require you to purchase it through an approved vendor. An integral part of your franchised business is the use of our TapSnap™ kiosks at parties and special events. You may not duplicate our Marks or use the TapSnap™ name or trade dress without our authority on any other display or equipment. You may offer the use of your TapSnap™ kiosks at weddings, corporate functions, social gatherings, festivals, events and similar places. You may sell merchandise (“products”) only in the varieties, forms, and packages that we have approved. We do currently offer and provide affiliates merchandise which includes logoed items such as sports shirts, hats and caps, coolers, folding chairs and the like. If we revoke approval of a previously-approved product that you have been selling, you may continue to sell the product only from your existing inventory for up to 90 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation.

We have the right to require that products, supplies, equipment, and services that you purchase for resale or use in your business: **(i)** meet specifications that we establish from time to time; and/or **(ii)** be purchased only from suppliers or service providers that we have expressly approved; and/or **(iii)** be purchased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). We can impose purchasing restrictions for any reason, but the most likely purposes would be to control the quality and consistency of the merchandise and to facilitate volume-discount pricing arrangements.



We or our other affiliates currently are approved suppliers only of the TapSnap™ kiosks and software, but we reserve the right to require you to purchase items from us in the future. Our officers may own any interest in any supplier with whom you are required or recommended to do business.

We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We estimate that 95% or more of your purchases and leases in establishing the Franchise and approximately 95% or more of your total purchases and leases in operating the Franchise will be subject to the restrictions described above.

**Approval Process.** If you would like to offer products or use any supplies, equipment, or services that we have not approved or to purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider and to revoke approval upon the supplier or service provider's failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing products or services from the disapproved supplier or service provider and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct. Given the nature of the franchise, being focused on the sale of the TapSnap™ services, it is very possible that a request to sell other products or services may be denied by Franchisor.

**Insurance.** Currently we require that you maintain in force **(i)** public liability insurance in the amount of \$1,000,000 per occurrence and **(ii)** general casualty insurance covering the full replacement cost of the Business and inventory. However, you may be required to acquire additional insurance by the laws in your area. The insurance policy or policies protects you, us, and our respective, past, present, and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the condition, operation, use, or occupancy of the business. We may recommend, but not require additional types of coverage or that you increase the required minimum amount of coverage upon reasonable notice.

**Computer System.** You are not required to purchase a computer system that we specify. The computer system hardware may be purchased from any supplier, so long as it meets system standards, so long as it will run our proprietary software and is capable of accessing the Internet and is reliable. The computer system is described in detail in Item 11.

**Accounting and Legal Services.** We do not require you to engage an approved accountant or attorney to provide services for your Franchise.

**Revenue from Purchases.** We and our affiliates will derive revenue or other material consideration from any of your required purchases of equipment, products, and supplies, and we and our affiliates reserve the right to do so in the future. Revenues will include equipment purchases, starter kits, shipping costs, and Call Centre fees derived from gross event fees charged to your customers along with monthly software fees for CRM and other software. We may retain any rebates or other payments we receive from suppliers. As of the issuance date of this Disclosure Document, neither we nor our affiliates have received any rebates or other payments from suppliers. Our total revenues for the fiscal year and June 30, 2014 total \$4,937,046.00 USD. Out of this amount required equipment purchases, shipping costs, Call Centre Fees and software/CRM fees totaled \$2,775,195.12 USD, or 56.2% of our revenues during that period.

**Cooperatives and Purchase Arrangements.** We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements.

**Material Benefits.** We do not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement. 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 Franchise Agreement ("FA")	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: Section 5.1	Item 11
b.	Pre-opening purchases/leases	FA: Sections 4.1, 4.2	Items 6,7, 8 and 11
c.	Site Development and other pre-opening requirements	FA: Section 5.1	Items 7, 8 and 11
d.	Initial and ongoing training	FA: Sections 6.1, 6.2	Items 6, 7 and 11
e.	Opening	FA: Section 5.2	Items 6 and 11
f.	Fees	FA: Sections 3.2.2, 4, 6.2 and 14	Items 5, 6, 7 and 11
g.	Compliance with standards and	FA: Sections 8.2 and 8.5	Items 8, 11, 13, 14,

	<b>Obligation</b>	<b>Section in Franchise Agreement (“FA”)</b>	<b>Disclosure Document Item</b>
	policies/Operations Manual		15 and 16
h.	Trademarks and proprietary information	FA: Sections 9 and 11	Items 13, 14 and 17
i.	Restrictions on products/services offered	FA: Sections 8.5.1 and 8.6	Items 8 and 16
j.	Warranty and customer service requirements	N/A	N/A
k.	Territorial Development and sales quotas	N/A	Items 5 and 12
l.	Ongoing product/service purchases	N/A	Items 8 and 16
m.	Maintenance, appearance and remodeling requirements	FA: N/A	N/A
n.	Insurance	FA: Section 13	Items 7 and 8
o.	Advertising	FA: Sections 8.7 and 12	Items 7 and 11
p.	Indemnification	FA: Section 19.4	Item 6
q.	Owner’s participation/management/staffing	FA: Section 8.3	Items 11 and 15
r.	Records and reports	FA: Section 8.12 and 8.13	Item 17
s.	Inspections and audits	FA: Section 3.6	N/A
t.	Transfer	FA: Section 14	Items 6 and 17
u.	Renewal	FA: Section 2.2	Item 17
v.	Post-termination obligations	FA: Sections 11.1, 11.2, 11.3 and 16	Item 17
w.	Non-competition covenants	FA: Section 17	Item 17
x.	Dispute resolution	FA: Section 25	Item 17

**ITEM10  
FINANCING**

We and our affiliates do not offer direct or indirect financing arrangements for any purpose in establishing your Franchise. We may offer expansion financing in the future, but do not currently do so.

We and our affiliates do not guarantee your promissory note, lease, or any other obligation you may make to others. We and our affiliates have no practice or intent to sell, assign or discount to a third party all or part of any financing arrangement. We do reserve the right to sell your Note or financing arrangement as part of a general sale of all or nearly all of our assets (a business sale) to a third party. We and our affiliates do not receive any consideration for placing financing with any lender.

**ITEM 11  
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.** There is no specified date or period of time by which we must complete our obligations stated below.

## **Our Pre-Opening Obligations**

Before you begin operating your Business:

1. **Initial Training.** We will provide initial training in the System and our policies and procedures to you (or your Designated Principal, if you are an Entity), your initial manager of the Business (the “General Manager”), and any other employees that we designate. See “Training”, below in this Item. (Franchise Agreement – Sections 3.2 and 6.1)
2. **Advertising.** We will create, prepare, and make available to you without charge a welcome advertising kit in connection with the opening of the Business, and advertising materials used in connection with the Marks. You will give us no less than \$2,500 for Initial Launch Advertising and we will use those funds for Google Adwords advertising, community outreach and other launch advertising on your behalf. We will guide you in any start-up marketing, including placement of local and internet advertising, joining and attending local networking organizations and events, sponsorships and budgeting for these items. Additional advertising materials can be purchased from us and/or furnished by you utilizing graphics and designs provided by us. We will run national, regional and local advertising in support of our franchisees’ efforts to secure bookings. We will staff an in-house call center to field requests from those interested in renting a TapSnap™ for their upcoming event. Software will suggest who the logical franchisee is to service an upcoming event based on Market Area, availability and proximity to the event. (Franchise Agreement – Section 3.9)
3. **Manuals.** We will furnish you with one copy of, or electronic access to, our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. We reserve the right to furnish all or part of the Manuals to you in electronic form and to establish terms of use for access to any restricted portion of our Website. The Manuals consists of approximately 147 pages. (Franchise Agreement - Sections 10.1 and 10.4)

We estimate that the typical length of time between signing a Franchise Agreement and opening your business is approximately one month. Factors affecting this length of time include, among others: hiring of the requisite employees; successful completion of initial training; local ordinances or community requirements; delivery of equipment and product; the availability of inventory; issuance of all necessary licenses, permits and approvals; and procuring recommended insurance. You must begin operating your business within ninety (90) days of signing a Franchise Agreement.

## **Ongoing Assistance**

During the operation of your Franchise:

1. **Additional Training.** We may periodically conduct additional or advanced training programs for you, your Designated Principal, your General Manager, and/or your employees at our office or another location that we designate, in person, via teleconference, via the Internet, or by any other means, as we determine. Your franchise includes lifetime telephone coaching via telephone and e-mail. (Franchise Agreement – Sections 3.5 and 6.1)
2. **Advertising.** We may from time to time formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We will run local, regional and national advertising campaigns in print and internet versions of leading bridal and event publications. We may make available for you to

purchase without charge or at a reasonable cost approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared. Advertising may be sourced by us internally or through outside agencies. We are not required to expense any amount on advertising in any given geographic area, including yours. (Franchise Agreement - Sections 12.1 and 12.2)

3. Requested Consulting Services. We will provide to you additional consulting services with respect to the operation of the Business upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Business design. We may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, or in person. If such services are rendered in person, you must pay us a fee and our expenses. (Franchise Agreement – Sections 3.5 and 6.13)

4. Manuals Updates. We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures after we transmit the updates. (Franchise Agreement - Sections 10.1 and 10.4)

5. Inspections. We may inspect the operation, premises and inventory of the Business periodically and advise you of the results of each such inspection. (Franchise Agreement - Section 3.6)

### Advertising

General. We do not allow advertising other than that which we have created. Our materials are effective and we don't want you spending time looking to change them. You must conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

We may from time to time formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you without charge or for you to purchase at a reasonable cost approved advertising and promotional materials, including signs, posters, collaterals, etc. that we have prepared.

In order to build brand awareness, we plan to attend tradeshows, host promotional events or displays, and manage multiple websites that promote TapSnap's rental.

We may use as forms of advertising direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

Local Marketing. You should use your best efforts to promote the use of the Marks in your market area, but the amounts you expend are up to you.

Branding Fund. We have established a Branding Fund to which you will contribute three (3%) percent of all Event Fees paid to us when each event is booked. All franchisees shall contribute to the Branding Fund, which will be administered by us. The fund will not be audited, but you will be provided annual financial statements upon your request. In the most recently concluded fiscal year we collected \$47,478.44 (USD) which were used for Google AdWords (\$223,692 or 76.6%) Website Development (\$15,234.40 or 5.2%) Online Marketing (\$28,455.90 or 9.74%) PR (\$18,000, or 6.16%) Tradeshows (\$4,690.48, or 1.6%) and Industry Association (\$2,085.00 or .7%). We have lent funds to the Branding Fund and anticipate repayment out of future Fund receipts. We may lend sums to the Fund in the future.

All franchisees must contribute to the Fund, at the same percentage rate, as will any outlets that we own.

We administer the Fund. It is not audited, but annual financial statements of the Fund are available for review by you, upon your request.

We will not use funds principally to solicit new franchise sales, but may state that franchises are available in materials and advertising. If not all funds are spent in the fiscal year in which they accrue, they may be used the following year.

Websites. You are not authorized to have a website for your Business unless we otherwise agree in writing. We may forward inquiries received through our website to you if the inquiring party is located near you. You are not authorized to offer any products for sale through any e-commerce site or online retailer, nor may you offer your franchise, TapSnap™ kiosks or Products for sale through any online auction or resale site.

Advertising Cooperatives. We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future.

Advertising Councils. We currently have no advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future.

Corporate Accounts. Corporate Accounts are primarily organizations or companies that have operations or the potential for events in multiple markets in the United States. These Corporate Accounts may be generated by any franchisee (the "Referring Franchisee") or by our internal Corporate Account sales representative by cold calling, attending trade shows or any other means. Franchisees are required to refer all potential Corporate Accounts to us for handling and servicing.

If an event in your Market Area is originated from a Corporate Account, you may be offered the opportunity to service that event at a price we will negotiate with the Corporate Account, less sales commissions to the Referring Franchisee and/or internal sales representative and normal Call Centre, Branding, and Royalty Fees. You may accept or decline to service the event if it is offered to you.

#### Computer System and Electronic Cash Registers

We may require you to use proprietary software or to purchase certain software from a designated vendor. We do not require you to purchase any computer system, but we recommend that you do so and that your computer system currently must be capable of

accessing the Internet, sending and receiving email and other basic functions with sufficient capacity to meet your business' needs.

We believe a basic laptop, costing around \$500, should be sufficient. We have no obligation (nor does any affiliate or third party) to provide ongoing maintenance, repairs, upgrades or updates. You have no obligation to update or upgrade your computer. There is no annual fixed cost of required maintenance, updating, upgrading, or support. We will not have independent access to the information stored in your computer system. You may use an existing computer meeting these requirements.

### Manual

The Table of Contents of the Manuals is attached as **Exhibit F** to this Disclosure Document. The manual consists of a total of 147 pages.

### Training

You or your Designated Principal, as applicable, and your General Manager(s) must obtain our management certification by attending and satisfactorily completing our initial training program before you open your business. Provided that space is available, you may bring other representatives to the training session at a charge of \$500/person, but we reserve the right to limit attendance to two of your representatives in any one session.

We will provide initial training at our offices, currently in N. Vancouver, B.C., or from any other location that we designate. We will provide instructors and materials for the initial training program at no charge for you, your Designated Principal or General Manager. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees.

The initial training program will be provided as soon as practicable after you sign your Franchise Agreement. Initial training includes approximately three days of training in our offices on the topics of sales, marketing, business planning, and equipment. Our training program is described in the following chart:

#### **TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Software Suite & Workflow	3	0	Our offices
System Setup & Takedown	3	0	Our offices
Lead Management	1.0	0	Our offices
Event Operations	2.0	0	Our offices
Social Media 101	1	0	Our offices
Intro to Graphic Design	.5	0	Our offices

and Custom images			
Camera 101	1.0	0	Our offices
Handling National Accounts	1	0	Our offices
Selling at Trade Shows	1.0	0	Our offices
Prospecting Power	1	0	Our offices
Relationship Selling	1	0	Our offices
Identifying Needs Accurately	1.5	0	Our offices
Overcoming Objections	1	0	Our offices
Getting Resales and Referrals	1	0	Our offices
Success and Self-Motivation	.5	0	Our offices
<b>TOTALS</b>	19.5 hours	0 hours	

Most of our materials are available to you online and can be downloaded or printed by you. The instruction materials consist of written materials with question and answer sections for your review. The instructor for our initial and later training program has experience working with sales. Most of the training is conducted by Zamon Kingi. Zamon Kingi has been with our affiliate, DVDNow, since 2006 and has been involved in development of TapSnap™ from the inception. Zamon Kingi teaches sales training. Zamon who is certified as a Brian Tracy International Sales Trainer, has over twenty years' experience in teaching, sales, and business development. The training is conducted in person, and by yourself, independently reviewing materials which we make available to you online. Zamon Kingi conducts most of the training other than the online training, although other individuals may be involved in taking your calls to provide you with ongoing training and support.

We may periodically conduct advanced training programs for you, your Designated Principal, your General Manager, and/or your employees at our office or another location that we designate. There will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs. We may provide additional training in person, via teleconference, via the Internet, or by any other means, as we determine. During all training, you are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees. We provide training without charge via telephone and internet during the term of your franchise and any renewal term. There is no specified date or period of time by which we must complete our obligations stated in this Item 11.



## ITEM 12 TERRITORY

Your TapSnap™ Franchise is not for a specific territory or location. In addition, you may face competition from other outlets that we own, from other channels of distribution or from us (with respect to Retail Accounts only). We do not have any plans to operate or franchise a business using the System under different Marks. Neither we, nor any affiliate, operates, franchises or plans to operate or franchise a business under a different trademarks to sell similar goods or services to those offered to you.

While we do not normally award any specific or minimum territory as part of your franchise, we will use our judgment and discretion in deciding how many TapSnap™ Franchises to award in a given geographic area, which we refer to as a “Market Area.” Factors which we will consider in making this determination will include, but are not limited to, the number of convention/event/banquet facilities in the area, number of hotel rooms and amount of hotel revenue, number of event planners, whether the area is considered to be a destination market, geography and demographics of the market, and whether existing franchisees are fully servicing the existing or potential demand for TapSnap™ services. We reserve the right to add Franchisees in a given Market Area if the existing Franchisees are underperforming as measured by the performance of other Franchisees in similar marketing areas or other Franchisees who have been in business for a similar length of time or should we deem the Market Area to be underserved, in our discretion. We further reserve the right to sell a Market Area exclusively to one or more Franchisees, for additional consideration—in that case, we might agree simply to not put additional franchisees in that Market Area if certain revenue goals were met by the franchisee.

Any events for Corporate Accounts which are in your Market Area and which we give you the opportunity to service will be at prices we negotiate with that account, less any commissions, Call Centre Fees, Branding Fees, and Royalty Fees.

We also reserve the right to sell, lease or rent TapSnap™ kiosks to operate in or around cruise ships or cruise ship terminals, as well as public venues such as hotels, stadiums, amusement parks, shopping malls or facilities or similar locations used by the public at specific events held in the public venue, even if located within your Market Area.

We may, at our discretion, and subject to a separate Exclusive Franchisee Rider, agree to provide an exclusive territory. The Franchise Fee for an Exclusive Territory is calculated based on a number of factors, which include, but are not limited to, the population of the area, the number of convention/event/banquet facilities in the area, and the number of weddings and similar events in the area.

Unless otherwise agreed to in writing, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We make reasonable efforts to have franchisees in a given Market Area service customers, provided you have and maintain sufficient capacity on an ongoing basis to meet emerging demand for TapSnap events. There are no restrictions on accepting orders from outside your Market Area, except that you may not use the Internet, Social Media, or any other means to solicit orders outside of your Market Area.

You do not have any rights of first refusal on any territory. You must obtain our consent before relocating the franchised business; we will not unreasonably withhold our consent.

**ITEM 13  
TRADEMARKS**

The principal trademark that you will use as our franchisee is the TapSnap™ name and logo that appears on the front page of this Disclosure Document. We may also authorize you to use other Marks from time to time. You may only use in your Business the Marks we designate, and only in compliance with written rules that we prescribe from time to time.

The Marks are owned by a holding company, 0740246 B.C. LTD, owned by our CEO, Scott McInnes, and licensed to us under a license agreement which is royalty free, non-cancellable and of infinite duration.

0740246 B.C. LTD. has registered the following principal Marks with the United States Patent and Trademarks Office (“USPTO”) on the Principal Register. We intend to file all required affidavits and to renew the registrations for the Marks when they become due.

<b>Marks</b>	<b>Serial Number</b>	<b>Registration Date</b>
TAPSNAP	85648458	May 21, 2013
TAPSNAP with design	85648515	May 21, 2013
Instantly Social, Utterly Fun	85784965	December 3, 2013

If our right to use the trademarks is challenged, we may require you to change to an alternative trademark, which may increase your expenses. 0740246 B.C. LTD has licensed the use of the Marks to us, and we license the use to you.

There are no currently effective material determinations of the USPTO, Trademarks Trial and Appeal Board, the trademarks administrator of any state or any court involving the TapSnap™ Marks. We know of no pending infringement, opposition, or cancellation proceedings, or material litigation involving the TapSnap™ Marks. Other than as discussed in the above paragraph, we are aware of no superior rights or infringing uses that could materially affect the use of the Marks in any state.

You must notify us promptly of any unauthorized use of the Marks of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use the Marks. We will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys’ fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise Agreement, the cost of such defense and the cost of any judgment or settlement, will be

borne by us. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement, those costs will be borne by you. In the event of any litigation relating to your use of the Marks, you will do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

We have the right, upon reasonable notice, to change, discontinue, or substitute the Marks and to adopt new Marks for use with the System without any liability to you. You agree to implement any such change at your own expense within the time we reasonably specify.

#### **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. We have not registered any copyrights with the United States Copyright Office. However, we claim copyrights with respect to our advertising materials, training materials, signs, website, and Manuals, as well as other materials we may periodically develop. There are no determinations of the United States Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any of our copyrights.

Any copyrights used by you in the Franchise belong solely to us or our affiliates. You must notify us promptly of any unauthorized use of our copyrights of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use any of our copyrights. We will take the action we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to our Copyrights, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Copyrights. If we request, you must discontinue the use of the subject matter covered by any copyright used in connection with the Franchise.

During the term of your Franchise Agreement, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information (collectively, "Proprietary Information") relating to the System, our business, or the construction, management, operation, or promotion of the Business. You may not, nor may you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Business. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any employee or other person to whom you disclose Proprietary Information. You must take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that we require. You must require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third party beneficiary of such covenants with the independent right to enforce the agreement.

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

At all times that your Business is open for business, it must be under the personal supervision of either, you, your Designated Principal, or a General Manager. You or your Designated Principal and your General Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Business to be operated, managed, directed, or controlled by any other person without our prior written consent.

Your Designated Principal must have authority over all business decisions related to your Business and must have the power to bind you in all dealings with us. Your Designated Principal may serve as your General Manager, unless we believe that he or she does not have sufficient experience. You must provide us with written notice of your Designated Principal and General Manager at least fifteen (15) days prior to opening and may not change your Designated Principal and General Manager without our prior approval.

Your General Manager does not have to have an ownership interest in your Entity, but they must sign a confidentiality agreement and a non-compete agreement.

Each individual with direct or indirect ownership interest in your Entity must sign the Payment and Performance Guarantee (the “**Guarantee**”) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the proprietary information (Section 11), indemnification (Section 19.4), covenant not to compete (Section 17), and assignment (Section 14) provisions of the Franchise Agreement.

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

You may offer for sale in the Business only the products and services that we have approved in writing in the Manuals. We may change these specifications periodically, and we may designate specific products or services as optional or mandatory. You must offer all items that we designate as mandatory. We may permit franchisees not to sell certain products or services, or may permit certain franchisees to offer products or services not generally available to franchisees, in order to meet certain local market needs. You may sell products only in the varieties, forms, and packages that we have approved. If we revoke approval of a previously approved product that you have been selling, you may continue to sell the product only from your existing inventory for up to 90 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation.

We impose no restriction on the customers that you may serve or sell to, other than those relating to territory. You may not sell our products through any wholesale or other channel of distribution which we have not approved. You may not resell your TapSnap™ kiosks or display equipment on EBay or other electronic auction or billboard sites. You may not establish an independent website.

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

**THE FRANCHISE RELATIONSHIP**

The table below lists certain important provisions of the Franchise Agreement. You should read these provisions in the form of Franchise Agreement attached to this Disclosure Document as Exhibit A.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	5 years from the Effective Date of your Franchise Agreement.
b.	Renewal or extension of the term	Section 2.2	If you meet the conditions, you may enter into unlimited successive 5 year terms.
c.	Requirements for franchisee to renew or extend	Section 2.2	You have notified us of your intent to renew at least six (6) months in advance but no more than 12 months in advance; you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement; you have executed a general release in favor of us; you, your Designated Principal, and designated employees have completed our then-current training requirements; you have substantially complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both exists; and you have paid us any fees that are due and owing. Franchisees may be asked to sign a new franchise agreement with materially different terms.
d.	Termination by franchisee	N/A	
e.	Automatic termination by us without further notice	Section 15.1	We can terminate you automatically if you become insolvent, file for bankruptcy voluntarily or otherwise, a receiver is appointed, if you dissolve your company, if your property of the business is levied upon, or for any of the items listed in Section 15.1.
f.	Termination upon notice with no opportunity to cure	Section 15.2	If any of the following occur: (a) if you transfer any rights in the franchise agreement in violation of the franchise agreement; (b) you divulge confidential or proprietary information; (c) you violate the restrictive covenants; (d) you misuse the proprietary Marks; (e) if you commit

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			three or more defaults in a 12 month period even if you cure all three defaults; (f) you fail to operate your business for thirty consecutive days; (g) you breach any other material provision of the franchise agreement that cannot be cured; (h) you fail to maintain the required Insurance following notice from us. While not technically a termination, we can place you on Non-Operating Status and substantially curtail your rights to operate your Business if you go two consecutive months without any paid or marketing events.
g.	Default and notice to cure seven (7) days	N/A	N/A
h.	Default and notice to cure 30 days	Section 15.2	All other Franchisee defaults not covered under Section 15.2 have a thirty (30) day cure period.
i.	Franchisee's obligations on termination/non-renewal	Section 16	Pay all amounts due to us or our affiliates; discontinue use of the Marks and the System; return Proprietary Information and Manuals; cancel assumed names; cease using phone numbers and any directory listings; refrain from disclosing Proprietary Information; and comply with non-compete covenants (also see (q) and (r) below).
j.	Assignment of contract by us	Section 14.1	No restriction on our right to assign.
k.	"Transfer" by franchisee – definition	Section 14.2	Includes transfer of the Franchise Agreement, any interest or rights in the Franchise Agreement, substantially all of the assets of the TapSnap™ Franchise, or an interest in the ownership of the TapSnap™ Franchise (if you are an entity).
l.	Our approval of transfer by franchisee	Sections 14.2 and 14.3	We have the right to approve all transfers
m.	Conditions for our approval of transfer	Section 14.3	All of your monetary obligations are satisfied; you are not in default; you and your Owners sign a general release; you agree to noncompetition provisions; you remain liable for obligations incurred or arising prior to the transfer; you pay us the Transfer Fee; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements and signs then-current franchise agreement; new franchisee covenants to continue to operate the

	Provision	Section in Franchise Agreement	Summary
			TapSnap™ Franchise under the Marks; new franchisee's owners execute our then-current form of personal guarantee.
n.	Our right of first refusal to acquire franchisee's business	Section 14.6	We can match any offer for your TapSnap™ Franchise or any ownership interest in it, except for certain transfers to spouses, children, or parents.
o.	Our option to purchase your business	Section 16.7	For 30 days after the Franchise Agreement terminates or expires, we can purchase any or all of the inventory, supplies, equipment, signs, and fixtures related to the operation of your TapSnap™ Franchise for the lesser of your cost or the fair market value of the assets, less any amounts then owing to us.
p.	Death or disability of franchisee	Sections 14.7 and 14.8	Upon death of a principal, your executor or representative must transfer your interest to a third party approved by us within 90 days after the date of death. Upon disability of an owner with a controlling interest, your representative must transfer your interest to a third party approved by us within 90 days after notice of the disability.
q.	Non-competition covenants during the term	Section 17.2 and Exhibit D	You and your Owners may not: be involved in any business that sells photo booth services or any new existing franchise units " <b>Competitive Business</b> "; divert customers or potential customers to any Competitive Business; solicit, divert or take away or attempt to do any of the following with respect to customers with whom you had material contact during the term of the Franchise Agreement; or solicit for employment individuals employed during the past 6 months by us, our affiliates, or our franchisees.
r.	Non-competition covenants after the Franchise Agreement is terminated or expires	Section 17.3 and Exhibit D	You and your Owners may not for two years after the termination of their employment on behalf of any (" <b>Competitive Business</b> ") operated within 50 miles of your Market Area; divert customers or potential customers to any Competitive Business; solicit, divert or take away or attempt to do any of the following with respect to customers with whom you had material contact during the term of the Franchise Agreement; or solicit for employment individuals employed during the past 6 months by us, our affiliates, or our franchisees.
s.	Modification of the agreement	Section 23	Except for modifications to the Manuals or other rights the Franchisor has to make

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			unilateral modifications, no modifications can be made to the Franchise Agreement and its attachments unless agreed to in writing by both parties.
t.	Integration/Merger Clause	Sections 23	Only the terms of the Franchise Agreement and this Federal Disclosure Document are binding. Any other promises may not be enforceable.
u.	Dispute resolution by Mediation and Arbitration	Section 25.2 and 25.3	Mediation and Arbitration shall apply to most disputes under the Franchise Agreement, except Franchisor can obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 15, and 18 under the usual equity rules.
v.	Choice of forum	Sections 25.1 25.2 and 25.3	You and your Owners must, and we may, bring claims in courts located in Canada and all alternative dispute resolution proceedings shall occur in Vancouver, British Columbia. Please refer to Exhibit B, Additional State Required Disclosures.
w.	Choice of law	Section 25.1	British Columbia law applies, without regard to Vancouver, B.C. conflict-of-laws rules. Please refer to Exhibit B, Additional State Required Disclosures.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figure to promote our Franchises, but may do so in the future.

**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 Statement. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

During 2014, our U.S. franchisee experienced average gross revenues per event services of \$1,162 USD. Those franchisees reported direct event expenses of under \$15 per event, other than employees paid to service the events (this therefore assumes that the



franchisee attends each event and operates the TapSnap). This was based on 109 U.S. franchisees, which included all franchises in the U.S.

During 2013, our U.S. franchisee experienced average gross revenue per event services of \$889.81 USD. 2013 direct event expenses were also reported to us by our franchisees of under \$15 per event. This was based on 34 U.S. franchisees, which included all franchises in the U.S. Event direct expenses typically are the cost of printing supplies for printed photos; it does not include labor, automobile expenses, parking or admission to venues.

Other than the above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised TapSnap™ Franchises. We also do not authorize our employees or representatives to make any other such representations either orally or in writing. If you are purchasing an existing Business, however, we may provide you with the actual records of that Business. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Scott McInnes at TapSnap Ventures, Inc., 140 - 890 Harbourside, North Vancouver BC V7P 3T7, Canada, (604) 960-0912, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

We do not own or operate any Company-Owned TapSnap™ Franchises in the United States. We do operate and own a TapSnap business in Vancouver, B.C., Canada, which is not a separate franchised unit.

**Table No. 1  
System-Wide Business Summary  
For years 2011-2013**

Business Type	Year	TapSnap™ Franchises at the Start of the Year	TapSnap™ Franchises at the End of the Year	Net Change
<b>Franchised</b>	<b>2011</b>	0	0	0
	<b>2012</b>	0	34	34
	<b>2013</b>	34	109	75
<b>Company-Owned</b>	<b>2011</b>	0	0	0
	<b>2012</b>	0	0	0
	<b>2013</b>	0	0	0
<b>Total TapSnap™ Franchises</b>	<b>2011</b>	0	0	0
	<b>2012</b>	0	34	34
	<b>2013</b>	34	109	75

**Table No. 2**  
**Transfers of TapSnap™ Franchises from Franchisees to New Owners**  
**For years 2011-2013**

State	Year	Number of Transfers
Total	2011	0
	2012	0
	2013	1

**Table No. 3**  
**Status of Franchised TapSnap™ Franchises**  
**For years 2011 to 2013**

State	Year	TapSnap™ Franchises at Start of Year	TapSnap™ Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	TapSnap™ Franchises at End of the Year
AZ	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
CA	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	8	0	0	0	0	9
CO	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
CT	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	2	0	0	0	0	3
DE	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
FL	2011	0	0	0	0	0	0	0
	2012	0	5	0	0	0	0	5
	2013	5	7	0	0	0	0	12
GA	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	4	0	0	0	0	5
ID	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
IL	2011	0	0	0	0	0	0	0

State	Year	TapSnap™ Franchises at Start of Year	TapSnap™ Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	TapSnap™ Franchises at End of the Year
	2012	0	1	0	0	0	0	1
	2013	1	2	0	0	0	0	3
IN	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
KS	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
KY	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
LA	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	2	0	0	0	0	4
MA	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	2	0	0	0	0	4
MD	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
ME	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
MI	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
MO	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
NC	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
NE	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
NH	2011	0	0	0	0	0	0	0

State	Year	TapSnap™ Franchises at Start of Year	TapSnap™ Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	TapSnap™ Franchises at End of the Year
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
NJ	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	4	0	0	0	0	6
NV	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
NY	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	4	0	0	0	0	4
OH	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	2	0	0	0	0	3
OK	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	1	0	0	0	0	2
OR	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
PA	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	3	0	0	0	0	4
SC	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	4	0	0	0	0	5
TN	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
TX	2011	0	0	0	0	0	0	0
	2012	0	5	0	0	0	0	5
	2013	5	7	0	0	0	0	12
UT	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	0	0	0	0	0	2
VA	2011	0	0	0	0	0	0	0

State	Year	TapSnap™ Franchises at Start of Year	TapSnap™ Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	TapSnap™ Franchises at End of the Year
	2012	0	0	0	0	0	0	0
	2013	0	4	0	0	0	0	4
WA	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
WV	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Totals	2011	0	0	0	0	0	0	0
	2012	0	34	0	0	0	0	34
	2013	34	75	0	0	0	0	109

**Table No. 4**  
**Status of Company-Owned TapSnap Franchises\***  
**For years 2011 to 2013**

State	Year	TapSnap™ Franchises at Start of Year	TapSnap™ Franchises Opened	TapSnap™ Franchises Reacquired from Franchisee	TapSnap™ Franchises Closed	TapSnap™ Franchises Sold to Franchisee	TapSnap™ Franchises at End of the Year
Totals	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

\* We operate a Company owned TapSnap™ unit in Vancouver, B.C., but it is not shown in this Item 20 as a franchisee because it is located and operated outside the United States.

**Table No. 5**  
**Projected Openings As Of June 30, 2014\***  
**For following 12 month period**

State/Territory	Franchise Agreements Signed But TapSnap™ Franchises Not Opened	Projected New Franchised TapSnap™ Franchises in the Next Fiscal Year	Projected New Company-Owned TapSnap™ Franchises in the Next Fiscal Year
AL	0	2	0
AK	0	1	0
AZ	0	2	0

<b>State/Territory</b>	<b>Franchise Agreements Signed But TapSnap™ Franchises Not Opened</b>	<b>Projected New Franchised TapSnap™ Franchises in the Next Fiscal Year</b>	<b>Projected New Company-Owned TapSnap™ Franchises in the Next Fiscal Year</b>
AR	0	1	0
CA	0	5	0
CO	0	2	0
CT	0	0	0
DE	0	0	0
DC	0	1	0
FL	1	3	0
GA	0	1	0
GUAM	0	0	0
HI	0	1	0
ID	0	0	0
IL	0	2	0
IN	0	1	0
IA	0	1	0
KS	0	1	0
KY	0	1	0
LA	0	2	0
ME	0	0	0
MD	1	1	0
MA	0	1	0
MI	0	1	0
MN	0	2	0
MS	0	1	0
MO	0	1	0
MT	0	2	0
NE	0	1	0
NH	0	0	0
NJ	0	1	0
NM	0	2	0
NV	0	3	0
NC	0	1	0
ND	0	0	0
OH	0	2	0
OK	0	1	0
OR	0	2	0
PA	0	1	0
PUERTO RICO	0	1	0
RI	0	1	0
SC	0	2	0

State/Territory	Franchise Agreements Signed But TapSnap™ Franchises Not Opened	Projected New Franchised TapSnap™ Franchises in the Next Fiscal Year	Projected New Company-Owned TapSnap™ Franchises in the Next Fiscal Year
SD	0	0	0
TN	0	2	0
TX	0	3	0
UT	0	1	0
VT	0	1	0
VIRGIN ISLANDS	0	0	0
VA	0	2	0
WA	0	1	0
WV	0	1	0
WI	0	1	0
WY	0	1	0
<b>TOTALS</b>	2	67	0

**Note:** All references to 2013 are to our fiscal year ending June 30, 2014.

**Current and Former Franchisees.** A list of current franchisees is attached hereto as Exhibit I.

If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Confidentiality Agreements.** We have not signed any confidentiality clauses since our formation.

**Trademarks-Specific Franchisee Organizations.** As of the date of this Disclosure Document, there are no trademarks-specific franchisee organizations associated with our franchise system.

## ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit E** to this Disclosure Document is our audited opening Balance Sheet as of July 1, 2012, and our audited Balance Sheet and Profit and Loss Statement as of June 30, 2013, our audited Balance Sheet and Profit and Loss Statement as of June 30, 2014 updated by our quarterly, unaudited financial statements through December 31, 2014. Our fiscal year ends on June 30 of each year.

## ITEM 22 CONTRACTS

The following sample contracts are included in this disclosure document:

- Exhibit A** Franchise Agreement
- Exhibit C** General Release
- Exhibit D** Non-compete and Nondisclosure Agreement

We also require that you fill out a Compliance Questionnaire before signing the Franchise Agreement. The Compliance Questionnaire is attached as **Exhibit H**.

### **ITEM 23 RECEIPT**

Attached as the last two pages of this Disclosure Document are copies of the Receipt which you will be required to sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.



**EXHIBIT A**

**TAPSNAP™ FRANCHISE AGREEMENT**



T A P



S N A P



S H A R E

# **TAPSNAP™ FRANCHISE AGREEMENT**

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## **FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and between TapSnap™ Ventures, Inc., a British Columbia corporation ("**Franchisor**"); and \_\_\_\_\_ ("**Franchisee**") **collectively the "Parties"**. For purposes hereof, the "Effective Date" shall be \_\_\_\_\_, 20\_\_.

### **BACKGROUND:**

#### **A. PREAMBLES.**

TapSnap™ Ventures, Inc. (The "Franchisor") offers franchises for the operation of a digital photo entertainment kiosk (referred to as a "TapSnap™") for use at events such as weddings, conventions, and reunions, and other types of social gatherings, using proprietary technology (the "Services"), as well as other ancillary and related merchandise (the "Products"). Products and Services shall be collectively referred to as the "Products and Services" under the TapSnap™ Marks ("TapSnap™ Franchise") using certain techniques through a proprietary uniform system having high standards of service developed by Franchisor (the "System").

The TapSnap™ Franchise is identified by means of certain trade names, service marks, trademarks, logos, trade dress, emblems, and indicia of origin as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the TapSnap™ Franchise including the service mark logo "TapSnap™" (the "Marks"). The Marks are owned by Franchisor and will at all times remain the property of Franchisor.

Franchisee wants to enter into the business of operating a TapSnap™ Franchise (sometimes referred to as a "Business" or "TapSnap™ Business") and using the Marks, and wishes to enter into this Agreement for that purpose and to get the training and other assistance provided by Franchisor.

Franchisee understands and acknowledges the importance of the high standards of Franchisor for quality, appearance, and service; and the necessity of operating the Business in conformity with the standards and specifications of Franchisor.

The Parties agree to act reasonably and in good faith in all matters concerning the performance and enforcement of this Agreement.

#### **B. ACKNOWLEDGMENTS.** You acknowledge:

That Franchisee has independently investigated this franchise opportunity and recognizes and hereby acknowledges that, like any other business, the nature of the business a TapSnap™ Franchise conducts may, and probably will, evolve and change over time.

That an investment in a franchise involves business risks that could result in a loss of a significant portion or all of Franchisee's investment and that its business abilities and efforts are vital to Franchisee's success and the success of its TapSnap™ Franchise.

That Franchisee has not received from Franchisor, and is not relying upon, any representations or guarantees, express or implied, as to potential volume, sales, income, or profits of a TapSnap™ Franchise.

That Franchisee has represented to Franchisor, to induce its entry into this Agreement, that all statements Franchisee has made, written or oral, and all materials Franchisee has given Franchisor are accurate and complete and that it has made no misrepresentations or material omissions in obtaining the franchise.

That Franchisee has been afforded an opportunity, and has been encouraged by Franchisor to have this Agreement and all other agreements and materials Franchisor has given or made available to Franchisee reviewed by an attorney, accountant, and/or other professional adviser and has either done so or elected not to do so.

That Franchisee has a net worth which is sufficient to make the investment in the franchise opportunity represented by this Agreement, that Franchisee will have sufficient funds to meet all of its obligations under this Agreement and that Franchisee has no material financial obligations, whether actual or contingent, which are outstanding which it has not disclosed to Franchisor in writing.

That Franchisee is not a party to any pending or threatened litigation, arbitration or other legal proceedings or claims, and that Franchisee is not subject to any agreement, court or administrative judgment or order which would inhibit in any way or make more difficult Franchisee's fulfillment of its obligations under this Agreement.

**C. CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP.** If Franchisee is at any time a corporation, limited liability company, or partnership, Franchisee agrees and represents that:

Franchisee will have the authority to execute, deliver, and perform its obligations under this Agreement and all related agreements and are duly organized or formed and validly existing and in good standing under the laws of the state of its formation.

Franchisee's organizational documents will recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to this Agreement's restrictions;

Franchisee's TapSnap™ Franchise will be the only business it operates (although its owners may have other, non-competitive business interests).

While Franchisor has encouraged Franchisee to form a business entity for purposes of its business operations as a Franchisee, the decision to form or not form an entity is entirely Franchisee's.

Exhibit B to this Agreement completely and accurately describes all of Franchisee's owners and their interests in Franchisee as of the Effective Date and each of its owners during this Agreement's term will execute a guaranty in the form prescribed by Franchisor undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any



ancillary agreements between Franchisee and Franchisor. Franchisee and its owners agree to sign and deliver to Franchisor a revised Exhibit B to reflect any permitted changes in the information that Exhibit B now contains.

**NOW, THEREFORE**, the Parties agree as follows:

## **SECTION 1 – GRANT**

1.1 **Grant and Acceptance.** Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, on the terms and conditions set forth herein, to: (a) establish and operate a TapSnap™ Franchise (the "Business"), (b) use, only in connection therewith, the Marks and the System, as they may be changed, improved, or developed from time to time by Franchisor; and (c) operate the Business in accordance with this Agreement.

1.2 **Territory.** Franchisor does not offer exclusive Territories. Franchisor tries to limit, in its sole discretion, the number of franchisees in a market area ("Market Area") as defined below. You may accept business (and therefore offer services at events) outside your Market Area, but may not solicit or advertise for business outside the Market Area. You may provide services outside your Market Area only to customers who contact you directly or to customers who we refer to you for service (typically because there is no available franchisee who can service that customer). Factors which Franchisor considers in determining the number of franchises it will seek in a Market Area include, but are not limited to, the number of convention/event/banquet facilities in the Market Area, number of hotel rooms and range of hotel revenue, number of event planners, number of weddings, whether the Market Area is considered to be a Destination Market (as defined below), geography and demographics of the Market Area, and whether then existing franchisees are fully servicing the demand for TapSnap™ services within a given Market Area. Franchisor reserves the right to add franchisees in a Market Area if the existing franchisees are underperforming as measured by the performance of other franchisees in similar Market Areas or other franchisees who have been in business for a similar length of time. In addition, Franchisor reserves the right to add franchisees to service any underserved Market Area, at its sole discretion. Franchisor reserves the right to sell a Market Area exclusively to one or more franchisees, for additional consideration.

For the purpose of this Section 1.2 a Market Area is defined as a geographic or demographic zone containing people or businesses which are likely to utilize the Products and Services.

For the purpose of this Section 1.2 a Destination Market is defined as a tourist magnet area that attracts a significant number of visitors or an area, region, or civic entity that hosts a significant number of conventions, weddings, or similar events. A Destination Market is further defined to include any "destination" to which people travel for the purpose of holding or attending events not generally held, or not desirable or practical for individuals or entities to hold, in their home areas and to which they and other attendees may travel for purposes of holding or attending such event(s).

Franchisee's decision to add or not add more additional TapSnap™ kiosks to meet demand in its Market Area may also impact Franchisor's consideration of how many franchises to sell in Franchisee's Market Area.

Franchisee understands and agrees that Franchisee does not have any option or rights of first refusal on any Market Area, and that Franchisor may award or operate a TapSnap™ Franchise in any such Market Area or Destination Market at any time, in its sole discretion.

1.3 **Limit on Sales.** Franchisee shall offer, rent or sell such Products and Services and only such Products and Services as have been expressly approved for sale in writing by Franchisor. Franchisee shall not offer for sale or rent any other Products or Services without the express prior written consent of Franchisor.

1.4 **Reserved Rights.** Franchisor retains the rights, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights:

1.4.1 To own, acquire, establish, operate or license to others TapSnap™ Franchises under the System.

1.4.2 To own, acquire, establish, operate or license others to establish and operate similar businesses under the Marks.

1.4.3 To own, acquire, establish or operate, and license others to establish and operate, businesses under marks other than the Marks utilizing other programs or business models, whether such businesses are similar to or different from the Business.

1.4.4 To sell, lease or rent TapSnap™ kiosks to, or for use on, cruise ships or cruise ship terminals, regardless of where any such ship may be docked from time to time. Franchisor also reserves the right to sell, lease or rent TapSnap™ kiosks to operate in public venues such as hotels, stadiums, amusement parks, shopping malls or facilities or similar locations ("Public Venues") utilized by the general public at specific events held in the Public Venue.

1.4.5 To negotiate prices for events with Corporate Accounts and service or get other franchisees to service those events in Franchisee's Market Area, if Franchisee turns down the opportunity to service an event. Franchisor shall offer these events for Corporate Accounts to a franchisee in a given Market Area as Franchisor shall determine in its sole discretion. A Corporate Account is primarily an organization or company that has operations or potential for events, in multiple markets in the United States.

## **SECTION 2 - TERM AND RENEWAL**

2.1 **Initial Term.** This Agreement will be in effect on its execution by Franchisor and, except as otherwise provided herein, this Agreement will expire five (5) years from the Effective Date.

2.2 **Renewal.** Franchisee may apply to operate the Business for unlimited successive additional terms of five (5) years each if the following conditions are met before each renewal:

2.2.1 Franchisee will give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, before the end of the term of this Agreement;

2.2.2 Franchisee will not have any past due monetary or other outstanding obligations to Franchisor and its affiliate, the approved suppliers of the System;

2.2.3 Franchisee will not be in default of any provision of this Agreement, or any other agreement between Franchisee and Franchisor or any affiliates or the approved suppliers of the System; and Franchisee will have substantially complied with all the terms and conditions of such agreements during the term hereof;

2.2.4 Franchisee and Franchisor will execute a mutual general release, in a form prescribed by Franchisor, of all claims against Franchisor, its affiliates, and their officers, directors, agents, and employees;

2.2.5 Franchisee will execute the then current form of franchise agreement offered by Franchisor, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including requirements to pay additional and/or *higher* fees;

2.2.6 Franchisee will comply with Franchisor's then current qualification and training requirements;

2.2.7 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources to continue to operate the Business during the renewal term;

2.2.8 Franchisee will bring any and all of its TapSnap™ kiosks up to current System standards, which may require significant expenditures. Franchisor will not charge new TapSnap™ purchase costs exceeding the amount paid by Franchisee for any initial equipment purchases, as adjusted for inflation, improvements or modifications and Franchisor's reasonable costs of materials, improvements, design changes or upgrades on a per TapSnap™ basis; and

2.2.9 Franchisee shall pay Franchisor's then current renewal fee (the "Renewal Fee"), which Renewal Fee shall not exceed twenty-five (25%) of the then current Initial Franchise Fee for a comparable Market Area.

### **SECTION 3 - DUTIES OF FRANCHISOR**

3.1 **Initial Business Set-up.** Franchisor will make available, at no charge to Franchisee, specifications for the basic business set-up, fixtures, and equipment required to operate the business, including suggested equipment required to operate the business and approved vendors (the "Approved Vendors"). TapSnaps™ may only be purchased from Franchisor. The quantity of TapSnaps™ which Franchisee must purchase to begin its TapSnap™ Franchise will vary depending upon the size and geographic characteristics of its Market Area, along with the number of events which Franchisee and Franchisor anticipates Franchisee servicing on a periodic basis. Franchisor may require Franchisee to purchase products, such as clothing and other merchandise for use or sale in its TapSnap™ Franchise, from Franchisor or an Approved Vendor. Franchisee understands and acknowledges that Franchisor has the right to modify the required equipment specifications as Franchisor deems appropriate.

3.2 **Initial Training Program.** Franchisor will provide its initial training program for Franchisee (the "Initial Training Program"), as described in Section 6.1.1 and 6.1.2 of this Agreement; unless this Agreement is for the second or subsequent TapSnap™ Franchise;

in which event the terms set forth in Section 6.1.2 below will apply with respect to the pre-opening training of Franchisee, the Designated Principal (“D.P.”) and any General Manager (“G.M.”), if any (as D.P. and G.M. are defined in Section 8.3). Franchisor will also provide such ongoing training as it may deem appropriate in accordance with the terms and conditions of this Agreement.

3.2.1 Franchisee may request one person, including Franchisee, to attend the Initial Training Program at no charge. Additional attending persons are charged \$500 each for training.

3.2.2 If Franchisor determines that Franchisee or its Designated Principal and/or G.M. cannot complete the Initial Training Program to Franchisor’s satisfaction, Franchisor may terminate this Agreement. If Franchisor terminates this Agreement because of Franchisee’s failure to complete the Initial Training Program to Franchisor’s satisfaction, Franchisor will refund Franchisee’s Initial Franchise Fee. All TapSnap™ kiosks are manufactured when ordered by a franchisee, and Franchisor will incur these manufacturing costs; Franchisor will refund Franchisee’s Equipment Purchase Fee (as defined in Section 4.1 herein) upon Franchisee shipping that equipment back, less a restocking charge which shall be twenty percent (20%) of the Equipment Purchase Fee. Franchisee will also be responsible for any shipping costs, and insurance, which must be prepaid by Franchisee. All TapSnap™ kiosks must be returned in original condition in order for Franchisee to receive a refund, and must be received by Franchisor within fourteen (14) days of termination of this Agreement.

3.3 **Loan of Manuals.** Franchisor will provide Franchisee, on loan, copies of Franchisor’s confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the “Manuals”), as more fully described in Section 10 in this Agreement. Under no circumstances will title to the Manuals pass to Franchisee.

3.4 **Advertising Programs and Materials.** Franchisor shall review and will have the right to approve or disapprove all advertising and promotional materials that Franchisee asks to use, according to Section 12. Franchisor will manage and provide an initial marketing plan and assist in its implementation according to Section 12.9

3.5 **Guidance.** Franchisor may provide periodic advice or guidance to Franchisee in the marketing, management, and operation of the Business as determined by Franchisor. Guidance and advice given via telephone or email is free.

3.6 **Inspections.** Franchisor will conduct, as it deems advisable, inspections of the operation of the Business operated by Franchisee.

3.7 **Delegation.** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor.

3.8 **Fulfillment of Obligations.** In fulfilling its obligations under this Agreement, and in conducting any activities or exercising any rights according to this Agreement, Franchisor

must take into account the needs of all franchisees and the franchise system as a whole, as well as those of Franchisor. Franchisor therefore retains the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other Businesses and systems in which Franchisor has an interest, and on Franchisor's own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with other businesses and systems in which Franchisor has an interest, or with Franchisor's affiliates; (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor has an interest; (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as Franchisor sees fit; and (v) to treat Franchisee and other franchisees differently, or not to do so, as Franchisor deems appropriate. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3.8 and that nothing in this Section 3.8 in any way affects Franchisee's obligations under this Agreement.

### **3.9 Maintenance of Toll Free Number/Lead Distribution/Corporate Accounts.**

Franchisor will provide and maintain a toll free number, with a virtual local extension, for use by Franchisee. Franchisor will distribute customer leads to Franchisee where Franchisor is able to identify potential customers, through whatever means, in the Market Area. Franchisor may also provide additional customer leads in close geographic proximity to the Market Area if the event, customer or prospect is not in the Market Area or the Market Area of another franchisee. Franchisor shall have no liability to Franchisee for leads sent to any franchisee in the incorrect Market Area through mistake or inadvertence. Franchisor may, through its own efforts or those of a Referring Franchisee, obtain Corporate Account events at prices and margins Franchisor deems appropriate; Franchisor will use its business judgment in setting prices for Corporate Account events and providing franchisees with the opportunity to service those events in a Market Area. Franchisor also may assign or reassign any lead where Franchisee fails to respond within two business days to a referred lead by contacting the customer or prospect directly.

## **SECTION 4 – FEES**

**4.1 Initial Franchise Fee, Marketing Fee and Equipment Purchase Fee.** Franchisee will pay, upon signing this Agreement, a non-recurring, non-refundable franchise fee (the "Initial Franchisee Fee") in the amount stated in Exhibit A to this Agreement, which fee includes the Initial Training Program at Franchisor's offices. Franchisee will purchase a TapSnap™ equipment package based on the number of TapSnap™ kiosks Franchisee wishes to own, and Franchisor agrees is needed to begin servicing the assigned Market Area. The purchase price for the initial TapSnap™ package will be the amount specified in Exhibit A (the "Equipment Purchase Fee"). The Initial Marketing Fee will be \$2,500, for which Franchisor will provide Franchisee with an initial, basic marketing package including some or all of the following: Google AdWords, social media account, creating a local business contact list, cold calling, direct mail, and local media/PR. The Initial Franchise Fee, Marketing Fee and Equipment Purchase Fee shall be paid in full to Franchisor, unless otherwise specified in writing by Franchisor, on signing this Agreement. Fees paid via credit card, including Franchise Fees, are not refundable, nor are credit card charge backs allowed (other than as provided by law). There are currently five (5) different levels of Equipment Purchase Fees, which vary based on the number of TapSnap™ kiosks that are included.

4.2 **Included Items.** The Equipment Purchase Fee includes the number of TapSnap™ kiosks, printer supplies, accessories, carrying cases and ongoing online and other advertising, as specified in Exhibit A hereto and a start-up quantity of brochures and business cards. The Equipment Purchase Fee does not include shipping and handling charges for the initial equipment Franchisee is purchasing, nor does it include event tents and other optional items. The Initial Marketing Fee includes some or all of the following: Google AdWords, social media account, creating a local business contact list, cold calling, direct mail, and local media/PR.

4.3 **Royalty Fee.** In return for the on-going rights and privileges granted to Franchisee hereunder, Franchisee will pay to Franchisor throughout the term of this Agreement a royalty in an amount equal to seven (7%) percent of the actual Event Fee (the “Royalty”).

4.4. **Call Centre Fee.** Franchisee will pay to Franchisor a Call Centre fee (the “Call Centre Fee”) in an amount equal to four (4%) percent of the actual Event Fee, to cover the costs associated with the creation, staffing, purchase of equipment, and other ongoing operational and development costs of the Call Centre.

Franchisor may, in its sole discretion, increase the Call Centre Fee upon providing Franchisee with ninety (90) days prior notice in writing, due to any increased costs associated with operating the Call Centre; provided that the maximum contribution shall be no greater than six (6%) percent of the actual Event Fee.

4.5 **Payment of Royalty and Call Centre Fee.** Payment to TapSnap by the Franchisee for the inclusive sum of the Royalty Fee, Call Centre Fee, and the Branding Fund Contribution will be made by credit card and must be received prior to a particular event. Such payment constitutes an Event Code Fee. Unless the Event Code Fee is paid prior to an event, Franchisee’s TapSnap will not be activated to operate at that particular event.

4.6 **Software Fee.** Franchisee shall pay Franchisor a monthly fee of twenty-five (\$25.00) dollars per kiosk for the use of TapSnap™ “Snap” kiosk software and SnapBook event management software. Such Software Fee is payable on the first day of every month. To facilitate payment of the Software Fee, Franchisee will provide Franchisor with a valid credit card and pre-authorize Franchisor to process the payment of the Software Fee using such credit card on the first day of each month. Partial months shall be charged on a pro rata basis.

Franchisor may, in its sole discretion, increase the Software Fee upon providing Franchisee with ninety (90) days prior notice in writing, due to any increased costs associated with providing software; provided that the maximum contribution shall be no greater than forty (\$40.00) dollars per TapSnap™ kiosk per month.

Notwithstanding the above, the Software Fee may vary depending upon the total number of active TapSnap™ kiosks utilized by Franchisee and may be scaled by Franchisor as Franchisee’s number of TapSnap™ kiosks increases, thereby reducing Franchisee’s operating costs on a per TapSnap™ basis. Franchisee acknowledges that Franchisor will incur ongoing software development and data storage/hosting expenses which are anticipated to be very significant.

4.7 **CRM Software Fee.** Franchisee shall pay Franchisor a monthly fee of thirty-five (\$35.00) dollars per account for the use of the required lead and task assignment CRM Software. Such Software Fee is payable on the first day of every month. To facilitate payment of the Software Fee, Franchisee will provide Franchisor with a valid credit card and pre-authorize Franchisor to process the payment of the Software Fee using such credit card on the first day of each month. Partial months shall be charged on a pro rata basis.

4.8 **Overdue Payments.** Any payment or contribution not actually received by Franchisor on or before its due date will be overdue. If Franchisee is overdue on any fees due under this Agreement, Franchisor may discontinue any services related to those fees, or other services, to Franchisee.

4.9 **No Subordination/No Liens.** Franchisee will not subordinate to any other obligation its obligation to pay all fees or charges payable to Franchisor, whether under this Agreement or otherwise. Franchisee will not cause or allow any liens on its TapSnap™ kiosks or other business property and shall cause any lien which is imposed or asserted to be removed within thirty (30) days of its being imposed. Franchisee must give written notice to Franchisor immediately upon its receipt of notice of any lien exercised or threatened to be exercised against any TapSnap™ equipment, Products or Services. Failure to give such notice, and/or to discharge any lien within 30 days of its assertion, shall constitute independent acts of default under the terms of this Agreement.

4.10 **U.S. Dollars.** All sums payable to Franchisor by Franchisee shall be payable in United States Dollars.

4.11 **Inflation Adjustment.** Franchisor may adjust any fixed fees or charges provided for in this Agreement, any ancillary agreements and the Manuals based upon increases in the United States Consumer Price Index as published by the U.S. Department of Labor's Bureau of Labor Statistics, or if that index is no longer published, any commonly accepted substitute for that index.

## **SECTION 5 - SITE AND OPENING OF BUSINESS**

5.1 **Location.** Franchisee will set up and maintain an office for the Business at the location specified in Schedule "A" attached hereto ("Franchisee's Location"). The computer equipment, software and all books, records (including banking records) and tax returns related to the Business will be maintained solely at Franchisee's Location.

Franchisee will not change the address of Franchisee's Location without the prior written consent of Franchisor, such consent not to be withheld unreasonably. Upon such consent being provided, the new address will automatically become Franchisee's Location hereunder.

5.1.1 Franchisee shall immediately notify Franchisor of Franchisee's Location and any change of location.

5.1.2 Franchisee will comply with all laws, codes and regulations, applicable to the Business. You will have sole responsibility for this compliance regardless of any guidance we may provide to you.

5.2 **Opening Date.** Franchisee must open for business within ninety (90) days of completing the Initial Training Program.

## **SECTION 6 – TRAINING**

6.1 **Initial Training Program and Attendees Additional Training.** Before beginning the Business, and within sixty (60) days of executing this Agreement, Franchisee will have satisfied all initial training obligations required by Franchisor, which are as follows:

6.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal and G.M., as defined in Section 8.3 below) must attend the Initial Training Program offered by Franchisor at its offices in North Vancouver, British Columbia, or such other location, or such other means, as it may designate. The Initial Training Program will last up to three days.

6.1.2 Franchisee will be responsible for conducting the initial training of its managerial and other personnel in accordance with the requirements and conditions as Franchisor may establish for such training. Franchisor's requirements for initial training by Franchisee will be set forth in the Manuals or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted by the personnel of Franchisee who have completed Franchisor's Initial Training Program to the satisfaction of Franchisor, and who remain acceptable to Franchisor to provide initial training, following procedures and conditions established by Franchisor. Franchisor may provide training to Franchisee's personnel, upon request, for an additional fee.

6.1.3 Franchisor may from time to time provide mandatory and optional training programs covering such subjects as new policies and procedures, marketing, and other aspects of business operations. These programs may be conducted for various lengths of time and at various locations selected by Franchisor, or may be provided by way of on-line presentations (e.g., "Webinars" or interactive tutorials) or downloadable pre-recorded programs, or in any other reasonable manner. Mandatory training programs will be offered at no charge. Franchisor reserves the right to charge a fee for optional training programs.

6.2 **Training Costs.** The cost of the Initial Training Program is included in the Initial Franchise Fee. Franchisee may not designate more than one (1) person to undergo the Initial Training Program. Franchisee is responsible for any travel, food and lodging costs to attend the Initial Training Program. All training, instruction and required materials costs will be borne by Franchisor for the individual who goes through the Initial Training Program pursuant to Section 6.1. Additional individuals attending training will be at a cost of Five Hundred Dollars (\$500) per person.

## **SECTION 7 -TECHNOLOGY**

7.1 **Required Computer Software.** The following terms and conditions will apply with respect to the Computer System (as defined below) and Software (as defined below):

7.1.1 Franchisor will have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used



by, between, or among TapSnap™ Franchises, as specified from time to time in the Manuals, including without limitation: (a) memory and hard drive capabilities, printers and other peripheral devices; (b) archival back-up systems; and (c) Internet access mode and speed (collectively, the "Computer System").

7.1.2 Franchisor will have the right, but not the obligation, to develop or have developed for it, or to designate additional computer software programs ("Required Software"), which Franchisee will install.

7.1.3 At this time, Franchisor does not require any specific Computer System or Required Software other than the Online Management Software. Franchisor recommends that Franchisee own and utilize a computer and software which allows it to access the Internet and receive and send e-mail, as well as with sufficient memory capacity and speed.

7.2 **Data.** Franchisor may specify in the Manuals or otherwise in writing the information that Franchisee will collect and maintain on the Computer System installed at the Business. Franchisee will provide to Franchisor such reports as Franchisor may reasonably request from that data. All data pertaining to the Business or collected by Franchisee in connection with the System or with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Business's customers and ad copies) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner. Copies or originals of such data must be provided to Franchisor on Franchisor's request. Franchisor by this Agreement licenses use of such data back to Franchisee for the term hereof, solely for Franchisee's use in connection with the Business.

7.3 **Privacy.** Franchisee will abide by all applicable laws pertaining to privacy of information collected or maintained ("Privacy") and will comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee will: (a) comply with the requirements of the law; (b) immediately give Franchisor written notice of the conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as requested to assist Franchisor in its determination regarding the most effective lawful way to meet Franchisor's standards and policies pertaining to Privacy.

7.4 **Extranet.** Franchisor may establish a website providing secure communications between Franchisor, Franchisee, franchisees, and other persons as determined by Franchisor, in its sole discretion (an "Extranet"). Franchisee will comply with Franchisor's requirements (as set forth in the Manuals or otherwise) with respect to connecting to and utilizing the Extranet in connection with the operation of the Business. The Extranet may include, without limitation, the Manuals, training, other assistance materials, and management reporting solutions. Franchisee will purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

7.5 **Websites.** As used in this Agreement, the term "**Website**" (www.tapsnap.net) and any other website which Franchisor may establish in association with the system, interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is

not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

7.5.1 Franchisor will have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, any or all of the Products and Services, TapSnap™ Franchises, the franchising of TapSnap™ Franchises or the System. Franchisor will have the sole right to control all aspects of the Website, including its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor will also have the right to discontinue operation of the website. Franchisor shall contract with appropriate parties for the services of search engine optimization or other services that make Franchisor's website appear more noticeably on Google or other search engines. If Franchisee is more than thirty (30) days past due on any amounts owing to Franchisor, in addition to all other remedies available to Franchisor, Franchisor may terminate the pay-per-click, event reservation or order services, or similar services being performed on Franchisee's behalf until payment in full is received by Franchisor for amounts owed.

7.5.2 Franchisor will have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Business, with such web page(s) to be located within Franchisor's Website. Franchisor shall act in its sole discretion with respect to the creation, maintenance and content of any such web pages. Franchisor will have the right to refuse to post or discontinue posting any content or the operation of any webpage. Franchisor may refer certain Internet or web generated inquiries regarding events to be serviced to the closest available Franchisee; Franchisor will utilize its discretion in making any referrals, and shall not be liable to Franchisee for referrals made to another franchisee or for sales made directly by Franchisor for events outside Franchisee's Market Area through inadvertence.

7.5.3 Franchisee will not establish a separate Website, nor will Franchisee sell its TapSnap™ kiosks on the Internet or otherwise; Franchisee understands and agrees that TapSnap™ kiosks can only be sold or transferred through Franchisor's Extranet portal, upon paying Franchisor the required franchise transfer fee and otherwise meeting all requirements for transfer specified in Section 14.3 hereof.

Franchisor will have the right to modify the terms of this Section 7 relating to Websites as Franchisor may determine in its sole discretion.

7.6 **Online Use of Marks.** Franchisee will not, without the written permission of Franchisor, use the Marks or any other name associated with Franchisor or the System as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee shall utilize email through a hosting service provided by Franchisor, and which may have an email address such as "name@tapsnap.net." Franchisee shall only utilize this email address for its business purposes. Franchisor may charge Franchisee a fee for utilizing this hosting service similar to that charged by other commercial hosting services. Franchisee shall not transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent, in Franchisor's discretion.

7.7 **Changes to Technology.** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and unpredictable. In order to provide for inevitable changes in technology, Franchisee agrees that Franchisor will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System. Franchisee agrees that it will abide by those new standards.

7.8 **Social Media and Communications.** Franchisee is required to comply with Franchisor's social media and communication policies as set out in the Manuals, and to ensure that its employees are aware of and comply with such policies.

## **SECTION 8 - OTHER DUTIES OF FRANCHISEE**

8.1 **Details of Operation.** Franchisee acknowledges that every detail of the System is important to Franchisee, Franchisor and other franchisees.

8.2 **Comply with the Agreement, including the Manuals.** Franchisee will operate the Business in strict conformity with this Agreement and such standards and specifications as Franchisor may prescribe in the Manuals or otherwise in writing, and will refrain from deviating from such standards and specifications without the prior written consent of Franchisor.

8.3 **Management of Business and Designated Principal.** If Franchisee is other than an individual, before beginning training, Franchisee will comply with the following:

8.3.1 Franchisee will name one Principal who is both an individual and owns at least a ten percent (10%) interest in Franchise, and who will be responsible for management of the Business for Franchisee (the "Designated Principal" or "D.P."). If the D.P. dies or otherwise fails to effectively supervise the operations of the Business, Franchisee will promptly designate a new D.P. All DP's are subject to Franchisor's approval.

8.3.2 Franchisee will inform Franchisor in writing who will assume full-time responsibility for the daily operation of the Business. Franchisee may also employ a full-time unit manager (the "G.M."), who will be subject to Franchisor's approval.

8.3.3 Franchisor will have the right to rely on the D.P. or G.M. to have been given any responsibility for the operation of the Business.

8.3.4 Franchisee will designate the initial D.P. and G.M. (if applicable) on Exhibit "B" attached hereto.

8.4 **Best Efforts.** Franchisee shall not be required to work in the TapSnap™ Business on a full-time basis, but shall otherwise use its best efforts in the Business.

8.5 **Conformity to Standards.** Franchisee will operate the Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Without limitation, Franchisee agrees as follows:

8.5.1 Franchisee will offer and sell only the Products and Services that Franchisor specifies, unless otherwise approved in writing by Franchisor. Franchisee will offer and sell the Products and Services utilizing the standards and techniques, and following the customer service policies, as specified by Franchisor in the Manuals or otherwise. Franchisee is prohibited from offering or selling any products or services at or from the Business that have not previously been authorized by Franchisor, and will discontinue selling and offering for sale within ninety (90) days from notice of discontinuance from Franchisor any Products or Services which Franchisor may disapprove, in writing, at any time.

8.5.2 Franchisee will participate in all customer surveys and satisfaction audits. Also, Franchisee will participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, as specified in the Manuals, including providing discounts or refunds to customers. Franchisor may require that Franchisee maintain a customer or client satisfaction rating at such reasonable levels as Franchisor may set in the Manuals.

8.5.3 Franchisee understands that customers may be required to book all TapSnap™ Services through the website provided and maintained by Franchisor for the benefit of the System. That website may provide for pricing of services for ease of customer ordering. Franchisor reserves the right to advertise different Event Fees in different geographic areas based on demand, the cost of providing services and other relevant factors.

8.5.4 Franchisee understands that Franchisor may impose specific monetary fines, as specified in the Manuals in advance, for Franchisee's failure to comply with any requirement or standard prescribed in the Manuals.

8.6 **Purchases and Approving New Products and Services.** Franchisee will purchase the required Products and Services solely from Franchisor or a supplier approved by Franchisor. Franchisor shall have no liability to Franchisee resulting from any such purchase of Products and Services. Franchisee shall pay for all such purchases in advance of any shipment of such items. If Franchisee would like to offer products or use any supplies, equipment, or services that Franchisor does not currently sell to Franchisee, Franchisee must submit a written request for approval and provide Franchisor with any information that it requests so that Franchisor can determine if Franchisor will sell or use such products or services to Franchisee. Franchisor has the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Franchisee agrees to pay Franchisor's reasonable cost of inspection and testing the proposed product or evaluating the proposed provider, including personnel and travel costs, whether or not the product or item is approved. Franchisor has the right to grant, deny, or revoke approval of products or services in its discretion. Franchisor will notify Franchisee in writing of its decision following the evaluation. If Franchisee does not receive Franchisor's approval within ninety (90) days after submitting all of the information that Franchisor requests, this will be deemed a disapproval of the request. Franchisor reserves the right to re-inspect the facilities and any approved products or supplies and to re-evaluate the services provided by any service provider and to revoke approval upon failure to meet any of Franchisor's then-current criteria. If Franchisee receives a notice of revocation of approval of a product based on failure of such product to meet Franchisor's standards, Franchisee shall dispose of any remaining inventory of the disapproved product as Franchisor directs.

8.6.1 Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more suppliers who are willing to supply all or some of the Products or Services that Franchisor requires for use or sale in the development or operation of the Business.

8.6.2 Franchisor and its affiliates may receive payments or compensation from suppliers on account of such suppliers' dealings with Franchisee; Franchisor may use all amounts so received for any purpose. Franchisor may negotiate group or volume purchasing arrangements with approved suppliers. Franchisor will be entitled to all rebates, bonuses and promotional benefits associated with those programs.

8.7 **Trademarked Items.** Franchisee will ensure that all advertising and promotional materials, signs, forms and stationery used in the Business, Products, and other items specified by Franchisor bear the Marks in the form, color, location and manner prescribed by Franchisor. As a part of this obligation, Franchisee and Franchisee's employees shall wear TapSnap™ uniforms or logo-bearing clothing as required by the Manuals at all times while interacting with the public on their TapSnap™ Business.

8.8 **Obligations to Third Parties.** Franchisee must pay its distributors, suppliers, employees and other creditors promptly as the obligations become due. Failure to do so will be a breach of this Agreement.

8.9 **Notice of Legal Actions or Claims.** Franchisee will notify Franchisor in writing of any claims threatened or actual, or any lawsuit or legal action, within ten (10) days of the receipt of any threatened legal action or claim, including but not limited to, suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Business, (ii) may adversely affect the operation or financial condition of the Business, or (iii) may adversely affect Franchisee's financial condition.

8.10 **Franchisee Advisory Council.** Franchisor has established a national Franchise Advisory Council (FAC), comprised of TapSnap™ franchisees and elected by TapSnap™ franchisees. Franchisor may establish additional regional or national councils as it deems necessary. Franchisor shall not have a vote in any election for a national or regional council, but may nominate a franchisee for election. Franchisor may remove any member for cause maybe or otherwise, in its sole discretion. Current or future councils will operate under their own bylaws and procedures, subject to Franchisor's approval thereof, in Franchisor's sole discretion. Actions of any of current or future advisory councils shall be binding upon Franchisee, however, no council action shall modify the terms and conditions of this Agreement. Any council decision shall be subject to Franchisor's final say on such matter, in Franchisor's sole discretion.

8.11 **Changes to the System.** Franchisee agrees that Franchisor may change or modify the System, as Franchisor deems appropriate, including without limitation to reflect the changing market and to meet new and changing consumer demands. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, equipment and furnishings, new techniques and

methodologies, additional or substitute trademarks, service marks and copyrighted materials. Franchisee will, with reasonable notice, accept and implement in the operation of the Business any such changes in the System, at Franchisee's sole expense. Franchisor reserves the right, in its sole discretion, to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based on the peculiarities of a particular circumstance, existing business practices, or other factors that Franchisor deems important to the operation of any unit or the System. Franchisee will have no recourse against Franchisor due to any variation allowed any franchisee and will not be entitled to require Franchisor to provide Franchisee with a like or similar variation.

8.12 **Bookkeeping and Records.** Franchisee must keep complete and accurate books, records, and accounts of all business conducted under this Agreement in-line with generally accepted accounting principles. Franchisee must preserve all of its books and records in hard copy or in a format where hard copies can be easily made for at least five years from the date created. Franchisee must maintain such information and records on its computer system. Franchisor may require in the Manuals and Franchisee acknowledges and agrees that Franchisor will have access to that data remotely via a network connection that Franchisor will specify.

8.13 **Reports and Financial Statements.** Franchisee must submit financial and operational reports and records and its tax returns to Franchisor at the times and in the method stated in the Manuals. Franchisee must submit an unaudited statement of sales for each month to Franchisor, within ten (10) days of the end of the month. Within 90 days after the end of each fiscal year, Franchisee must have its accountant submit to Franchisor its balance sheet and income statement for the fiscal year. Franchisor or its Designated Principal must certify that the fiscal year end income statement and balance sheet are correct and complete, and that they have been prepared in line with generally accepted accounting principles. Franchisor has the right to demand audited financial statements if an Event of Default has occurred within the last fiscal year. Franchisee must provide Franchisor with copies of its tax returns within fourteen (14) days after Franchisee has filed its taxes. Franchisor has the right to utilize Franchisee's financial data with respect to revenues, expenses and the like and incorporate it into general information about the TapSnap™ System which Franchisor may make available to other franchisees, the public or prospective franchisees.

8.14 **Additional Information.** Franchisee must respond promptly to requests from Franchisor for clarification and/or additional information about any matter entrusted to Franchisee under this Agreement. Franchisor may periodically require information about Franchisee's financial condition, earnings, sales, profits, costs, expenses, and performance to provide information to prospective franchisees about actual or potential sales or to comply with applicable laws and regulations. Franchisor may also inquire of Franchisee's bankers, lenders and suppliers regarding Franchisee's financial condition. Franchisee must provide such information promptly on Franchisor's request. Franchisee must provide such authorization as Franchisor requests allowing access by Franchisor to third parties with respect to Franchisee's financial condition, and Franchisee must certify that such information is true and complete in all material respects. This Franchise Agreement shall serve as advance authorization to Franchisee's bankers or lenders to share any requested information upon request by Franchisor.

8.15 **Auditing.** Without restricting the above sections, Franchisor may give five (5) days' written notice and then audit or cause to be audited any statement, accounting, books, records or other materials, Franchisee is required to submit to Franchisor. Franchisor may review or cause a review, of all records maintained by any bank or other financial institution used by Franchisee for the Franchised Business. If any audit or review reveals an understatement of fees due for any period, Franchisee must pay to Franchisor, (i) all additional Operating Fees or other amounts required based on the audit or review and (ii) if the understatement is more than two percent (2%) of Event Fees, the cost of the audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals, lodging, and compensation of the accountant and employees or other agents of Franchisor and any other direct costs Franchisor incurs internally as a part of the audit. This must be paid within fifteen (15) days after a demand for payment is made. Franchisee must on demand pay to Franchisor any late fees at the interest rate of eighteen (18 percent) per annum or at the maximum rate allowed by law, whichever is less, calculated from the date the fees should have been paid to the date of actual payment.

8.16 **Vehicles.** Franchisee shall utilize a suitable vehicle, such as a van, SUV or similar vehicle ("Vehicles") in the operation of its TapSnap™ Business. While Franchisor does not currently require signage or a vehicle wrap for the Vehicles, if it does so, or if Franchisee elects to wrap Franchisee's vehicles, graphics must be purchased from Franchisor or an authorized vendor. The graphics must be placed on the Vehicles in agreement with Franchisor's specifications. Franchisor also will authorize or require Franchisee to utilize a trailer in lieu of a car or truck, and any trailer will be of a type, displaying graphics, or colors, specified by Franchisor. Franchisee shall only permit any Vehicles to be operated by individuals who possess a valid driver's license; all drivers shall be required by Franchisee to comply with all laws and rules of the road, using due care and courtesy.

8.17 **Vehicle Maintenance and Upgrades.** Franchisee is responsible for maintaining and repairing the Vehicles at its own expense in accordance with the requirements stated in the Manuals and any manufacturer's warranties. Franchisee must regularly service its Vehicles and must keep each Vehicle in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals. Franchisee may not make any material alteration, addition, replacement, or improvement to its Vehicles. This includes alterations to fixtures, furnishings, signs, and equipment, without Franchisor's prior written consent.

8.18 **Conferences.** Franchisee, its Designated Principal, and any of Franchisee's representatives that Franchisor names must attend franchisee conventions, meetings, and teleconferences that Franchisor requires in the Manuals or in writing. Franchisee is responsible for arranging and paying for transportation, accommodations, meals, and other expenses incurred. Franchisee will also pay the registration fee for franchisee conventions, whether or not it attends.

8.19 **Credit Cards.** Franchisee shall, at Franchisee's expense, lease or purchase the necessary equipment and software and shall have arrangements in place with a merchant services provider to accept major credit cards as Franchisor shall designate to enable the Business to accept credit and debit card payments from its customers. Franchisee shall be responsible for the proper processing of any customer credit or debit card payments, or similar electronic payments.

8.20 **Franchisor May Impose Fines for Non-Compliance.** Franchisor may, in addition to any other remedies it may have under this Agreement, including the right to declare any default by Franchisee, impose fines for non-payment of royalties, failure to comply with the Manuals, or violations described below. Fines may be up to the following amounts for the following infractions in Franchisor's sole discretion:

8.20.1 \$500 per instance for non-payment of royalties (first instance) and \$1,000 per instance for each violation after the first.

8.20.2 \$250 per violation for the first use of marketing or advertising materials without prior approval of Franchisor as required by Section 12.1 hereof; and \$500 for each violation after the first.

8.20.3 \$50 per violation for each instance wherein Franchisee fails to provide any report or other required documentation related to marketing activity and sales, special event contracts or Quarterly Activity Reports.

## **SECTION 9 - MARKS**

9.1 **Ownership.** Franchisor represents with respect to the Marks (Exhibit C) that:

9.1.1 Franchisor has a license to utilize the Marks, duly granted by the owner of same, and the right to grant franchisee usage of same.

9.1.2 Franchisor will take all reasonable steps to preserve and protect the ownership and validity in and to the Marks.

9.2 **License to Franchisee.** Franchisee's right to use the Marks is limited to uses as are authorized under this Agreement. Any unauthorized use of the Marks will constitute an infringement of rights of Franchisor.

9.3 **Terms of Franchisee's Usage.** With respect to Franchisee's use of the Marks, Franchisee agrees to:

9.3.1 Use only the Marks designated by Franchisor, only in the manner authorized by Franchisor;

9.3.2 Franchisee will use the Marks only for the operation of the Business franchised by this Agreement and only on the equipment, marketing and approved advertising for the Business;

9.3.3 Operate and advertise the Business only under the name "TapSnap<sup>TM</sup>" and use the Marks without prefix or suffix, unless otherwise authorized or required by Franchisor.

9.3.4 Franchisee will not use the Marks as part of its corporate or other legal name, or as part of any e-mail address (other than that provided by Franchisor), domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Business and to obtain governmental licenses and permits for the Business, indicate that Franchisee will be operating the Business under the trade name "TapSnap<sup>TM</sup>" provided that Franchisee also clearly identifies itself as the owner and operator of the Business;



9.3.5 Identify itself as the owner of the Business (as required by Franchisor) in conjunction with any use of the Marks, including on invoices, order forms, receipts and stationery, as Franchisor may designate in writing;

9.3.6 Not to use the Marks to incur any obligation or indebtedness on behalf of Franchisor;

9.3.7 Execute any documents deemed necessary by Franchisor to obtain protection for the Marks or to maintain their continued validity and enforceability; and

9.3.8 Promptly notify Franchisor of any suspected unauthorized use of the Marks, any challenge to the validity or of the right of Franchisor to use and to license others to use the Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any proceeding or litigation involving the Marks, including any settlement of the proceeding. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. Franchisor will defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Marks in accordance with this Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Marks in accordance with this Agreement, those costs will be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee will do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts.

9.4 **Franchisee Acknowledgments.** Franchisee expressly understands and acknowledges that:

9.4.1 Franchisor is the lawful licensee of the Marks and the goodwill associated with and symbolized by them, and that Franchisor has the sole right to use and license the Marks;

9.4.2 Franchisee will not at any time, directly or indirectly contest the validity of Franchisor's ownership of, or right to use and to license others to use, the Marks;

9.4.3 Franchisee's use of the Marks does not give Franchisee any ownership or other interest in the Marks;

9.4.4 All goodwill arising from Franchisee's use of the Marks will inure exclusively to the benefit of Franchisor, and on expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks;

9.4.5 The license of the Marks granted by this Agreement to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Marks itself; (b) to grant other licenses for the Marks; and (c) to develop and establish other systems using the Marks, or any other Marks, and to grant licenses to that Agreement without providing any rights to that Agreement to Franchisee; and

9.4.6 Franchisor will have the right, at its sole discretion, to substitute different Marks for use in identifying the System and the businesses operating under the System.

9.4.7 Franchisor has made no warranties or representations regarding the status of the Marks or any rights Franchisor may have to the Marks, other than those found in Franchisor's Franchise Disclosure Document.

## **SECTION 10 – MANUALS**

10.1 **The Manuals and Information Provided to Franchisee.** Franchisee will operate the Business in accordance with the standards, methods, policies, and procedures specified in the Manuals, which Franchisee will receive on loan from Franchisor, via electronic access or otherwise, during the term of this Agreement on completion by Franchisee of initial training. The Manuals may be set forth in several volumes, including such amendments to the Manuals as Franchisor may publish from time to time. Additionally, Franchisee acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other information and materials in, or via, electronic media, including the use of computer disks or the Internet.

10.2 **The Manuals are Proprietary and Confidential.** Franchisee will treat the Manuals, any other materials created for or approved for use in the operation of the Business, and the information contained in the Manuals, as confidential, and will use all reasonable efforts to maintain such information (in any format) as proprietary and confidential. Franchisee will not download, copy, duplicate, record, or otherwise reproduce those materials, or otherwise make them available to any unauthorized person.

10.3 **The Manuals Remain Franchisor's Property.** The Manuals will remain the sole property of Franchisor and will be returned to Franchisor, as set forth in Section 16.6 below, on the termination or expiration of this Agreement.

10.4 **Revisions to the Manuals.** Franchisor may revise the content of the Manuals, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee will ensure that the Manuals are kept current at all times. In the event of any dispute as to the content of the Manuals, the terms of the master copies maintained at the Corporate Office of Franchisor will be controlling.

## **SECTION 11- CONFIDENTIAL INFORMATION**

11.1 **Agreement With Respect to Confidentiality.** Franchisee acknowledges and agrees that it will not, during the term of this Agreement and for five (5) years thereafter, communicate, divulge, or use for the benefit of any other person any Confidential Information, knowledge, or know-how concerning Franchisor, the System, the Products and Services or the marketing, management or operations of the Business that may be communicated to Franchisee or of which Franchisee may learn by virtue of Franchisee's operation of the Business. Franchisee will divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Business. Any and all information, knowledge, know-how and techniques which Franchisor designates as confidential or Franchisee reasonably understands is treated as confidential will be deemed

confidential for purposes hereof. For purposes of this Section 11 "Confidential Information" means information in whatever form, including electronic media, of Franchisor that is non-public, proprietary and confidential in nature or tends to confer a competitive advantage over one who does not possess the information but is not a Trade Secret.

**11.2 Agreement With Respect to Trade Secrets.** Franchisee agrees that all (i) Trade Secrets, and (ii) all embodiments of the Trade Secrets received or obtained by Franchisee from Franchisor during this Agreement are confidential and are and will remain the exclusive property of Franchisor. Franchisee expressly agrees that it will not, for or on behalf of Franchisee or any person, directly or indirectly, copy, use for Franchisee's own benefit or the benefit of any person other than Franchisor or disclose to any person any Trade Secrets. Upon termination of the Agreement for any reason, Franchisee shall return (or at Franchisor's request, destroy) to Franchisor all things and documents containing Trade Secrets (including physical or electronic copies of the foregoing) in Franchisee's possession, whether made by Franchisee or others, will be returned to Franchisor. The rights and obligations contained in this Section 11.2 shall continue to bind Franchisee during the term of the Agreement and with respect to all Trade Secrets, at all times hereafter so long as such Trade Secrets constitute trade secrets. For purposes of this Section 11 "Trade Secrets" means Franchisor's trade secrets (as defined by British Columbia law) and includes information in whatever form, including electronic media, of Franchisor, from which Franchisor derives economic value, actual or potential, from not being generally known to others and is the subject of Franchisor's efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality, such information including, but not limited to: know-how; information about existing, new or envisioned Franchisor products, services, processes and their development and performance; any information; computer software and firmware; business information; unpublished lists of names; and information relating to manufacturing, purchasing, personnel, marketing, sales, prices and pricing, costs and quotations; data; compilations; programs; devices; methods; techniques; drawings; reports; lists of actual or potential customers or suppliers, specifications and designs and plans.

**11.3 Individual Covenants of Confidentiality.** Franchisee will require its Principals, Managers, and any personnel having access to any Confidential Information of Franchisor or whom has been trained in Franchisor's System to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee with respect to the Business. Such covenants will be in a form satisfactory to Franchisor (the current forms of which are included in Exhibit D to this Agreement and incorporated herein by this reference).

**11.4 Remedies for Breach.** Franchisee acknowledges that any failure to comply with the requirements of this Section 11 will cause Franchisor irreparable injury, and in addition to any other rights or remedies available to Franchisor at law, Franchisor shall be entitled to a temporary restraining order, preliminary injunction or permanent injunction in order to prevent or to restrain any such breach by Franchisee, its officers, employees, agents, or any other person or entity who receives Confidential Information or Trade Secrets from Franchisee. Franchisee further agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

11.5 **Grantback.** Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products conceived or developed by Franchisee, its affiliates, owners or employees during the term of this Agreement relating to the development or operation of the Business. Franchisee grants to Franchisor and agrees to procure from its affiliates, owners or employees a perpetual, non-exclusive, worldwide right to use any such ideas, concepts, methods, techniques in all businesses operated by Franchisor or its affiliates, franchisees and designees. Franchisor will have no obligation to make any payments to Franchisee with respect to any such items.

## **SECTION 12 - MARKETING AND PROMOTION**

12.1 **Franchisee's Advertising Obligations.** Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the Franchise and its System, Franchisee and Franchisor agree as follows:

Franchisee shall have the right to conduct such advertising and promotions in respect of the Franchised Business as Franchisee shall, in its reasonable discretion desire, provided that:

(a) Franchisee shall advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the Products and Services, and the good name, goodwill and reputation thereof;

(b) Franchisee shall only use advertising and promotional materials provided by Franchisor. Franchisor believes its materials have proven to be effective and the Franchisee should not be spending marketing efforts and focus trying to create different materials.

(c) Franchisee hereby acknowledges that Franchisor is the sole and exclusive owner of all Marks, copyrights and any and all advertising and promotional material prepared by or on behalf of Franchisor or Franchisee and shall at all times remain the property of Franchisor.

12.2 **Advertising Materials.** Franchisor will make available to Franchisee from time to time, marketing plans and promotional materials. Franchisee acknowledges and agrees that it will be reasonable for Franchisor to not provide any such materials to Franchisee during any period in which Franchisee is in not in full compliance with its obligations under this Agreement. Additionally, Franchisor may sell point of sale materials, samples or other promotional items and materials to franchisees in the System at a reasonable price, including a profit to Franchisor. Franchisee shall promptly pay Franchisor for all promotional materials sold by Franchisor to Franchisee.

12.3 **Directory Listings.** Franchisee may obtain listings in local or regional directories. Franchisee will comply with Franchisor's specifications concerning such listings.

12.4 **Establishment of Branding Fund.** Recognizing the value of uniform branding, advertising and promotion to the goodwill and public image of the System, Franchisee agrees to contribute to a branding fund (the "Branding Fund") in an amount equal to three (3%) percent of all Event Fees, which shall be paid at the same time and in the same manner as the Royalty and Call Center Fees as set forth above in Section 4.

12.5 **Use of the Funds.** Franchisor will direct all programs financed by the Branding Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. Franchisee agrees that the Branding Fund may be used to pay the costs of preparing and producing video, social media campaigns, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; and supporting public relations, market research and other advertising, promotion and marketing activities, whether prepared by Franchisor internally or by third parties. The Branding Fund periodically will furnish Franchisee with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to Franchisee at Franchisor's direct cost of producing them, plus any related shipping, handling and storage charges. Franchisor may use up to fifteen (15%) percent of the Branding Fund to defer general overhead, administrative and operating expenses incurred by Franchisor in relation to branding programs.

12.6 **Accounting for the Fund.** The Branding Fund will be accounted for separately from Franchisor's other funds and will not be used to defray any of its general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as Franchisor may incur in activities related to the administration of the Branding Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Branding Fund. All interest earned on monies contributed to the Branding Fund will be used to pay advertising costs before other assets of the Branding Fund are expended. Franchisor may spend, on behalf of the Branding Fund, in any fiscal year an amount greater or less than the aggregate contribution of all franchisees to the Branding Fund in that year. The Branding Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. If Franchisor lends money to the Branding Fund, it may charge interest at an annual rate one (1%) percent greater than the rates it pays its lenders. Franchisor will prepare an annual statement of monies collected and costs incurred by the Branding Fund and furnish the statement to Franchisee upon written request.

12.7 **Branding Fund Limitations.** Franchisee acknowledges that the Branding Fund is intended to maximize recognition of the Marks and patronage of TapSnap™ kiosks, and the Products and Services. Although Franchisor will endeavor to utilize the Branding Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all franchisees, Franchisor undertakes no obligation to ensure that expenditures by the Branding Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Branding Fund by franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to its contribution to the Branding Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering, the Branding Fund.

12.8 **Regional Advertising Cooperative.** If at least seventy-five (75%) percent (based on one vote per franchise without regard to ownership) of the franchised businesses within an area vote to form a regional advertising cooperative, Franchisee agrees to participate in said cooperative

and to contribute such sums thereto as may be assessed by a majority vote of the cooperative. Franchisor shall have the right in its sole discretion, to designate any specific area for purposes of establishing a regional advertising cooperative (the "Co-op"). Any Franchisor owned and operated units shall not be entitled to a vote.

**12.9 Initial Launch Advertising and Promotion.** You must deposit \$2,500 with us, which we will disburse for an Initial Launch advertising and Promotional program covering your TapSnap Franchise, beginning approximately 14 days before, and continuing for approximately 3 months after, the opening of your TapSnap Franchise. The deposit must be made at the time you execute your Franchise Agreement.

The Initial Launch Advertising and Promotional program will utilize marketing and public relations programs and media and advertising materials as selected by us. Before the program can commence, Franchisee is required to participate in a consultative call with the Franchisor in order to structure the program based on criteria including, but not limited to; geographic area, population, seasonality and number of TapSnap franchises in a given area. Franchisee must also provide Franchisor with any information we may require to develop the program.

Franchisor will furnish additional advice and guidance to you with respect to your Initial Launch advertising and promotional program. No amount paid by Franchisee for its initial launch will be recognized as fulfilling any of Franchisee's other promotion duties.

**12.10 Corporate Accounts.** A Corporate Account refers to any large opportunity that can potentially lead to several multi-day/multi-unit events that may or may not involve multiple Franchisees. Franchisor may contract with large companies with multiple national and/or regional locations who will desire to receive TapSnap services through a uniform pricing structure, for their locations or events ("Corporate Accounts"). When there is an opportunity to offer TapSnap goods or services to a company or any entity who can be defined as a Corporate Account, Franchisee must relay the contact information and details to the Franchisor without discussing any pricing, logistics, packages, or discounts.

Franchisor is and will remain the owner of all Corporate Account contracts. Should you choose to participate, Franchisor will give you a first right of refusal to provide products and/or services to any Corporate Account client in your Market Area if Franchisor determines, in its sole discretion, exercised in good faith, that you are qualified to provide such services and that the client will be satisfied to have you provide the products and/or services. If you wish to provide the products and/or services, you must do so at the fee offered to Franchisee by Franchisor. Franchisor may invoice the customer, and pay you upon receipt of payment from the customer. If you are not authorized or qualified to provide the products and/or services, or if you elect not to, then Franchisor may provide the products or services itself or through others, without compensation to you. You agree to coordinate any sales to Corporate Accounts (having locations inside your Market Area) through Franchisor. You must forward any Corporate Account lead or inquiry to Franchisor, and you may not negotiate terms of a contract that will impact other TapSnap Franchisees with any such Corporate Account.

## **SECTION 13 – INSURANCE.**

13.1 **Insurance Coverage.** Franchisee shall, at its sole cost and expense, take out and keep in full force and effect throughout the term of this Agreement and any renewal thereof, such insurance coverage as Franchisor may from time to time require (including, without limitation, product liability insurance, fire and extended coverage insurance on the equipment, leasehold improvements, automotive insurance and stock of the Franchised Business, event non-performance insurance, business interruption insurance, and/or public liability and indemnity insurance), in such amounts as Franchisor may from time to time require, fully protecting as named insureds Franchisor and Franchisee against loss or damage occurring in connection with the operation of the Franchised Business. All costs in connection with the placing and maintaining of such insurance shall be borne solely by Franchisee.

13.2 **Policies of Insurance.** All policies of insurance obtained pursuant to this Section 13 shall:

- (a) Be placed only with insurers reasonably acceptable to Franchisor;
- (b) Be in such form and amounts as is acceptable to Franchisor;
- (c) Contain a clause that the insurer will not cancel or change or refuse to renew the insurance without first giving to Franchisor thirty (30) days prior written notice; and
- (d) Name Franchisor as an additional named insured.

13.3 **Copies.** Copies of all policies or certificates of insurance and any renewals thereof, shall be delivered promptly to Franchisor by Franchisee from time to time throughout the term of this Agreement and any renewal thereof.

13.4 **Placement of Insurance by Franchisor.** If Franchisee fails to take out or keep in force any insurance referred to in subsection 13.1 above, or should any such insurance not be as provided in subsection 13.2 above, and should Franchisee not rectify such failure within forty-eight (48) hours after written notice is given to Franchisee by Franchisor, Franchisor has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost of Franchisee and all outlays by Franchisor shall be immediately paid by Franchisee to Franchisor on the first day of the next month following such payment by Franchisor without prejudice to any other rights and remedies of Franchisor under this Agreement. Franchisee's failure to maintain insurance as required in this Section 13.4 shall be a material default under this Agreement which may lead to termination of this Agreement.

## **SECTION 14 - TRANSFER OF INTEREST**

14.1 **Franchisor's Rights to Transfer.** Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations in this Agreement to any person or entity, and any designated assignee will become solely responsible for all obligations of Franchisor under this Agreement. Franchisee expressly agrees that Franchisor may sell its assets, its Marks, or its System; may sell its securities in a public offering or in a private placement; may affiliate with, merge, acquire other corporations, or

be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

14.2 **No Transfers Without Franchisor's Approval.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or its Principals, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' skill, financial capacity, and personal character. Accordingly:

14.2.1 Franchisee will not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber the rights or obligations of Franchisee or any material asset of its Business.

14.2.2 If Franchisee is an entity, Franchisee will not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities. The recipient of any such securities will become a Principal under this Agreement, if so designated by Franchisor.

14.2.3 If Franchisee is a partnership or limited partnership, its partners will not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall be deemed a Principal of Franchisee.

14.2.4 A Principal will not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee, as that Principal is identified in Exhibit B.

14.3 **Conditions on Transfer.** Franchisor will not unreasonably withhold any consent required by Section 14.2 above; provided, that if the proposed transfer alone or together with other transfers would have the effect of changing control of Franchisee, results in the assignment of the rights and obligations of Franchisee under this Agreement, or transfers the ownership interest in all or substantially all of the assets of the Business, Franchisor will have the right to require any or all of the following as conditions of its approval:

14.3.1 All of Franchisee's outstanding monetary obligations to Franchisor, its affiliates, any approved suppliers of the System have been satisfied in full, and there are no liens against the Business or equipment;

14.3.2 Franchisee will not be in default under this Agreement, any other agreement between Franchisee and Franchisor or its affiliate or the approved suppliers of the System;

14.3.3 Each transferor (and, if applicable owners of beneficial interest in the transferor as Franchisor may request) will have executed a general release in a form satisfactory to Franchisor of all claims against Franchisor, its affiliates and their respective officers, directors, agents, and employees;

14.3.4 The transferee of a Principal will enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and



such owners of the transferee as Franchisor may request, will guaranty the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

14.3.5 The transferee will demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications and has the aptitude, resources and ability to operate the Business;

14.3.6 At Franchisor's option, Franchisee will execute the form of franchise agreement then being offered to new franchisees, and such other ancillary agreements required by Franchisor, which agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including higher or additional fees;

14.3.7 If so requested by Franchisor, Franchisee, at its expense, will upgrade the Business, and other equipment to conform to the then-current standards and specifications of new TapSnap™ Franchises being established in the System, within the time specified by Franchisor.

14.3.8 The transferor will remain liable for all obligations to Franchisor in connection with the Business that arose before the transfer and execute all instruments reasonably requested by Franchisor to evidence such liability;

14.3.9 The transferee and its Principals and the transferee's manager (if applicable) will, at the transferee's expense, successfully complete any training programs then in effect for operators and managers on such terms as Franchisor may reasonably require, including payment of any training fees to Franchisor;

14.3.10 Franchisee will pay a transfer fee equal in amount to fifty (50%) percent of the then current Initial Franchise Fee for a comparable Market Area, and the transferee shall pay a training fee to Franchisor in an amount of Twenty-five Hundred Dollars (\$2,500).

14.3.11 The transferee(s), at the request of Franchisor, will agree in writing to comply with the covenants set forth in Section 17 below.

14.3.12 In the event the Transferor transfers the Business to a transferee who was identified by Franchisor and given to the Transferor, the Transferor shall pay Franchisor an additional fee equal to twenty-five (25%) percent of the then current Initial Franchise Fee for a comparable Market Area payable at the time of the transfer.

14.4 **Additional Terms.** For any transfer not covered by Section 14.3, each transferee will, in addition to the requirement of obtaining Franchisor's consent as provided in Section 14.2 be subject to the requirements of Sections 14.3.3 and 14.3.4 above (with respect to execution of releases and personal guarantees).

14.5 **Security Interests.** Neither Franchisee nor any Principal will grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including

the Business unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 14, and agrees that if there are any defaults by Franchisee under any documents related to the security interest, Franchisor will have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default and, if Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default will be void.

**14.6 Right of First Refusal.** If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal will promptly notify Franchisor, and will provide such information and documentation relating to the offer as Franchisor may require. Franchisor will have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller will not be considered a third party for purposes of this Section 14.6. If Franchisor elects to purchase the seller's interest, closing on such purchase will occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor.

14.6.1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party will constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.6 will not constitute a waiver of any other provision of this Agreement, including the requirements of this Section 14, with respect to a proposed transfer.

14.6.2 If the consideration, terms or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, or conditions offered by the third party, Franchisor will designate an independent appraiser to make a binding determination. The cost of any such appraisal will be shared equally by Franchisor and Franchisee.

**14.7 Death of a Principal.** Upon the death of a Principal, the deceased's executor, administrator, or other personal representative will transfer the deceased's interest to a third party approved by Franchisor within ninety (90) days after death. If no personal representative is appointed or no probate proceedings are instituted with respect to the deceased's estate, then the recipient of such interest must be approved by Franchisor. If the recipient is not approved by Franchisor, then the recipient will transfer the deceased's interest to a third party approved by Franchisor within ninety (90) days after death.

**14.8 Permanent Disability of Controlling Principal.** Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor will have the right to

require such interest to be transferred to a third party in accordance with the conditions described in this Section 14 within ninety (90) days after notice to Franchisee. "Permanent Disability" will mean any injury, illness or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) consecutive days from the date of determination of disability is unlikely. Permanent disability will be determined by a licensed practicing physician selected by Franchisor on examination of such person. If such person refuses to be examined, then such person will automatically be deemed permanently disabled for the purposes of this Section 14.8 as of the date of refusal. Franchisor will pay the cost of the examination.

14.9 **Notice to Franchisor of Death or Permanent Disability.** Upon the death or permanent disability of any Principal of Franchisee, such person or his representative will promptly notify Franchisor of the death or disability. Any transfer on death or disability will be subject to the same terms and conditions as any lifetime transfer.

14.10 **Limited Exceptions.** Notwithstanding anything to the contrary in this Section 14:

14.10.1 Franchisee will not be required to pay the transfer fee due under Section 14.3.10 above, if the transferee: (a) is a spouse, domestic partner, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Business; (b) is a Principal of Franchisee; or (c); is a transferee under Sections 14.7 or 14.8 above.

14.10.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 14.3.6 (signing a new franchise agreement), 14.3.7 (upgrading the Business), and 14.3.10 (transfer fee) will not apply, and Franchisee may undertake such transfer, provided that Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity, and Franchisee executes a written guaranty satisfactory to Franchisor.

14.11 **No Waiver.** The consent of Franchisor to any transfer according to this Section 14 will not constitute a waiver of any claims it may have against the transferring party, nor will it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.12 **Bankruptcy.** If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights by this Agreement and/or any material assets of Franchisee, will be subject to all of the terms of this Section 14.

14.13 **No Transfers in Violation of Law.** Notwithstanding anything to the contrary in this Agreement, no transfer will be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

14.14 **Operation Upon Death or Disability.** If, upon Franchisee's death or disability or the death or disability of the owner of a controlling interest in Franchisee, the Business is not being managed by a trained manager, Franchisee or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 15 days from the date of death or disability, appoint a manager to operate the Business. Such manager will be required to complete the Initial Training Program at Franchisee's expense. Pending the appointment of a manager as provided above or if, in Franchisor's judgment, the Business is not being managed properly any time after Franchisee's death or disability or after the death or disability of the owner of a controlling interest in Franchisee, Franchisor has the right, but not the obligation, to appoint a manager for the Business. All funds from the operation of the Business during the management by Franchisor's appointed manager will be kept in a separate account, and all expenses of the Business, including compensation, other costs and travel and living expenses of Franchisee's manager, will be charged to this account. Franchisor also has the right to charge a reasonable management fee (in addition to any other fees or contributions payable under this Agreement) during the period that Franchisor's appointed manager manages the Business. Operation of the Business during any such period will be on Franchisee's behalf, provided that Franchisor only has a duty to utilize its best efforts and will not be liable to Franchisee or its owners for any debts, losses or obligations incurred by the Business or to any of Franchisee's creditors for any products, materials, supplies or services the Business during any period it is managed by Franchisor's appointed manager.

14.15 **Franchisor's Obligation to Assist in Sale or Transfer.** Franchisor may offer assistance in locating a buyer for your Business, and you may retain the services of a broker or agent to assist you. However, the sale of your Business is strictly your responsibility, not Franchisor's responsibility.

## **SECTION 15 – DEFAULT, TERMINATION AND NON-OPERATING STATUS**

15.1 **Termination Upon Notice.** Franchisee will be deemed to be in default and Franchisor may, at its option, terminate this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately on the provision of notice to Franchisee (as provided in Section 22 in this Agreement), on the occurrence of any of the following events of default:

15.1.1 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 14 of this Agreement;

15.1.2 If, contrary to the terms of Sections 9 or 10 of this Agreement, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

15.1.3 If Franchisee fails to comply with the covenants in Section 17.2 below or fails to timely obtain execution of the covenants required under Section 17.1 below;

15.1.4 If Franchisee misuses or makes any unauthorized use of the Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Business in a manner that materially impairs the reputation or goodwill associated with the System, Marks, Products and Services, or the rights of Franchisor in those matters;

- 15.1.5 If Franchisee, after curing a default according to Section 15.1 of this Agreement, commits the same default again, whether or not cured after notice;
- 15.1.6 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice;
- 15.1.7 If Franchisee breaches any material provision of this Agreement which breach is not cured in a timely fashion as provided herein;
- 15.1.8 If Franchisee fails to obtain the required insurance within forty-eight (48) hours of notice as specified in Section 13.4 of this Agreement;
- 15.1.9 If Franchisee (or any of its owners) have made any material misrepresentation or omission in connection with Franchisee's purchase of the Franchise;
- 15.1.10 If Franchisee, Franchisee's owners, or Franchisee's G.M. fail to successfully complete initial or any other training to Franchisor's satisfaction;
- 15.1.11 If Franchisee surrenders or transfers control of the operation of the TapSnap™ Franchise or TapSnap™ kiosks without Franchisor's prior written consent;
- 15.1.12 If Franchisee (or any of Franchisee's owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- 15.1.13 If Franchisee (or any of Franchisee's owners) make an unauthorized assignment of this Agreement or of an ownership interest in Franchisee or the TapSnap™ Business.
- 15.1.14 In the event of Franchisee's death or disability or the death or disability of the owner of a controlling interest in Franchisee, this Agreement or such owner's interest in Franchisee is not assigned as required under this Agreement;
- 15.1.15 If Franchisee (or any of Franchisee's owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- 15.1.16 If Franchisee fails to pay when due any federal or state income, service, sales or other taxes due on the operations of the Business, unless Franchisee is in good faith contesting its liability for such taxes;
- 15.1.17 If Franchisee (or any of Franchisee's owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive Months or on five (5) occasions during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to Franchisor or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to Franchisee; and
- 15.1.18 If Franchisee makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due;

15.1.19 If franchisee consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; the TapSnap™(s) are attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of Franchisee or the Business is not vacated within thirty (30) days following the entry of such order;

15.1.20 If Franchisee engages in any misconduct which unfavorably affects its reputation or any owner, any of Franchisee's TapSnap™ Businesses, Franchisor or the goodwill associated with the Marks (including, but not limited to, abuse, abuse of customers, use of employees who do not meet Franchisor's then-current standards and training requirements, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at any of Franchisee's TapSnap™ Businesses); or

15.1.21 If Franchisee has five (5) or more unresolved customer complaints with respect to any of its TapSnap™ Businesses in any twelve (12) month period.

15.1.22 Should Franchisee sell any TapSnap™ kiosks which are part of the System to a third party without complying with Section 14.6, Franchisee shall have committed a material default of this Agreement and shall pay to Franchisor a liquidated damage which is equal to one-half (1/2) of any sums received by Franchisee from such sale. Such payment shall be made to Franchisor within five (5) days of receipt of any payment from the sale of equipment in contravention to Franchisor's rights of first refusal, accompanied by documentation showing the sale price. Should Franchisee fail to make such payment as required under this paragraph, Franchisor shall also be entitled to recover its reasonable attorney's fees and expenses of litigation incurred in prosecuting an action to collect payment, including any costs of collection following obtaining a judgment.

15.2 **Notice and Opportunity to Cure - 30 Days.** Except as otherwise provided in Section 15.1 of this Agreement, on any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 22 in this Agreement) stating the nature of the default to Franchisee at least thirty (30) days before the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof of it to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to Franchisee, effective immediately on the expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisor may also terminate this Agreement after Franchisor notifies Franchisee of Franchisor's intention to do so because of the occurrence of any of the following events and Franchisee's failure to cure it within thirty (30) days of Franchisor's notice:

- a) purchasing or leasing any product or service from an unapproved supplier;
- b) failure to participate in a Regional Advertising Co-operative;
- c) failure to pay taxes and assessments;

- d) failure to obtain and maintain required permits;
- e) if Franchisee is a Business Entity, failure to maintain active status in its state of organization;
- f) failure to promptly pay any amounts due to Franchisor or its suppliers;
- g) failure to timely make required reports;
- h) Franchisee violates any other provision of this Agreement;
- i) failure to maintain any standards or procedures contained in the Manuals;
- j) continued violation of any law, ordinance, rule or regulation of a governmental agency; or
- k) failure to obtain any approvals or consents required by this Agreement.

15.3 **Non-Operating Status.** Upon written approval by Franchisor, or for failure to have the Minimum Events, as described below in this Section, Franchisee may elect to place its franchise on a “non-operating” status if Franchisee is in good standing. The purpose of the non-operating status is to place the franchise completely out of business, not merely operating at a reduced level, and any business conducted by Franchisee while on non-operating status, without prior written approval by Franchisor, will constitute a violation of this Agreement. The non-operating status allows Franchisee to take a leave of absence from operating the TapSnap™ business for three (3) years. Under this status, this Agreement remains intact, but Franchisee does not retain any particular Market Area. At any time during the three (3) year period, Franchisee may elect to become an employee of another TapSnap™ franchise owner. While on non-operating status, Franchisee is not required to pay Software fees.

If Franchisee elects “non-operating” status, Franchisee may return to its business at any time within the three (3) year period. If Franchisee does not return to the business by the end of the three (3) years, this Agreement will automatically be terminated without notification. Franchisor reserves the right to withdraw this non-operating status at any time at its sole discretion. While Franchisee is on “non-operating” status, this Agreement and the franchise may not be transferred, sold or inherited.

Franchisor may notify Franchisee that Franchisee’s Business is being placed on non-operating status if Franchisee has two consecutive calendar months with no paid or marketing events. To go from non-operating back to operating status, Franchisee must notify Franchisor in writing of its intent to do so, pay a \$750 Reinstatement Fee and deliver a written plan to Franchisor for successful marketing of the Business. Upon receipt of the marketing plan and Reinstatement Fee from Franchisee, Franchisor shall, in its sole discretion, determine whether the relevant Market Area requires an additional operating franchisee and either reinstate Franchisee to operating status or award Franchisee that status in a different Market Area as close to Franchisee as possible.

Franchisees who are in non-operating status may not market for new events but may service events at the request of Franchisor.

## **SECTION 16 - OBLIGATIONS ON TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted by this Agreement to Franchisee will terminate, and:

16.1 **Stop Operating.** Franchisee will immediately cease to operate the Business, and will not in any way represent to the public or hold itself out as a present or former operator of Franchisor in connection with the promotion or operation of any other business.

16.2 **Stop Using the System.** Franchisee will immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. Franchisee will cease to use all signs, marketing materials, displays, stationery, products and any other articles which display the Marks.

16.3 **Cancel Assumed Names.** Franchisee will take such action as necessary to cancel any assumed name or equivalent registration obtained by Franchisee which contains the Mark "TapSnap<sup>TM</sup>" or any other Marks, and will furnish Franchisor with proof of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 **Phone Numbers and Directory Listings.** Franchisee will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Business, and will promptly execute such documents or take such steps necessary to remove reference to the Business from all telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor as specified in the Telephone Listing Agreement, attached hereto as Exhibit F. Franchisee by this agreement authorizes Franchisor to instruct issuers of any telephone and Internet domain name services, and other providers to transfer any such telephone numbers, domain names, websites, addresses, and any other identifiers to Franchisor on termination of this Agreement, without need for any further approval from Franchisee.

16.5 **No Use of Marks or Trade Dress in other Businesses.** Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Marks.

16.6 **Return Manuals and Confidential Information.** Franchisee will, at its own expense, immediately deliver to Franchisor the Manuals and all other records, correspondence and instructions containing confidential information relating to the operation of the Business (and any copies), all of which are acknowledged to be property of Franchisor.



16.7 **Franchisor's Option to Purchase or Lease Certain Assets.** Franchisor will have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, vehicles, or inventory of Franchisee related to the operation of the Business, at the lesser of Franchisee's cost or fair market value. The cost for such items will be determined based on a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value will be deemed to be ten percent (10%) of the equipment's original cost. Franchisor may, in exercising this option, or with respect to any other payment due to Franchisee under this Agreement, offset any sums due to Franchisor from Franchisee under this Agreement or otherwise. Franchisee agrees at Franchisor's election to assign Franchisee's lease interest in any customized or logoed Vehicles to Franchisor or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease agreement.

## **SECTION 17 - COVENANTS**

17.1 **Agreement to Execute Confidentiality and Non-compete Agreement.** At Franchisor's request, Franchisee will also require, as a condition to Franchisor entering into this Agreement that its Principals and G.M., manager and any personnel to execute the Confidentiality and Non-Compete Agreement. During the term of this Agreement, at Franchisor's request, Franchisee shall also require that any new Principals and G.M.s and personnel who received training with respect to Franchisor's system execute a Confidentiality and Non-Compete Agreement in connection with their employment by Franchisee with respect to the Business. Such covenants will be in a form satisfactory to Franchisor (the current form of which is included in Exhibit D to this Agreement and incorporated herein by this reference and in the Manuals).

17.2 **During the Agreement Term.** Franchisee specifically acknowledges that, according to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as approved in writing by Franchisor, Franchisee, will not, either directly or indirectly, for itself, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present employee or present or prospective customer of any TapSnap™ franchisee with whom such Franchisee had material contact to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

17.2.2 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A "Competitive Business" will be considered to be operation of a device similar to a TapSnap™ or a photo booth service business similar to that of Franchisor. Furthermore, Franchisee acknowledges and agrees that Franchisee will be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 15.2 in this Agreement, if a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 17.2.2 if such person was subject to the covenants of this Section 17.2.2.

**17.3 After the Agreement and After a Transfer.** Franchisee covenants that, for a continuous uninterrupted period of two (2) years commencing on the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3:

17.3.1 Franchisee will not either directly or indirectly, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business which operates within the Market Area or within fifty (50) miles thereof, or actively solicits customers with whom Franchisee had material contact while operating the Business. However, this provision will not apply to the operation by Franchisee of any business in the System under a franchise agreement with Franchisor.

17.3.2 Franchisee will not lease, assign, or sell Franchisee's interest in any ownership of the equipment or assets of the Business to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.

17.3.3 Franchisee will not solicit or hire any present employee of Franchisor or any other franchisee. "Present employee" means, for purposes of this subsection, a current employee or one who was in the employ of Franchisor or any other franchisee during the six (6) month period immediately before being hired by Franchisee.

**17.4 Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

**17.5 Franchisor's Right to Reduce Scope of the Covenants.** Franchisee understands and acknowledges that Franchisor will have the right, at its sole discretion, to reduce the scope of any covenant set forth in this Section 17, or any portion of it, without Franchisee's consent, effective immediately on receipt by Franchisee of written notice of same, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the terms of Section 23 in this Agreement.

**17.6 Covenants Survive Claims.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17; provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding. Franchisee agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Section 17.

17.7 **Injunctive Relief.** Franchisee acknowledges that any failure to comply with the requirements of this Section 17 will cause Franchisor irreparable injury, and in addition to any other rights, remedies or damages available to Franchisor at law, Franchisor shall be entitled to a temporary restraining order, and/or preliminary or permanent injunction in order to prevent or to restrain any such breach by Franchisee, its officers, employees, agents and attorneys or by any of Franchisee's affiliates and such affiliates' officers, employees, agents and attorneys of this Section 17.

## **SECTION 18 - TAXES, PERMITS, AND INDEBTEDNESS**

18.1 **Taxes.** Franchisee will promptly pay when due all taxes levied or assessed, and other indebtedness incurred by Franchisee in the operation of the Business. Franchisee will pay to Franchisor an amount equal to any sales tax, gross receipts or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

18.2 **Dispute About Taxes.** In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount due in accordance with procedures of the taxing authority or applicable law, but in no event will Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Business.

18.3 **Compliance with Laws.** Franchisee will comply with all applicable laws, rules, and regulations, and will timely obtain any and all permits, certificates, or licenses necessary for the conduct of the Business, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

## **SECTION 19 - INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

19.1 **No Fiduciary Relationship.** Franchisee is an independent contractor. Franchisor and Franchisee are separate entities and are not fiduciaries, partners, joint venturers, or agents of the other in any sense and neither will have the power to bind the other. No act or assistance given by either party to the other according to this Agreement will be construed to alter the relationship. Franchisee will be solely responsible for compliance with all applicable laws, rules and regulations, and for Franchisee's policies and decisions relating to the operation of the Business.

19.2 **Public Notice.** During the term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the Business according to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, in the context of which Franchisor may specify.

19.3 **No Assumption of Liability.** Nothing in this Agreement authorizes Franchisee to make any contract, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor. Franchisor will not assume liability for, or be deemed liable by this Agreement as a result of, any such action or will Franchisor be liable by reason of any act or omission of Franchisee in its operation of Franchisee's business or for any claim or judgment arising therefrom against Franchisor.

19.4 **Indemnification By Franchisee.** Franchisee will indemnify and hold Franchisor, Franchisor's owners, board of directors, officers, employees, representatives and agents (the "Indemnitees") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including settlement costs and attorneys' fees) arising directly or indirectly from, or in connection with the Franchisee's conduct under this Agreement (notwithstanding any claims that the Indemnitees were negligent).

Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees will have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, or Franchisee, any claim against the Indemnitees. All vouchers, canceled checks, receipts, or other evidence of payments for any such losses, liabilities, costs, charges or expenses of whatsoever nature incurred by any Indemnitee will be taken as prima facie evidence of Franchisee's obligation by this Agreement.

19.5 **Indemnification By Franchisor.** Franchisor will indemnify and hold Franchisee, Franchisee's owners, officers, employees, representatives and agents (the "Indemnitees") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, or other expenses (including, but not limited to, settlement costs and attorneys' fees) arising directly or indirectly from, or in connection with the use of the Marks in the operation of the Business where that use is in accordance with this Agreement and the Manuals. All vouchers, canceled checks, receipts, or other evidence of payments for any such losses, liabilities, costs, charges or expenses of whatsoever nature incurred by any Indemnitee will be taken as prima facie evidence of Franchisor's obligation by this Agreement. Any indemnification obligation of Franchisor is limited to the Initial Franchise Fees and Equipment Purchase fees paid by Franchisee to Franchisor.

## **SECTION 20 - APPROVALS AND WAIVERS**

20.1 **Approval Requests.** Whenever this Agreement requires the prior authorization or approval of Franchisor, Franchisee will make a timely written request to Franchisor. Such approval or consent must be obtained in writing.

20.2 **Waiver/Non-waiver.** Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist on strict compliance by Franchisee with any obligation or condition by this Agreement, and no custom or practice of the parties in variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee will not be binding unless in writing and executed by the party sought to be charged and will not affect or impair Franchisor's right with respect to any subsequent default. Nor will any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of a breach or default by Franchisee of any of the terms, or covenant of this Agreement, affect or impair Franchisor's rights or will such constitute a waiver by Franchisor of any rights by this Agreement or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it by this Agreement will not be deemed to be a waiver by

Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

## **SECTION 21 - WARRANTIES OF OPERATOR**

21.1 **Reliance by Franchisor.** Franchisor entered into this Agreement in reliance on the statements and information submitted to Franchisor by Franchisee. Franchisee represents and warrants that all such statements and information submitted by Franchisee are certified true, correct and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information submitted.

21.2 **Compliance with Laws.** Franchisee warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

### 21.3 **Anti-Terrorism Laws.**

(i) Franchisee agrees to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws. In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee is not otherwise in violation of any of the Anti-Terrorism Laws.

(ii) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(iii) Franchisee certifies that Franchisee, Franchisee's employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex. (A copy of the Annex can be accessed on the internet at the following address: <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.)

(iv) Franchisee certifies that it has no knowledge or information that, if generally known, would result in (a) Franchisee, (b) Franchisee's owners, employees, agents, bankers or affiliates or (c) anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(v) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that

Franchisee's indemnification responsibilities set forth in Section 19.4 of this Agreement pertain to Franchisee's obligations under this Section 21.3.

Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 15.1 above

## **SECTION 22 - NOTICES**

All notices and other communications required or permitted under this Agreement will be in writing and will be delivered: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; (iv) by facsimile (if the sender receives machine confirmation of successful transmission) or (v) by electronic mail (with saved proof of delivery). Notices to Franchisee will be sent to the address stated on Appendix A. Notices to Franchisor must be sent to:

TapSnap™ Ventures, Inc.  
140-890 Harbourside Drive  
North Vancouver, BC, V7P 3T7  
Canada  
Attn: President  
Fax: (604) 608-9595

Either party can change its mailing address or facsimile number by giving notice to the other party. Notices will be considered to be received on the same day when they are delivered personally. They will be considered to be received on an attempted delivery when sent by registered, certified, or overnight delivery service. They will be considered to be received on the next business day when sent by facsimile.

## **SECTION 23 - ENTIRE AGREEMENT**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation of the Business and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

## **SECTION 24 - SEVERABILITY AND CONSTRUCTION**

24.1 **Severable Parts**. Except as expressly provided to the contrary in this Agreement, each portion, part, term, or provision of this Agreement will be considered severable. If for any reason, any part, term, or provision in this Agreement is determined to be invalid and contrary

to, or in conflict with, any existing or future law or regulation by a court or agency having jurisdiction, such will not impair the operation of nor have any other effect on, the other portions, parts, terms, or conditions of this Agreement as may remain otherwise intelligible, the latter will continue to be given full force and effect and bind the parties of this Agreement and all portions, parts, terms or conditions will be deemed not to be a part of this Agreement.

24.2 **Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment.

24.3 **No Rights on Third Parties.** Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer on any person or entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 14 in this Agreement, any rights or remedies under this Agreement.

24.4 **Full Scope of Terms.** Franchisee expressly agrees to be bound by any covenant imposing the maximum duty permitted by law found under the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the terms of this Agreement any portions which a court or agency having jurisdiction may hold to be unreasonable and unenforceable in an un-appealed final decision to which Franchisor is a party, or from reducing the scope of any covenant to the extent required to comply with such a court or agency order.

24.5 **Franchisor's Application of its Rights.** Franchisor will have the right to operate and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, deemed to have a right or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Franchisor may make its decision or exercise its rights on the basis of the information readily available to Franchisor, and its judgment of what is in its best interests or in the best interests of the franchise network, at the time its decision is made, without regard to whether: (i) other alternative decisions could have been made by Franchisor; (ii) the decision of Franchisor will promote its interest; (iii) Franchisor's action applies differently to Franchisee and any other franchisees; (iv) Franchisor's decision is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action, unless contrary to law. The parties intend that the exercise of Franchisor's discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that such covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions or refrain from taking actions not inconsistent with Franchisee's rights.

24.6 **Captions Only for Convenience.** All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

24.7 **Force Majeure.** Any delay in performance caused by circumstances beyond the control of the party affected including, but not limited to, acts of God, fire, terrorism, explosions, flood or war, shall be excused provided that the party uses its best efforts to mitigate the effects of those circumstances.

## **SECTION 25 - APPLICABLE LAW AND DISPUTE RESOLUTION**

25.1 **Governing Law.** This Agreement takes effect on its acceptance and execution by Franchisor, and will be interpreted and construed under the laws of British Columbia. In the event of any conflict of law, the laws of British Columbia will prevail, without regard to, and without giving effect to, the application of British Columbia conflict of law rules. Nothing in this Section 25.1 is intended by the Parties to subject this Agreement to any franchise or similar British Columbia law or rule or of any other state to which it would not otherwise be subject. The Parties agree and consent to the jurisdiction of the Supreme Court of the Province of British Columbia, sitting in the City of Vancouver, British Columbia and waive jurisdiction and venue in any other court, except as provided in this Section 25. Franchisor may bring an action against Franchisee for injunctive or equitable enforcement of this Agreement or collection of sums due to Franchisor by Franchisee under this Agreement. Such action may be brought at Franchisor's sole option, in British Columbia or the court of proper jurisdiction wherein Franchisee resides or maintains its principal place of business.

25.2 **Non-Binding Settlement Meeting** Except for Sections 9, 10, 11, 14, and 17, before any Party may bring an action in court or file arbitration against the other, the Parties must first meet to informally discuss the dispute (except as provided below). Any such discussion will be non-binding and will be conducted at Franchisor's headquarters office. Settlement discussions must take place in good faith for no less than 3 hours (unless the matter is resolved in less time) and occur within thirty (30) days of receipt of the notice from the Party wishing to hold the settlement conference specifying a demand for such a conference. All aspects of the settlement conference will be treated as confidential, will not be disclosed to others, and will not be admissible in any other proceeding or legal action.

25.3 **Arbitration.** The Parties agree that, except for disputes, or claims related to or based on improper use of the Marks, Confidential Information or the covenants in Section 17, all disputes, or claims between Franchisor and Franchisee and each of their respective shareholders, members, officers, agents, or employees, arising out of or related to: 1) this Agreement or any other agreement between the parties; 2) Franchisor's relationship with Franchisee; 3) the validity of this Agreement or any other agreement between the parties; and 4) any Systems Standard, must be submitted for binding arbitration, on demand of either party, to the Canadian Arbitration Association ("CAA"), Vancouver, BC office. The arbitration will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the CAA's then current commercial arbitration rules. All proceedings will be conducted at a location in the Vancouver, B.C. area chosen by the arbitrator. Judgment on the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his award any relief which he deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs. The Parties by this agreement waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary or multiple damages against the other. The Parties agree to be



bound by the terms of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The Parties further agree that in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim within the same proceeding as the claim to which it relates. Any claim which is not filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Party. The Parties agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and its shareholders, officers, agents or employees, and Franchisee and its guarantors, affiliates or employees may not be consolidated with any other arbitration proceeding between Franchisor and any other person. The terms of this Subsection are intended to benefit and bind certain third party non-signatories and will continue in full force subsequent to and notwithstanding this Agreement's expiration or termination.

25.4 **Limitation of Damages.** In any arbitration or legal proceeding, Franchisor's liability to Franchisee for damages shall be limited to recovery of any Equipment Purchase Fees and Initial Franchise Fees paid by Franchisee to Franchisor.

25.5 **No Rights Exclusive of Other Rights.** No right or remedy conferred on or reserved to Franchisor by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy provided in this Agreement or permitted by law or equity, but each will be cumulative of every other right or remedy.

25.6 **Waiver of Jury Trial.** The Parties waive trial by jury in any action, proceeding or counterclaim, at law or in equity, brought by any of them against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of the Parties, or Franchisee's operation of the Business, brought by a Party of this Agreement against the other, will be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred.

25.7 **Injunctive Relief.** Nothing contained in this Agreement will bar the right of Franchisor to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 9, 10, 11, 14, and 17 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

25.8 **Franchisor's Right to Sue for Monetary Damages.** Notwithstanding the above, Franchisor may sue Franchisee in court to recover any monetary sums due hereunder, including any claim for liquidated damages which may be allowed under this Agreement.

25.9 **Attorneys' Fees and Costs.** Franchisee agrees to reimburse Franchisor for all expenses Franchisor reasonably incurs (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to Franchisor by Franchisee and/or its Owners; and (ii) in the defense of any claim Franchisee and/or its Owners assert against Franchisor on which Franchisor substantially prevails in court or other formal legal proceedings.

## **SECTION 26 – ACKNOWLEDGEMENTS**

26.1 **Franchisee's Investigation of the Business Possibilities.** Franchisee acknowledges that it has conducted an independent investigation of the business of operating a TapSnap™ Franchise, and recognizes that the venture contemplated by this Agreement involves risks and that its success will be largely dependent on the ability of Franchisee (or, if Franchisee is an entity, the ability of its principals) as (an) independent businessperson(s). Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guaranty, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

26.2 **Receipt of FDD and Complete Agreement.** Franchisee acknowledges that it received a complete copy of this Agreement, the attachments and agreements relating to this Agreement, at least seven (7) days before the date on which this Agreement was executed. Franchisee also acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least fourteen (14) days before the date on which this Agreement was executed or any payment by Franchisee tendered under this Agreement.

26.3 **Franchisee Read the Agreement and Consulted.** Franchisee acknowledges that it has read and understood this Agreement, the attachments and agreements relating to this Agreement, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors about the benefits and risks of entering into this Agreement.

26.4 **Franchisee's Responsibility for Operation of Business.** Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Business, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Business and the implementation and maintenance of system standards at the Business.

26.5 **Different Franchise Offerings to Others.** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to others in any manner and at any time, which offers have or may have terms and conditions that may differ from the terms and conditions in this Agreement.

26.6 **Success Depends on Franchisee.** Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, largely on Franchisee's ability as an independent businessperson, his active participation in the daily affairs of the business, market conditions, area competition, quality of services provided as well as other factors. Franchisor does not make any representation or warranty as to the potential success of the business venture contemplated by this Agreement.

26.7 **No Guarantees.** Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received any warranty or guarantee, as to the revenues or profits of the business.

## **SECTION 27 – DEFINITIONS**

Words and phrases used frequently in this Franchise Agreement will have the meaning indicated:

**“Approved Vendors”** means those sellers of products and services which Franchisor has approved and required Franchisee to utilize in the operation of the TapSnap Franchise.

**“Call Centre Fee”** means the fee charged by Franchisor (currently 4%) of the actual Event Fee charged to customers of the TapSnap Franchise.

**“Computer System”** means the communications, computer and related systems specified in the Manuals for use by Franchisee and which include, hardware, back-up systems and internet access.

**“Corporate Accounts”** means organizations or companies that have operations or the potential for events in multiple markets in the United States, whether generated by a Referring Franchisee or by Franchisor’s internal sales representatives.

**“Customer”** means a purchaser of Products or Services from any franchisee.

**“Destination Market”** means a tourist magnet area that attracts a significant number of visitors or an area, region or civic entity that hosts a significant number of conventions, weddings or similar events; it may include any destination to which people travel for the purpose of holding or attending events not generally held, or not desirable or practical for individuals or entities to hold, in their home areas and to which they and other attendees may travel for purposes of holding or attending such events(s).

**“Equipment Purchase Fee”** means the price paid by Franchisee to Franchisor for the initial TapSnap package, including the TapSnap, event tents, lighting kits, and other items.

**“Event Code Fees”** means the amount paid by Franchisee to Franchisor to enable the Franchisee’s TapSnap to operate at a particular event and is comprised of the sum of the applicable Royalty, Call Centre, and Branding Fund Contribution due and payable from Franchisee to Franchisor.

**“Event Fee”** means the total amount of revenues derived by you and your for all goods sold and services rendered from your TapSnap franchise for a given event or in connection with the Trade Names or Marks, whether evidenced by cash, services, property, barter or other means of exchange.

**“Franchisee”** means the person named in this Franchise Agreement who is granted the right to operate the TapSnap Franchise.

**“Franchisor”** means TapSnap Ventures, Inc. d/b/a TapSnap.

**“Initial Franchise Fee”** means a non-recurring, non-refundable payment paid by Franchisee to Franchisor in consideration of the grant of the TapSnap franchise and provision of the Initial Training Program.

**“Initial Training Program”** means that training which Franchisor provides to Franchisee or Franchisee’s personnel for the purpose of assisting Franchisee in starting its TapSnap Franchise.

**“Mandatory Starter Packages”** means the required carrying cases, clothing and accessories.

**“Manuals”** means all instructional, educational, guidance, operational or other materials provided by Franchisor to Franchisee in furtherance of the Business.

**“Market Area”** means a geographic or demographic zone containing people or businesses which are likely to utilize the Products and Services and in which Franchisee may operate a TapSnap Franchise.

**“Marks”** means the word “TapSnap,” any design incorporating that word, and any other words or symbols currently used, or to be developed in the future by Franchisor, in connection with the System.

**“Online Management Software”** means the software provided by Franchisor for online reservations and business management by Franchisee.

**“Products”** means ancillary and related merchandise which a Franchisee may sell to customers.

**“Public Venues”** means venues such as hotels, stadiums, amusement parks, shopping malls or similar locations utilized by the general public at specific events or otherwise where a TapSnap is not portable.

**“Renewal Fee”** means a percentage, not to exceed 25%, of the then current Initial Franchise Fee, which Franchisor charges Franchisee for entering into a new Franchise Agreement for an additional franchise term.

**“Referring Franchisee”** means the franchisee who generates or refers a particular Corporate Account.

**“Required Software”** means the Snap Book software, any Online Management Software and any other software which Franchisor requires Franchisee to utilize.

**“Royalty”** means the fee (7% ) paid by Franchisee to Franchisor out of any Event Fees charged to Franchisee’s customers in return for the ongoing rights and privileges granted to Franchisee under this Franchise Agreement.

**“Services”** means digital photo entertainment kiosk services offered at various events using proprietary technology.

**“SnapBook”** means the online management and reservation software and TapSnap kiosk or booth operational software.

**“TapSnap Franchise”** or “the Business” means the business of operating a TapSnap and using the Marks and System, along with other assistance provided by Franchisor.

**“TapSnap”** means Franchisor’s branded digital photo entertainment booth or kiosk.

**“The System”** means a proprietary uniform system offering the Products and Services having high standards of quality developed by the Franchisor for use by Franchisees.

**WHEREFORE**, the Parties of this Agreement have duly executed this Agreement in duplicate on the date first above written and is only binding when executed by an authorized officer of Franchisor.

**FRANCHISOR**

**TAPSNAP VENTURES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL]

**FRANCHISEE**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CORPORATE SEAL]

Address for Notices:

Franchisor  
TapSnap Ventures, Inc.  
140-890 Harbourside Drive  
North Vancouver, BC V7P 3T7  
Canada  
Attn: Scott McInnes, CEO  
Facsimile: (604) 608-9595  
With a copy to (that does not constitute notice):

Michael S. Rosenthal, Esq.  
Wagner, Johnston & Rosenthal, P.C.  
5855 Sandy Springs Circle, Suite 300  
Atlanta, Georgia 30328  
Facsimile: (404) 835-5123

**TAPSNAP VENTURES, INC.  
FRANCHISE AGREEMENT  
EXHIBIT A  
DATA SHEET**

1. Initial Fees: A. Initial Franchise Fee. The Initial Franchise Fee will be \$17,500.  
 B. Equipment Purchase Fee. The Equipment Purchase Fee will be based on the number of TapSnap™ kiosks being purchased as follows:
- |                    |           |
|--------------------|-----------|
| 1 TapSnap™         | \$19,995  |
| 2 TapSnap™ kiosks  | \$35,990  |
| 3 TapSnap™ kiosks  | \$52,485  |
| 5 TapSnap™ kiosks  | \$84,975  |
| 10 TapSnap™ kiosks | \$164,950 |

The FRANCHISEE shall be responsible for the following closing costs at the time of signing the Franchise Agreement:

A.	Equipment Purchase Fee:	_____
B.	Shipping and Handling charges:	_____
C.	Franchise Fee:	\$17,500
D.	Optional Marketing Package:	\$1,100
E.	Initial Launch Advertising Deposit	\$2,500
F.	Optional Equipment:	_____
	_____	_____
	_____	_____
	Total	\$ _____

2. The Market Area shall be as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. The Minimum Initial Launch Advertising Expenditure shall be \$\_\_\_\_\_.

Initial: \_\_\_\_\_  
**Franchisee**

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

Initial: \_\_\_\_\_  
**TAPSNAP VENTURES, INC.**

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

**TAPSNAP VENTURES, INC.  
FRANCHISE AGREEMENT  
EXHIBIT B**

**LIST OF PRINCIPALS, DESIGNATED PRINCIPAL AND GENERAL MANAGER**

1. **Owners:** List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in the Franchisee, and describe the nature of the interest.

Name: _____ Address: _____ _____	Ownership Interest: _____ _____ % of Total Ownership Interests _____ Additional Information:
Name: _____ Address: _____ _____	Ownership Interest: _____ _____ % of Total Ownership Interests _____ Additional Information:
Name: _____ Address: _____ _____	Ownership Interest: _____ _____ % of Total Ownership Interests _____ Additional Information:

2. **Designated Principal Owners:** The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold five percent (5%) or more of the equity ownership interests in Franchisee:

Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____
Name: _____	Name: _____



3. **Management:** As required according to Section 8.3 of the Franchise Agreement, the following Principal Owner will be designated as a Designated Principal.

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

4. **Management:** As required according to Section 8.3 of the Franchise Agreement, the following person will be designated as a General Manager.

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

5. **Ownership Structure and Initial Capitalization:** Franchisee and its Owners represent and warrant that the ownership structure and initial capitalization of Franchisee is as follows:

**OWNERSHIP STRUCTURE**

<b><u>Owner</u></b>	<b><u>Number of Ownership Interests</u></b>	<b><u>Percentage Ownership</u></b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

As of the date of this Agreement there are \_\_\_\_\_ (\_\_\_\_\_) Ownership interests which are issued and outstanding. There are no other authorized classes of shares.

**TAPSNAP VENTURES, INC.  
FRANCHISE AGREEMENT  
EXHIBIT C  
LOGO AND MARKS**

**THE MARKS**

<b><u>MARKS</u></b>	<b><u>REGISTRATION OR SERIAL NUMBER</u></b>	<b><u>DATE OF REGISTRATION OR APPLICATION</u></b>
TapSnap™	8564848458	May 21, 2013
TapSnap™ with Design	85648515	May 21, 2013
Instantly Social, Utterly Fun	85784965	December 3, 2013

**TAPSNAP VENTURES, INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT D**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**  
**FOR FRANCHISEE'S PRINCIPALS AND EXECUTIVES**

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** ("Agreement") is made this day of \_\_\_\_\_ 201\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), and \_\_\_\_\_, who is a Principal, member, partner, officer, executive or G.M. of Franchisee ("You").

**Introduction**

TapSnap™ Ventures, Inc. ("Franchisor") and its affiliates operate a business that provides digital photo booth services and associated products under Marks utilizing a format and system of sales and service. Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a TapSnap™ Franchise (the "**Business**") under the terms and conditions of the Franchise Agreement.

In connection with your ownership or position with Franchisee, you will be trained by Franchisor's personnel, you will learn of Franchisor's confidential information concerning the methods of operation of a Business and Franchisor's TapSnap™ Business.

Now, therefore, it is agreed that as a consideration your relationship with Franchisee and the rights granted to Franchisee under the Franchise Agreement, you agree that you will comply with all of the following obligations:

1. **Franchisor Franchise Confidential Information/Term.** You agree that you will not communicate Franchisor Confidential Information or Trade Secret Information to any Person, and that you will not use Franchisor Confidential Information or Trade Secret Information for your benefit or the benefit of any other Person. The rights and obligations contained in this Section 1 shall continue to bind you during the term of the Agreement and (i) with respect to all Franchisor Trade Secrets Information, at all times hereafter so long as such Trade Secrets constitute trade secrets under applicable law, and (ii) with respect to all Franchisor Confidential Information, for the period of three (3) years from the date of termination of the Agreement. This Agreement shall terminate upon your termination of employment with Franchisee, except that provisions that expressly survive termination of this Agreement shall survive for the period stated herein.

2. **Definitions.** As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Franchisor Confidential Information**" means any information, knowledge or know-how concerning the methods of operation of the Business and the TapSnap Business that you may learn of or that otherwise becomes known to you during the term of the Franchise Agreement or the time of your relationship with Franchisee that is non-public, proprietary and confidential (whether or not Franchisor or we have specifically designated that information as "confidential") in nature or tends to confer a competitive advantage over one who

does not possess the information but is not a Trade Secret. Franchisor Confidential Information does not include information that (i) is or becomes public knowledge through no fault or omission of you; (ii) is generally known in the trade or business through no fault or omission of you; or (iii) is independently developed by you without reference to Franchisor Confidential Information Trade Secrets Information.

b. The term "**Franchisor Trade Secret Information**" means Franchisor's trade secrets (as defined by British Columbia law) and includes information in whatever form, of Franchisor, from which Franchisor derives economic value, actual or potential, from not being generally known to other Persons, and is the subject of Franchisor's efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality, such information including, but not limited to: know-how; information about existing, new or envisioned Franchisor products, services, processes and their development and performance; any scientific or technical information; computer software and firmware; business and financial information; unpublished lists of names; and information relating to manufacturing, purchasing, inventories, data processing, personnel, marketing, sales, prices and quotations; data; compilations; devices; methods; drawings; lists of actual or potential customers or suppliers, product specifications and designs and marketing plans.

c. The term "**Person**" means any person(s) or entity (other than Franchisor or Franchisee).

d. All capitalized terms not defined herein shall have the meaning given to such terms in the Franchise Agreement.

### **3. Covenants Not to Compete.**

a. You agree that during the term of your employment with Franchisee and for a period of twenty-four (24) months thereafter, unless Franchisor gives you prior written approval, you will not, directly or indirectly, for yourself, or through, any Person:

- i. Attempt to or actually solicit, entice, divert or induce any Person who is, or was during the period of your employment a Customer or referral source of the Business or any other TapSnap™ Franchisee, for the purpose of recommending or suggesting to such Person that the business they do with the Business or any other TapSnap™ Franchisee be placed with any Person other than Business or applicable TapSnap™ Franchisee. The foregoing sentence only shall apply to (i) those customers or referral sources who were customers or referral sources of the Business or applicable TapSnap™ Franchisee during the period of your employment with the Business and with whom you had significant contacts and (ii) potential customers or referral sources of the Business or applicable TapSnap™ Franchisee with whom you had significant contacts during the period of your employment with the Business.
- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the TapSnap™ Business;

- iii. Employ or seek to employ anyone who is then employed by Franchisor or employed by any of Franchisor's franchisees, or to otherwise induce such individual to leave his employment unless such individual has ceased to be employed by Franchisor or its franchisees for at least six (6) months;

b. After the Agreement and After a Transfer, you covenant that, for a continuous uninterrupted period of two (2) years commencing on the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section.

- i. You will not either directly or indirectly, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business which operates within the Market Area or within fifty (50) miles thereof, or actively solicits customers with whom You had material contact while operating the Business. However, this provision will not apply to the operation by You of any business in the System under a franchise agreement with Franchisor.
- ii. You will not lease, assign, or sell Franchisee's interest in any ownership of the equipment or assets of the Business to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.
- iii. You will not solicit or hire any present employee of Franchisor or any other franchisee. "Present employee" means, for purposes of this subsection, a current employee or one who was in the employ of Franchisor or any other franchisee during the six (6) month period immediately before being hired by Franchisee.

**4. Legal and Equitable Remedies.** You understand and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. Franchisor will have the right to enforce this Agreement by going to a court and obtaining an injunction or other equitable relief, without prejudice to any other remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. **Severability.** Each term of this Agreement may be considered severable from the others. If a court finds that Franchisor may not enforce a clause in this Agreement as written, but the court would allow Franchisor to enforce it in a way that is less burdensome to you, you agree to comply with the court's less-restrictive interpretation.
6. **Delay.** No delay or failure by Franchisor to exercise any right under this Agreement, and no exercise of that right, will constitute a waiver of that right or any other right. No waiver of any violation of this Agreement will be construed as a waiver of any succeeding violation.
7. **Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it against you, independently or jointly with Franchisee.
8. **Entire Agreement.** This Agreement constitutes the entire agreement among the parties and supersedes all prior agreements and understandings, oral or written, among the parties with respect to the subject matter of this Agreement. This Agreement may be replaced by a later agreement between the parties containing confidentiality covenants substantially identical to those set forth herein and, upon the execution of the later agreement, this agreement will be deemed superseded thereby and void.
9. **Binding Effect; Assignment; Amendment and Waiver.** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Except as specifically provided herein, no person shall take any act which would allow any right hereunder to be assigned or held by any other person without the written consent of the other party hereto. No amendment, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision of this Agreement, unless otherwise expressly provided.
10. **Counterparts; Headings.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement and may be executed in counterpart signature pages executed via facsimile transmission, and any such counterpart executed and delivered via facsimile transmission shall be deemed an original. Headings are for reference purposes only.
11. **Applicable Law and Venue.** This Agreement shall be interpreted according to British Columbia law, without regard to the conflict of law principles thereof. The parties agree and consent to the jurisdiction of the Courts of Vancouver, British Columbia, in addition to any other court of competent jurisdiction.

**IN WITNESS WHEREOF**, You have read and understand the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**"Franchisee"**

\_\_\_\_\_, a \_\_\_\_\_

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

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

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

**"You"**

\_\_\_\_\_

**TAPSNAP VENTURES, INC.**  
**FRANCHISE AGREEMENT**  
**EXHIBIT E**  
**GUARANTY, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to TapSnap Ventures, Inc. ("Franchisor"), to enter into a Franchise Agreement between Franchisor, and \_\_\_\_\_ ("Franchisee"), dated \_\_\_\_\_, 20\_\_\_\_ (the "Agreement"), the undersigned ("Guarantor(s)"), jointly and severally, unconditionally guarantee to Franchisor, and its successors and assigns that all of Franchisee's monetary obligations under the Agreement will be punctually paid and performed by the Guarantors.

Upon demand by Franchisor, Guarantors each by this guaranty jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned, Franchisor may, without notice to Guarantors, extend, modify or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the Guarantors each by this agreement jointly and severally waive notice of same and agree to remain bound by any and all such amendments and changes to the Agreement.

Guarantors each by this agreement jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, liabilities, costs, and expenses (including, reasonable attorney's fees, reasonable costs of financial and other investigation, and court costs,) resulting from, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement or any amendment to this Agreement.

The Guarantors each by this guaranty jointly and severally acknowledge and expressly agree that this Guaranty does not grant the Guarantors any right to use the "TapSnap<sup>TM</sup>" franchises' Marks or system.

This Guaranty will terminate on the termination or expiration of the Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before such termination will remain in full force and effect until satisfied by Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force. Upon the death of an individual guarantor, the estate of such Guarantor will bound by this Guaranty, but only for defaults and obligations by this Agreement existing at the time of death), and the obligations of the other Guarantors will continue in full force.

Each Guarantor represents and warrants to Franchisor that neither Guarantor (including any and all of its employees, officers and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guaranty provision will be in writing and will be personally delivered, in the manner agreed to under Section 24 of the Agreement.

Unless specifically stated otherwise, the terms used in this Guaranty will have same meaning as in the Agreement, and will be construed in accordance with Section 27 of the Agreement. This Guaranty will be construed under the laws of British Columbia. In the event of any conflict of law, the laws of British Columbia will prevail without regard to, and without giving effect to, the application of British Columbia conflict of law rules. The Guarantors agree and



consent to the jurisdiction of the Courts of Vancouver, British Columbia in addition to any other court of competent jurisdiction.

IN WITNESS WHEREOF, the undersigned has signed this guaranty provision as of the date shown.

GUARANTOR(S)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

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

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

(SEAL)

(SEAL)

**TAPSNAP VENTURES, INC.  
FRANCHISE AGREEMENT  
EXHIBIT F  
TELEPHONE LISTING AGREEMENT**

## **TELEPHONE LISTING AGREEMENT**

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Effective Date"), by and between Tap Snap Ventures, Inc. d/b/a TapSnap, a British Columbia corporation (hereinafter the "Franchisor"), and \_\_\_\_\_ (the "Franchisee").

### WITNESSETH:

WHEREAS, Franchisee desires to enter into a TapSnap™ Franchise Agreement (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### **1. DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### **2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Telephone Numbers and Listings") related to the TapSnap™ Business or the Marks (all of which right, title, and interest is referred to herein as Franchisee's "Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's

place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

(ii) Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

(iii) Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors

and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR:

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

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

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

FRANCHISEE:

If an Individual:

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

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

If other than an Individual:

[INSERT ENTITY NAME]

\_\_\_\_\_

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

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

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

**EXHIBIT B**

**ADDITIONAL STATE-REQUIRED DISCLOSURES**

We are required to provide you with additional information as a condition of registering our franchise offering in certain states. The additional disclosures are set out below. These additional disclosures apply only if the jurisdictional requirements of the applicable state franchise law are met.

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF CALIFORNIA**

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FDD.

See the cover page of the FDD for our URL address. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT WWW.CORP.CA.GOV.

2. **Item 3, Additional Disclosure.** The following statement is added to Item 3:

Neither we nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

3. **Item 5, Additional Disclosure.** The following statement is added to Item 5:

Franchisor shall defer collection of all fees from California residents until it has fulfilled its initial obligations to franchisee. Franchisor's initial obligations to franchisee are fulfilled when franchisee receives its Initial Equipment Package.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of the franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The Franchise Agreement provides for application of the laws of British Columbia. These provisions may not be enforceable under California law.



The Franchise Agreement contains a covenant not to solicit which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you receive a refund of initial fees, and if you transfer your franchise or execute a successor Franchise Agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires that any action you bring be commenced in British Columbia. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF HAWAII**

**THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process: **Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.**

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF ILLINOIS**

1. **Item 5, Additional Disclosure.** The following statement is added to Item 5:

Franchisor shall defer collection of all fees from Illinois residents until it has fulfilled its initial obligations to Franchisee and Franchisee has commenced doing business. Franchisor's initial obligations to franchisee are fulfilled when franchisee receives its Initial Equipment Package as Franchisee may commence business on receipt of the Initial Equipment Package. This additional disclosure is required by the Illinois Franchise Bureau of the Illinois Attorney General's office based on Franchisor's initial financial statement.

2. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

3. **Provisions in the Franchise Agreement/Illinois Addendum.** The following provisions in the Franchise Agreement may not enforceable or allowable under Illinois Law and this will therefore serve as a state specific addendum thereto, negating those provisions:

A. Section 25.1 to the extent it waives jurisdiction and venue in Illinois.

B. Section 25.6 to the extent it waives any provision of the Illinois Franchise Disclosure Act, including waiving jury trial.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDITIONAL FDD DISCLOSURE  
REQUIRED BY THE STATE OF INDIANA**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement conflicts with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provides that suit must be brought in British Columbia. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement, the Master Franchise Agreement, and any and all other related documents.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to these Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF MARYLAND**

3. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Any provisions requiring you to sign a general release of claims against us, including upon execution of the Franchise Agreement or a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF MICHIGAN**

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

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

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

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

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

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

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

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

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

**THE FACT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF MINNESOTA**

1. **Trademarks.** The following statement is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Marks infringes trademarks rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System. Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

2. **Choice of Forum and Law.** The following statement is added to Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or (2) remedies provided for by the laws of the jurisdiction.

3. **General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

4. **Waiver of Right to Jury Trial and Consent to Liquidated Damages or Termination Penalties:** The following statement is added to Item 17:

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J, which among other things, prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes.

5. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, (1) 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 (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota franchise statutes are met independently without reference to these Additional Disclosures.



**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF NEW YORK**

1. **State Cover Page.** The following statements are added as additional RISK FACTORS to the State Cover Page:

2. **Item 3, Litigation.** Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademarks, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

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

Accordingly, no litigation is required to be disclosed in this FDD.

3. **Item 4, Bankruptcy.** The second paragraph in Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the FDD: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a

general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

4. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.

We will not assign our rights under the Franchise Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the Franchise Agreement.

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchise Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement that is inconsistent with that law.

You must sign a general release when you enter the Franchise Agreement, upon entering into a successor Franchise Agreement, and in connection with any transfer under the Franchise Agreement. These provisions may not be enforceable under New York law.

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, are met independently without reference to these Additional Disclosures.

**ADDITIONAL FDD DISCLOSURES  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to mediation outside of North Dakota, consent to jurisdiction of courts outside North Dakota, consent to the application of laws of a state other than North Dakota, consent to the waiver of a trial by jury, or consent to the waiver of exemplary or punitive damages is void.

You are not required to release any claims you might have against us under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreements are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

North Dakota law prohibits us from requiring you to consent to pay liquidated damages.

You are not required to consent to a waiver of exemplary or punitive damages against us under the North Dakota Franchise Investment Law.

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures.

**ADDITIONAL FDD DISCLOSURE  
REQUIRED BY THE STATE OF RHODE ISLAND**

2. **Item 17, Additional Disclosure.** The following statement is added to Item 17:

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

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to these Additional Disclosures.

**ADDITIONAL FDD DISCLOSURE  
REQUIRED BY THE STATE OF VIRGINIA**

**Item 17, Additional Disclosure.** The following statement is added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**ADDITIONAL FDD DISCLOSURE  
REQUIRED BY THE STATE OF WASHINGTON**

The following is added to the FDD for Washington residents:

1. **State Cover Page.** The following statement is added as an additional RISK FACTOR to the State Cover Page:
  
2. **Item 17, Additional Disclosures**

RCW § 19.100.180 and court decisions may supersede the Franchise Agreement and the Master Franchise Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in the Franchise Agreement and the Master Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable in Washington.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

**EXHIBIT C**

**GENERAL RELEASE**

## GENERAL RELEASE

**THIS GENERAL RELEASE (“Release”)** is executed on \_\_\_\_\_ by \_\_\_\_\_ (“**Franchisee**”) and \_\_\_\_\_ (“**Transferee**”) as a condition of the transfer of the Franchise Agreement dated \_\_\_\_\_ between TapSnap Ventures, Inc. (“TapSnap™ Ventures”) and Franchisee (“**Franchise Agreement**”).

**1. Release by Franchisee and Transferee.** Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities) (collectively, the “**Releasors**”) freely and without any influence forever release **(i)** TapSnap Ventures, **(ii)** TapSnap Ventures’ past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and **(iii)** TapSnap Ventures’ parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, (collectively, the “**Released Parties**”) from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “**Claims**”), which any Releasor ever owned or held, now own or hold, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and TapSnap Ventures or TapSnap Ventures’ parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

**2. Risk of Changed Facts.** Franchisee and Transferee understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

**3. Covenant Not to Sue.** Franchisee and Transferee (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

**4. No Prior Assignment and Competency.** Franchisee and Transferee represent and warrant that: **(i)** the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; **(ii)** each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and **(iii)** this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.



**5. Complete Defense.** Franchisee and Transferee: **(i)** acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(ii)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

**6. Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

**7. Counterparts.** This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**8. Capitalized Terms.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

**9. No Waiver of FDD.** Notwithstanding the above, nothing contained in this Release shall constitute or effectuate a release of claims arising from representations made in the Franchise Disclosure Document.

**IN WITNESS WHEREOF,** Franchisee and Transferee have executed this Release as of the date shown above.

**ATTEST:**

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

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

**FRANCHISEE:**

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

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

Title \_\_\_\_\_

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

**ATTEST:**

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

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

**TRANSFEREE:**

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

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

Title \_\_\_\_\_

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

**EXHIBIT D**

**NONCOMPETE AND NONDISCLOSURE AGREEMENT**

**TAPSNAP VENTURES, INC.**  
**EXHIBIT D**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**  
**FOR FRANCHISEE'S PRINCIPALS AND EXECUTIVES**

**THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT** ("Agreement") is made this day of \_\_\_\_\_, 201\_\_\_\_, by and among TapSnap Ventures, Inc. ("Franchisor"), \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee"), and if Franchisee is a corporate entity or partnership, who is a Principal, member, partner, officer, executive or General Manager of Franchisee ("you" or the "Member").

**Introduction**

Franchisor and its affiliates operate a business that provides digital photo booth services and associated products under Proprietary Marks utilizing a format and system of sales and service that produce customer satisfaction at an economical price.

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a TapSnap™ Franchise (the "**Franchised Business**") under the terms and conditions of the Franchise Agreement.

In connection with your ownership and/or position with or as Franchisee, you will be trained by Franchisor's personnel, you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Franchised Business and Franchisor's TapSnap™ Business.

Now, therefore, it is agreed that as a consideration your relationship with Franchisee and the rights granted to Franchisee under the Franchise Agreement, you acknowledge and agree that you will comply with all of the following obligations:

1. **Franchisor Franchise Confidential Information/Term.** You agree that you will not communicate or divulge Franchisor Confidential Information or Franchisor Trade Secret Information to any Person, and that you will not use Franchisor Confidential Information or Franchisor Trade Secret Information for your own benefit or for the benefit of any other Person. The rights and obligations contained in this Section 1 shall continue to bind you during the term of the Agreement and (i) with respect to all Franchisor Trade Secrets Information, at all times hereafter so long as such Trade Secrets constitute trade secrets under applicable law, and (ii) with respect to all Franchisor Confidential Information, for the period of three (3) years from the date of termination of the Agreement. This Agreement shall terminate upon your termination of employment with Franchisee, except for all provisions that expressly survive termination of this Agreement shall survive for the period stated herein.

2. **Definitions.** As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Franchisor Confidential Information**" means any information, knowledge or know-how concerning the methods of operation of the Franchised Business and the TapSnap™ Franchise that you may learn of or that otherwise becomes known to you during the term of the Franchise Agreement or the time of your relationship with Franchisee that is non-public, proprietary and confidential (whether or not Franchisor or we have specifically designated that information as "confidential") in nature or tends to confer a competitive advantage over one

who does not possess the information but is not a Trade Secret. Franchisor Confidential Information does not include information that (i) is or becomes, before or after disclosure, public knowledge through no fault or omission of you; (ii) is generally known in the trade or business in which Franchisor operates through no fault or omission of you; or (iii) is independently developed by you without reference to Franchisor Confidential Information or Franchisor Trade Secrets Information.

b. The term "**Franchisor Trade Secret Information**" means Franchisor's trade secrets (as defined by British Columbia law) and includes information in whatever form, including electronic media, of Franchisor, from which Franchisor derives economic value, actual or potential, from not being generally known to other Persons, and is the subject of Franchisor's efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality, such information including, but not limited to: know-how; information about existing, new or envisioned Franchisor products, services, processes and their development and performance; any scientific, engineering, or technical information; computer software and firmware; business and financial information; unpublished lists of names; and information relating to manufacturing, purchasing, inventories, data processing, personnel, marketing, sales, prices and pricing policies, costs and quotations; technical or nontechnical data; compilations; programs; devices; methods; techniques; drawings; reports; lists of actual or potential customers or suppliers, product or service specifications and designs and marketing plans.

c. The term "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Franchisor or Franchisee).

d. All capitalized terms not defined herein shall have the meaning given to such terms in the Franchise Agreement.

### 3. **Covenants Not to Compete.**

a. You covenant and agree that during the term of the Franchise Agreement (if Franchisee is an individual), or the term of your employment with Franchisee (if Franchisee is a corporate entity or partnership) and for a period of twenty-four (24) months thereafter, unless Franchisor gives you prior written approval, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Solicit, entice, persuade, divert or induce (or attempt to do any of the foregoing) any Person who is, or was during the period of your employment a Customer or referral source of the Franchised Business or any other TapSnap™ Franchisee, for the purpose of recommending or suggesting to such Person that the business they do with the Franchised Business or any other TapSnap™ Franchisee be placed with any Person other than Franchised Business or applicable TapSnap™ Franchisee. Notwithstanding any provision herein to the contrary, the foregoing sentence only shall apply to (i) those customers or referral sources who were customers or referral sources of the Franchised Business or applicable TapSnap™ Franchisee during the period the Franchisee Agreement or of your employment with the Franchised Business and with whom you had significant contacts and (ii) potential customers or referral sources of the Franchised Business or applicable TapSnap™ Franchisee with whom you had significant contacts during the period of your

employment with the Franchised Business.

- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the TapSnap™ Business;
- iii. Employ or seek to employ any individual who is then employed by Franchisor or employed by any of Franchisor's franchisees, or to otherwise directly or indirectly induce any such individual to leave his or her employment unless such individual has ceased to be employed by Franchisor or its franchisees for at least six (6) months;

b. After the Agreement and After a Transfer, you covenant that, for a continuous uninterrupted period of two (2) years commencing on the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section.

- i. You will not either directly or indirectly, own, maintain, operate, engage in, provide assistance to, or have any interest in any Competitive Business which operates within the Market Area or within fifty (50) miles thereof, or actively solicits customers with whom You had material contact while operating the Business. However, this provision will not apply to the operation by You of any business in the System under a franchise agreement with Franchisor.
- ii. You will not lease, assign, or sell Franchisee's interest in any ownership of the equipment or assets of the Business to a third party for the operation of a Competitive Business, or otherwise arrange or assist in arranging for the operation by a third party of a Competitive Business.
- iii. You will not solicit or hire any present employee of Franchisor or any other franchisee. "Present employee" means, for purposes of this subsection, a current employee or one who was in the employ of Franchisor or any other franchisee during the six (6) month period immediately before being hired by Franchisee.

4. **Legal and Equitable Remedies.** You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. Franchisor will have the right to enforce this Agreement and any of its terms by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. **Severability.** Each of the terms of this Agreement may be considered severable from the others. If a court should find that Franchisor may not enforce a clause in this Agreement as written, but the court would allow Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. **Delay.** No delay or failure by Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and conditions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. **Third-Party Beneficiary.** You acknowledge and agree that Franchisor is an intended beneficiary of this Agreement with the right to enforce it against you, independently or jointly with Franchisee (if Franchisee is a corporate entity or partnership)..

8. **Entire Agreement.** This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, among the parties with respect to the subject matter of this Agreement. The parties agree that this Agreement may be replaced by a subsequent agreement between the parties containing confidentiality covenants substantially identical to those set forth herein and, upon the execution of such subsequent agreement, this agreement will be deemed automatically superseded thereby and will be of no further force and effect.

9. **Binding Effect; Assignment; Amendment and Waiver.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Except as otherwise specifically provided herein, no person shall take any act which would allow any right hereunder to be assigned or held by any other person without the written consent of the other party hereto. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided.

10. **Counterparts; Headings.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. This Agreement may be executed and delivered in counterpart signature pages executed and delivered via facsimile transmission, and any such counterpart executed and delivered via facsimile transmission shall be deemed an original for all intents and purposes. Headings used in this Agreement are for reference purposes only.

11. **Applicable Law and Venue.** This Agreement shall be construed and interpreted according to the laws of British Columbia, without regard to the conflict of law principles thereof. The parties agree and consent to the jurisdiction of the Courts of Vancouver, British Columbia in addition to any other court of competent jurisdiction.

12. **Judicial Interpretation.** Should any provision of this Agreement require judicial interpretation, the parties hereto agree that the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party which itself or through its agent prepared the same, it being agreed that the agents of each party have participated in the preparation hereof.

**IN WITNESS WHEREOF,** Member has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**Franchisor:**

\_\_\_\_\_

a

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

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

Title \_\_\_\_\_

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

**"Franchisee" (if an entity/partnership)**

\_\_\_\_\_

a \_\_\_\_\_

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

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

Title \_\_\_\_\_

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

**"You"**

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**EXHIBIT E**  
**FINANCIAL STATEMENTS**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

***Tapsnap***  
*Balance Sheet*  
***As at the month ended December 31st, 2014***  
*all figures in USD*

**ASSETS**

**Current Assets**

Cash	185,092	9.5%
Accounts Receivable	350,037	17.9%
Inventory	333,370	17.0%
Advances - Branding Fund	<u>339,284</u>	17.3%
<b>Total Current Assets</b>	<b><u>1,207,783</u></b>	<b>61.7%</b>

**Other Assets**

Product Development	750,694	38.3%
Property & Equipment (Net)	94,780	4.8%
<b>Total Other Assets</b>	<b>845,474</b>	<b>43.2%</b>

**Total Assets** **1,958,476** **100.0%**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	64,793	3.3%
Taxes Payable	<u>16,362</u>	0.8%
<b>Total Current Liabilities</b>	<b>81,155</b>	<b>4.1%</b>

**Other Liabilities**

Due to Shareholder	746,906	38.1%
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**Total Liabilities** **828,062** **42.3%**

**SHAREHOLDER EQUITY**

Class A Shares	1	0.0%
Retained Earnings	718,764	36.7%
Net Income	<u>411,649</u>	21.0%
<b>Total Shareholders Equity</b>	<b><u>1,130,414</u></b>	<b>57.7%</b>
<b>Total Equity &amp; Liability</b>	<b><u>1,958,476</u></b>	<b>100.0%</b>

***Tapsnap****Income Statement****July 1, 2014 - December 31st, 2014****all figures in USD***Revenue***% of sales*

Franchise & Equipment	\$ 937,420	61.2%
Other	593,431	38.8%
<b>Total Revenue</b>	<b>1,530,851</b>	<b>100.0%</b>
Cost of Franchise Equipment& Materials	643,162	42.0%
<b>Gross Margin</b>	<b>887,689</b>	<b>58.0%</b>
<b><u>Operating Expenses</u></b>		
Management & Admin	405,604	26.5%
Advertising and promotion	235,658	15.4%
Office	14,973	1.0%
Professional Fees	54,022	3.5%
Travel	22,260	1.5%
Bank service charge & interest	16,985	1.1%
Automobile	9,476	0.6%
Event Expenses	7,817	0.5%
Insurance	20,000	1.3%
Telephone	5,971	0.4%
<b>Total Operating Expenses</b>	<b>792,766</b>	<b>51.8%</b>
<b>Net Loss from Operations</b>	<b>\$ 94,923</b>	<b>6.2%</b>

**TAPSNAP VENTURES, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**

June 30, 2014 and 2013

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## INDEX TO FINANCIAL STATEMENTS

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CERTIFIED PUBLIC ACCOUNTANTS  
LISTENING THINKING LEADING

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INDEPENDENT AUDITORS' REPORT

To the Shareholder  
TapSnap Ventures, Inc.  
Richmond, British Columbia, Canada

We have audited the accompanying financial statements of TapSnap Ventures, Inc., which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of comprehensive income (loss), changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TapSnap Ventures, Inc., as of June 30, 2014 and 2013, 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.

VSH PLLC

Bellingham, Washington  
October 30, 2014

- 1 -

Certified Public Accountants  
Professional Limited Liability Company  
Registered Investment Advisors

**TAPSNAP VENTURES, INC.**

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended June 30, 2014 and 2013

(Expressed in U.S. Dollars)

	2014	%	Restated 2013	%
Revenue, net	\$ 4,937,046	100.0	\$ 1,482,559	100.0
Cost of goods sold	2,811,119	56.9	793,923	53.6
Gross income	2,125,927	43.1	688,636	46.4
Expenses				
Advertising and promotion	594,096	12.0	375,510	25.3
Wages and benefits	529,326	10.7	242,623	16.4
Depreciation and amortization	154,019	3.1	69,628	4.7
Rent and occupancy	109,471	2.2	51,244	3.5
Professional services	81,298	1.6	46,443	3.1
Office	64,278	1.3	18,405	1.2
Travel	54,229	1.1	25,990	1.8
Bank charges	38,315	0.8	9,166	0.6
Telephone	27,143	0.5	9,574	0.6
Consulting	23,518	0.5	62,269	4.2
Automobile	13,682	0.3	11,512	0.8
Professional development	5,083	0.1	-	-
Total expenses	1,694,458	34.2	922,364	62.2
Other income				
Foreign transaction gain	46,053	0.9	25,991	1.8
Income (loss) before provision for income taxes	477,522	9.8	(207,737)	(14.0)
Income tax expense (Note 11)				
Current	11,026	0.2	-	-
Deferred	16,117	0.3	-	-
Total income tax expense	27,143	0.5	-	-
Net income (loss)	450,379	9.3	(207,737)	(14.0)
Other comprehensive (loss) income				
Foreign currency translation adjustment	(16,715)		11,969	
Comprehensive income (loss)	\$ 433,664		(195,768)	

*See independent auditors' report and accompanying notes to the financial statements.*



**TAPSNAP VENTURES, INC.**BALANCE SHEETS  
As of June 30, 2014 and 2013  
(Expressed in U.S. Dollars)

	2014	Restated 2013
<b>ASSETS</b>		
Current		
Cash	\$ 295,959	\$ 260,824
Funds in escrow	70,839	-
Accounts receivable	463,101	124,889
Inventory	316,519	260,454
Prepaid expenses	19,132	13,794
Total current assets	1,165,550	659,961
Advances - branding fund (Note 5)	291,730	67,826
Property and equipment, net (Note 6)	27,432	10,437
Product development costs, net (Note 7)	429,040	341,485
Website development, net	18,804	27,281
Security deposit	16,652	8,456
<b>Total assets</b>	<b>\$ 1,949,208</b>	<b>\$ 1,115,446</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 273,925	\$ 93,025
Income taxes payable	11,026	-
Deferred revenue	378,568	153,206
Due to shareholder (Note 9)	1,221,595	1,102,995
Total current liabilities	1,885,114	1,349,226
Deferred tax liability	16,117	-
<b>Total liabilities</b>	<b>1,901,231</b>	<b>1,349,226</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 10)	1	1
Accumulated other comprehensive (loss) income	(4,746)	11,969
Retained earnings (accumulated deficit)	52,722	(245,750)
<b>Total shareholder's equity</b>	<b>47,977</b>	<b>(233,780)</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 1,949,208</b>	<b>\$ 1,115,446</b>

*See independent auditors' report and accompanying notes to the financial statements.*

**TAPSNAP VENTURES, INC.**  
 STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY  
 For the years ended June 30, 2014 and 2013  
 (Expressed in U.S. Dollars)

	Share Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive (Loss) Income
BALANCE, July 1, 2012	\$ 1	\$ (38,013)	\$ -	\$ (38,012)	\$ (207,737)
Net loss	-	(207,737)	-	(207,737)	
Other comprehensive income - Foreign currency translation adjustment	-	-	11,969	11,969	11,969
Total comprehensive loss	-	-	11,969	11,969	<u>\$ (195,768)</u>
BALANCE, June 30, 2013	1	(245,750)	11,969	(233,780)	\$ 450,379
Net income	-	450,379	-	450,379	
Other comprehensive loss - Foreign currency translation adjustment	-	-	(16,715)	(16,715)	(16,715)
Total comprehensive income	-	-	(16,715)	(16,715)	<u>\$ 433,664</u>
Dividends	-	(151,907)	-	(151,907)	
BALANCE, June 30, 2014	\$ 1	\$ 52,722	\$ (4,746)	\$ 47,997	

See independent auditors' report and accompanying notes to the financial statements.

**TAPSNAP VENTURES, INC.**

## STATEMENTS OF CASH FLOWS

For the years ended June 30, 2014 and 2013

(Expressed in U.S. Dollars)

	2014	Restated 2013
Cash flows related to operating activities		
Net income (loss)	\$ 450,379	\$ (207,737)
Non-cash item:		
Depreciation and amortization	154,019	69,628
Deferred tax	16,117	-
	<u>620,515</u>	<u>(138,109)</u>
Changes in non-cash working capital:		
Funds in escrow	(70,839)	-
Accounts receivable	(338,212)	(124,889)
Inventory	(56,065)	(260,454)
Prepaid expenses	(5,338)	(13,794)
Advances - branding fund	(223,904)	(67,826)
Accounts payable and accrued liabilities	180,900	93,025
Income taxes payable	11,026	-
Deferred revenue	225,362	153,206
	<u>343,445</u>	<u>(358,841)</u>
Cash provided (used) by operating activities		
Cash flows related to investing activities		
Acquisition of property and equipment	(21,517)	(11,597)
Product development expenditures	(228,574)	(164,125)
Website development expenditures	-	(32,096)
Security deposit	(8,196)	(8,456)
Collection of subscription receivable	-	1
	<u>(258,287)</u>	<u>(216,273)</u>
Cash used in investing activities		
Cash flows related to financing activities		
Advances from shareholder	372,007	907,167
Repayments of shareholder advances	(253,408)	(83,198)
Dividends	(151,907)	-
	<u>(33,308)</u>	<u>823,969</u>
Cash (used) provided by financing activities		
Effect of exchange rate changes of cash	(16,715)	11,969
Net change in cash position	35,135	260,824
Beginning cash position	260,824	-
Ending cash position	\$ 295,959	\$ 260,824

*See independent auditors' report and accompanying notes to the financial statements.*

## **TAPSNAP VENTURES, INC.**

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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#### Note 1      Operations

---

TapSnap Ventures Inc. (the Company) is a franchisor offering a proprietary photo booth business opportunity internationally. The Company's head office is based in Vancouver, BC. The Company had 7 and 4 operating franchises in Canada at June 30, 2014 and 2013, respectively. The Company had 113 and 37 operating franchises in the United States at June 30, 2014 and 2013, respectively. The Company sold 3 franchises in Canada and 76 in the United States in the 2014 fiscal year.

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#### Note 2      Accounting Policies

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##### **Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

##### **Foreign Currencies**

The functional currency of the Company's operations is the Canadian dollar. The financial statements of the Company have been translated into U.S. dollars. Assets and liabilities recorded in Canadian dollars are translated at the exchange rate at the balance sheet date. Revenues and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are recorded to other comprehensive income. Foreign currency translation adjustments resulted in losses of \$16,715 for the year ended June 30, 2014. Foreign currency translation adjustments resulted in gains of \$11,969 for the year ended June 30, 2013.

Foreign currency gains resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled \$46,053 and \$25,991 for the years ended June 30, 2014 and 2013, respectively.

##### **Cash and Cash Equivalents**

The Company considers all unrestricted highly-liquid investments with original maturities not exceeding three months at the date of purchase to be cash equivalents for the purposes of the statements of cash flows.

##### **Accounts Receivable**

Accounts receivable arise primarily from equipment sales to franchisees. Receivables from franchisees are generally unsecured. Management considers all receivables to be fully collectible, therefore no allowance for doubtful accounts has been provided for the years ended June 30, 2014 and 2013. The Company establishes the allowance based on a periodic review of the receivables.

##### **Inventory**

Inventory is valued at the lower of cost or net realizable value on a specific identification basis. Inventory consists of finished photo booth kiosks, parts for their assembly, apparel and other promotional inventory.

*See independent auditor's report.*

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## **TAPSNAP VENTURES, INC.**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

---

Note 2      Accounting Policies (continued)

---

### **Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Equipment and furniture is depreciated over the expected useful lives of the individual assets using the declining balance method with a rate of 20%. Computer equipment is depreciated over the expected useful lives of the individual assets using the declining balance method with a rate of 45%.

### **Website Development**

The Company accounts for website development costs in accordance with FASB ASC 350-50, "Website Development Costs". Cost incurred to register domain names, integrate databases and add additional functionality or features to the website are capitalized and are amortized over the expected useful live using the declining balance method with a rate of 30%. Costs incurred in general maintenance of the website or hosting costs, are expensed as incurred. Accumulated amortization as of June 30, 2014 and 2013 was \$12,799 and \$4,814, respectively.

### **Income Taxes**

The accounting for income taxes requires an asset and liability approach. Deferred income tax assets and liabilities are provided to recognize the expected future tax consequences of temporary difference between the basis of assets and liabilities for book and tax purposes. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Management evaluates its income tax positions on a regular basis and believes it has taken no significant uncertain tax positions that could result in additional taxes to the Company. The Company has not recognized any interest or penalties associated with uncertain tax positions. All income tax returns filed remain subject to examination by revenue agencies.

### **Revenue Recognition**

Royalty fees are based on a fixed percentage of sales earned by the franchise locations. Fees are recorded as revenue as the fees are earned and become receivable from the franchisee.

Initial franchise fee revenue is recognized when substantially all initial services required by the agreement have been performed, no material obligations or conditions remain, and collectability is reasonably assured.

### **Advertising and Promotion**

The Company expenses advertising and promotion costs as they are incurred. Advertising and promotion expense for the years ended June 30, 2014 and 2013 was \$594,096 and \$375,510, respectively.

### **Shipping and Handling**

Freight billed to customers is considered revenue and the related freight costs as a cost of goods sold.

## **TAPSNAP VENTURES, INC.**

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

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Note 2      Accounting Policies (continued)

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#### **Concentration of Risks**

##### Credit risk

The Company's credit risk is primarily attributable to accounts receivable. The Company will be subject to the risks associated with changes in general and foreign economic conditions and with the change in credit and financial stability of the Company's customers.

The Company minimizes the risk of credit loss by evaluating each customer's financial viability and by limiting the amount of credit extended. Management believes that the credit risk associated with these financial instruments is not significant.

The Company had two major franchisees that accounted for 24% of the accounts receivable balance as of June 30, 2014. The Company had four major franchisees that accounted for 89% of the accounts receivable balance as of June 30, 2013.

##### Foreign currency risk

A significant portion of the Company's revenues occur in foreign currencies (US dollar) and the Company is therefore exposed to risk from currency fluctuations.

#### **Legal Matters**

The Company may be party to various legal claims, actions, and complaints in the normal course of business. The Company assesses potential liabilities and disclosures with these legal matters under FASB ASC 450. The Company accrues an estimated loss for these contingencies if both the following conditions are met: information available prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Company discloses contingencies where there is at least a reasonable possibility that a loss or additional loss in excess of amounts accrued may have occurred. The Company has determined that no contingencies exist as of the date of these financial statements that require accrual or disclosure. The Company expenses legal costs as incurred.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported balances for assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Assumptions are based on a number of factors, including historical experience, current events and actions that the Company may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. Assumptions for asset valuations are limited by the availability of reliable comparable data and uncertainty of predictions concerning the future. Estimated net realizable values may change by a material amount if the underlying assumptions change.

#### **Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

*See independent auditor's report.*

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## TAPSNAP VENTURES, INC.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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Note 2 Accounting Policies (continued)

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### Subsequent Events

Management has reviewed subsequent events through October 30, 2014, the date which the report was available to be issued.

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Note 3 Restricted Cash

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In compliance with the State of Maryland, the Company must hold initial franchise fees collected from franchisees located in Maryland in an escrow account. Funds in the escrow account will only be released upon completion by the franchisor of its pre-opening obligations to the franchisee. The balance of the escrow account was \$70,839 as of June 30, 2014.

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Note 4 Franchising

---

The Company executes franchise agreements that set the terms of its arrangements with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$17,500 (USD). The franchise agreements also require the franchisee to pay continuing fees based upon a percentage of sales. Franchise fees are broken into three parts: royalty, call centre and branding. Subject to the company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon expiration. Initial franchise fees included in revenue totaled \$1,582,325 and \$490,000 for the years ended June 30, 2014 and 2013, respectively.

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Note 5 Advances - Branding Fund

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The Company has established a Branding fund for the purpose of increasing value to the brand through uniform advertising and promotion. Franchisees contribute a percentage of Event Fees to the fund. The company directs all programs financed by the Branding fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Company may spend, on behalf of the Branding fund, in any fiscal year an amount greater or less than the aggregate contribution of all franchisees to the Branding fund in that year. The Company advanced marketing costs for the years ended June 30 in excess of fees collected as follows:

	<u>2014</u>	<u>2013</u>
Opening balance	\$ 67,826	\$ -
Franchise marketing expense	282,905	69,502
Branding fees collected from franchisees	<u>(59,001)</u>	<u>(1,676)</u>
Branding fund at June 30	<u>\$ 291,730</u>	<u>\$ 67,826</u>

See independent auditor's report.

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**TAPSNAP VENTURES, INC.**NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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**Note 6 Property and Equipment**

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	<u>2014</u>	<u>2013</u>
Equipment and furniture	\$ 31,694	\$ 11,597
Computer equipment	<u>1,242</u>	<u>-</u>
	32,936	11,597
Accumulated depreciation	<u>(5,504)</u>	<u>(1,160)</u>
Net book value	<u>\$ 27,432</u>	<u>\$ 10,437</u>

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**Note 7 Product Development Costs**

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The Company internally develops software that it markets to franchisees through licensing of software. Costs incurred related to the development of software to be licensed prior to technological feasibility are expensed. Once the Company concludes that technological feasibility is obtained, all subsequent development costs are capitalized and reported at the lower of unamortized cost or net realizable value. Amortization is computed on an individual product basis over the estimated economic life of the product using the declining balance method with a rate of 30%. Capitalized software development and other product development costs in the accompanying balance sheets as of June 30 were as follows:

	<u>2014</u>	<u>2013</u>
Software development	\$ 596,157	\$ 379,154
Hardware development	<u>27,267</u>	<u>22,594</u>
	623,424	401,748
Accumulated amortization	<u>(194,386)</u>	<u>(60,263)</u>
Net book value	<u>\$ 429,040</u>	<u>\$ 341,485</u>

---

**Note 8 Accounts Payable and Accrued Liabilities**

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	<u>2014</u>	<u>2013</u>
Accounts payable - trade	\$ 267,584	\$ 91,010
Due to government agencies	<u>6,341</u>	<u>2,015</u>
	<u>\$ 273,925</u>	<u>\$ 93,025</u>

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**Note 9 Related Party Transactions and Balances**

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The Company is a wholly owned subsidiary of 0740246 BC Ltd. Payables to 0740246 BC Ltd. are unsecured, non-interest bearing and without fixed terms of repayment. On June 30, 2014 and 2013 the inter-company loan balance was \$1,221,594 and \$1,102,995, respectively.

The Company has a month to month lease with 0740246 BC Ltd. Rent amounts paid for the years ended June 30, 2014 and 2013 were \$94,610 and \$48,516.

*See independent auditor's report.*

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## TAPSNAP VENTURES, INC.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

### Note 10 Share Capital

Authorized:

Unlimited	Class "A" voting common shares without par value
Unlimited	Class "B" voting common shares without par value
Unlimited	Class "C" non-voting common shares without par value
Unlimited	Class "A" preferred shares with a par value of \$0.001 each
Unlimited	Class "B" preferred shares without par value
Unlimited	Class "C" preferred shares without par value
Unlimited	Class "D" preferred shares without par value

Issued and fully paid:	<u>2014</u>	<u>2013</u>
100 Class "A" voting common shares without par value	<u>\$ 1</u>	<u>\$ 1</u>

### Note 11 Income Taxes

The details of deferred tax liabilities (assets) for the Company are set forth below:

	<u>2014</u>	<u>2013</u>
Deferred tax liabilities:		
Property and equipment	<u>\$ 16,117</u>	<u>\$ -</u>
Gross deferred tax liabilities	<u>16,117</u>	<u>-</u>
Deferred tax assets:		
Net operating loss carryforwards	-	(26,693)
Deferred tax asset valuation allowance	-	26,693
Net deferred tax assets	-	-
Net deferred tax liabilities	<u>\$ 16,117</u>	<u>\$ -</u>

The tax provision differs from the expense that would result from applying statutory rates to income before income taxes because of items such as non-deductible meals and entertainment expenses, small business tax credits and benefits of loss operating carryforwards.

### Note 12 Prior Period Adjustments

The Company has restated its previously issued financial statements for 2013 to primarily reflect the correction of errors related to the classification of gain resulting from the translation of its financial statements from the Company's functional currency to U.S. dollars. Accounting principles generally accepted in the United States of America require these foreign currency translation gains and losses be included in other comprehensive income (loss) and reported as a separate component of shareholder's equity. The Company included the translation adjustments in net loss and accumulated deficit in previously issued financial statements.

Accumulated deficit at July 1, 2013 has been adjusted for the error described above as well as immaterial errors related to the calculation of translation gains in the prior year. The cumulative effect of the adjustment decreases beginning accumulated deficit at July 1, 2013 by \$7,527. In addition, transaction gains were included in revenues in previously issued statements but have been reclassified to conform to current year presentation.

See independent auditor's report.

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**TAPSNAP VENTURES, INC.**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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Note 12 Prior Period Adjustments (continued)

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The effect of the correction of these errors on certain prior period amounts is as follows:

	<u>As previously stated</u>	<u>Restated</u>
Revenue, net:	\$ 1,516,077	\$ 1,482,599
Foreign transaction gain	-	25,991
Net loss	200,210	207,737
Foreign translation adjustment	-	11,969
Other comprehensive loss	-	195,768

See independent auditor's report.

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**TAPSNAP VENTURES, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**

June 30, 2013



**CERTIFIED PUBLIC ACCOUNTANTS**  
LISTENING THINKING LEADING

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**INDEPENDENT AUDITORS' REPORT**

To the Shareholders  
TapSnap Ventures, Inc.  
Richmond, British Columbia, Canada

We have audited the accompanying financial statements of TapSnap Ventures, Inc., which comprise the balance sheet as of June 30, 2013, and the related statements of earnings and accumulated deficit, and cash flows for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TapSnap Ventures, Inc., as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*VSH PLLC*

Bellingham, Washington  
November 7, 2013

Certified Public Accountants  
Professional Limited Liability Company  
Registered Investment Advisors

**TAPSNAP VENTURES, INC.**

## STATEMENT OF EARNINGS AND ACCUMULATED DEFICIT

For the year ended June 30, 2013

(Expressed in U.S. Dollars)

		%
Revenue	\$ 1,516,077	100.0
Cost of goods sold	793,923	52.4
Gross earnings	722,154	47.6
Expenses		
Advertising and promotion	375,510	24.8
Wages and benefits	242,623	16.0
Depreciation and amortization	69,628	4.6
Consulting	62,269	4.1
Rent and occupancy	51,244	3.4
Professional services	46,443	3.1
Travel	25,990	1.7
Office	18,405	1.2
Automobile	11,512	0.8
Telephone	9,574	0.6
Bank charges	9,166	0.6
Total expenses	922,364	60.9
Net loss	(200,210)	(13.2)
Accumulated deficit, beginning	(38,013)	
Accumulated deficit, ending	\$ (238,223)	

*See auditor's report and accompanying notes to the financial statements.*

## TAPSNAP VENTURES, INC.

BALANCE SHEET  
For the year ended June 30, 2013  
(Expressed in U.S. Dollars)

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ASSETS	
Current	
Cash	\$ 260,827
Accounts receivable	124,889
Inventory (Note 4)	260,454
Prepaid expenses	<u>13,794</u>
Total current assets	659,964
Advances - Branding fund (Note 5)	67,826
Property and equipment (Note 6)	375,812
Premises lease deposit	<u>8,456</u>
<b>Total assets</b>	<b>\$ 1,112,058</b>
LIABILITIES	
Current	
Accounts payable and accrued liabilities (Note 7)	\$ 94,079
Deferred revenue	<u>153,206</u>
	247,285
Due to Shareholder (Note 8)	<u>1,102,995</u>
<b>Total liabilities</b>	<b>1,350,280</b>
SHAREHOLDER'S EQUITY	
Share capital (Note 9)	1
Accumulated deficit	<u>(238,223)</u>
<b>Total shareholders' equity</b>	<b>(238,222)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,112,058</b>

---

See auditor's report and accompanying notes to the financial statements.

**TAPSNAP VENTURES, INC.**STATEMENT OF CASH FLOWS  
For the year ended June 30, 2013  
(Expressed in U.S. Dollars)

---

Cash flows related to operating activities	
Net loss	\$ (200,210)
Non-cash item:	
Depreciation and amortization	<u>69,628</u>
	(130,582)
Changes in non-cash working capital:	
Accounts receivable	(124,889)
Inventory	(260,454)
Prepaid expenses	(13,794)
Advances- branding fund	(67,826)
Accounts payable and accrued liabilities	94,079
Deferred revenue	<u>153,206</u>
Cash used in operating activities	<u>(350,260)</u>
Cash flows related to investing activities	
Acquisition of property and equipment	(204,427)
Collection of subscription receivable	1
Deposits	<u>(8,456)</u>
Cash used in investing activities	<u>(212,882)</u>
Cash flows related to financing activities	
Due to shareholder	<u>823,969</u>
Cash provided by financing activities	<u>823,969</u>
Net change in cash position	<u>\$ 260,827</u>
Ending cash position	<u>\$ 260,827</u>

---

*See auditor's report and accompanying notes to the financial statements.*

## **TAPSNAP VENTURES, INC.**

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2013

---

Note 1      Operations

---

TapSnap Ventures Inc. (the Company) is a franchisor offering a proprietary photo booth business opportunity internationally. The Company's head office is based in Vancouver, BC. The Company has 4 operating franchises in Canada and 37 in the United States.

---

Note 2      Summary of Significant Accounting Policies

---

### **Cash and Cash Equivalent**

Cash Equivalents are all highly-liquid investments with original maturities not exceeding three months at the date of purchase.

### **Inventory**

Inventory is valued at the lower of cost or net realizable value.

### **Accounts Receivable**

Accounts receivable arise primarily from equipment sales to franchisees. Receivables from franchisees are generally unsecured. Management considers all receivables to be fully collectible, therefore no allowance for doubtful accounts has been provided for the year ending June 30, 2013. The Company establishes the allowance based on a periodic review of the receivables.

### **Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Furniture and equipment is depreciated over the expected useful lives of the individual assets using the declining balance method with a rate of 20%. Software development, hardware development and website are depreciated over the expected useful lives of the individual assets using the declining balance method with a rate of 30%. Repair and maintenance expenditures which do not extend useful life are expensed as incurred.

### **Foreign Exchange Gain or Loss**

The amount of net foreign exchange gain was \$17,246 for the year ended June 30, 2013.

### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported balances for assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Assumptions are based on a number of factors, including historical experience, current events and actions that the Company may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. Assumptions for asset valuations are limited by the availability of reliable comparable data and uncertainty of predictions concerning the future. Estimated net realizable values may change by a material amount if the underlying assumptions change.



## **TAPSNAP VENTURES, INC.**

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2013

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Note 2      Summary of Significant Accounting Policies (continued)

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### **Marketing**

The Company expenses marketing costs as they are incurred.

### **Financial Instruments**

The Company's financial instruments consist of cash, accounts receivable and accounts payable. The fair value of these financial instruments approximate their carrying values because of the short period until receipt or payment of cash. The Company does not hold or issue financial instruments for trading purposes, nor utilize derivative instruments.

### **Revenue Recognition**

Royalty fees are based on a fixed percentage of sales earned by the franchise locations. Fees are recorded as revenue as the fees are earned and become receivable from the franchisee.

Initial franchise fee revenue is recognized when substantially all initial services required by the agreement have been performed, no material obligations or conditions remain, and collectability is reasonably assured.

### **Income Taxes**

The Company uses the taxes payable method to record income taxes. Only current income taxes are recorded based on the determination of the income taxes for the current year, plus any income tax recoveries as a result of carrying back losses to a previous year.

### **Concentration of Credit Risk**

The Company had four major franchisees that accounted for 89% of the accounts receivable balance as of June 30, 2013.

### **Legal Matters**

The Company may be party to various legal claims, actions, and complaints in the normal course of business. The Company assesses potential liabilities and disclosures with these legal matters under FASB ASC 450. The Company accrues an estimated loss for these contingencies if both the following conditions are met: information available prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Company discloses contingencies where there is at least a reasonable possibility that a loss or additional loss in excess of amounts accrued may have occurred. The Company has determined that no contingencies exist as of the date of these financial statements that require accrual or disclosure. The Company expenses legal costs as incurred.

### **Subsequent Events**

Management has reviewed subsequent events through November 5, 2013, the date which the report was available to be issued.

## TAPSNAP VENTURES, INC.

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2013

---

Note 3 Franchising

---

The Company executes franchise agreements that set the terms of its arrangements with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of \$5,000 - \$15,000 (USD). The franchise agreements also require the franchisee to pay continuing fees based upon a percentage of sales. Franchise fees are broken into three parts: royalty, call centre and branding. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon expiration.

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Note 4 Inventory

---

Consists of finished photo booth kiosks, parts for their assembly, apparel and other promotional inventory.

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Note 5 Branding fund

---

The Company has established a Branding fund for the purpose of increasing value to the brand through uniform advertising and promotion. Franchisees contribute to the fund on a percentage of Event Fees. The Company directs all programs financed by the Branding fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Company may spend, on behalf of the Branding fund, in any fiscal year an amount greater or less than the aggregate contribution of all franchisees to the Branding fund in that year. The Company advanced marketing costs for the year ended June 30, 2013 in excess of fees collected as follows:

Franchise marketing expenses	\$ 69,502
Branding fees collected from franchisees	<u>(1,676)</u>
Advances - Branding Fund at June 30, 2013	<u>\$ 67,826</u>

---

Note 6 Property and equipment

---

Equipment	\$ 11,597
Product development - hardware and software	401,747
Website, online store	<u>32,096</u>
	445,440
Accumulated depreciation	<u>(69,628)</u>
Net book value	<u>\$ 375,812</u>

---

Note 7 Accounts payable and accrued liabilities

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Accounts payable - trade	\$ 94,079
Due to government agencies	<u>2,118</u>
	<u>\$ 96,197</u>

## TAPSNAP VENTURES, INC.

NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2013

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Note 8      Related party transactions and balances

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The Company is a wholly owned subsidiary of 0740246 BC Ltd. Payables to 0740246 BC Ltd. are unsecured, non-interest bearing and without fixed terms of repayment. On June 30, 2013 the inter-company loan balance was \$1,102,995.

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Note 9      Share capital

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Authorized:

Unlimited	Class "A" voting common shares without par value
Unlimited	Class "B" voting common shares without par value
Unlimited	Class "C" non-voting common shares without par value
Unlimited	Class "A" preferred shares with a par value of \$0.001 each
Unlimited	Class "B" preferred shares without par value
Unlimited	Class "C" preferred shares without par value
Unlimited	Class "D" preferred shares without par value

Issued and fully paid:

100	Class "A" voting common shares without par value	<u>\$ 1</u>
-----	--	-------------



CERTIFIED PUBLIC ACCOUNTANTS

LISTENING THINKING LEADING

vshcpa.com

MAIN OFFICE

Phone: 360.734.8715 Toll Free: 877.634.8715 Fax: 360.738.1176  
2200 Rimland Drive, Suite #205, Bellingham, WA 98226

SOUTH SURREY OFFICE

Phone: 604.531.6638  
Suite 404, 1688 152 Street, Surrey, BC V4A 4N2

INDEPENDENT AUDITORS' REPORT

To the Shareholder  
TapSnap Ventures, Inc.

We have audited the accompanying balance sheet of TapSnap Ventures, Inc., as of July 1, 2012, and the related notes (the financial statement).

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

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

**Auditor's Responsibility**

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

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

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 statement referred to above presents fairly, in all material respects, the financial position of TapSnap Ventures, Inc. as of July 1, 2012 in accordance with accounting principles generally accepted in the United States of America.

VSH PLLC

Bellingham, Washington  
July 30, 2013

Certified Public Accountants  
Professional Limited Liability Company  
Registered Investment Advisors

**TAPSNAP VENTURES, INC.**  
**(A Development Stage Company)**

BALANCE SHEET  
As at July 1, 2012

*Audited - See Independent Auditors' Report*

**ASSETS**

Subscriptions receivable	\$	1
Internal-use software (Note 3)		<u>241,013</u>

**TOTAL ASSETS** \$ 241,014

**LIABILITIES**

Due to 0740246 BC Ltd. (Note 4)	\$	279,026
---------------------------------	----	---------

**SHAREHOLDER'S EQUITY**

Share capital

Authorized:

Unlimited	Class "A" Voting Common Shares without par value
Unlimited	Class "B" Voting Common Shares without par value
Unlimited	Class "C" Non-Voting Common Shares without par value
Unlimited	Class "A" Preferred Shares with a par value of \$0.001 each
Unlimited	Class "B" Preferred Shares without par value
Unlimited	Class "C" Preferred Shares without par value
Unlimited	Class "D" Preferred Shares without par value

Issued:

100	Class "A" Voting Common Shares without par value	1
-----	--	---

Accumulated deficit, including deficit accumulated during the development stage of \$38,013		<u>(38,013)</u>
---	--	-----------------

**TOTAL LIABILITIES & SHAREHOLDER'S EQUITY** \$ 241,014

---

TAPSNAP VENTURES, INC.  
A DEVELOPMENT STAGE COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
July 1, 2012

*Audited – See Independent Auditors' Report*

---

**Note 1 Operations**

---

TapSnap Ventures, Inc., a development stage company (the Company), is a franchisor of automated photobooth terminals. The Company's head office is based in Vancouver, BC.

---

**Note 2 Development Stage Company**

---

The Company is a development stage company as defined by FASB ASC 915. The Company is devoting substantially all of its efforts on establishing the business and its planned principal operations have not commenced. Any losses accumulated since inception are considered as part of the Company's development stage activities.

---

**Note 3 Accounting Policies**

---

**Foreign currency translation**

The functional currency of the Company is the Canadian dollar. The balance sheet has been translated into U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Revenue and expense items are translated at the average rate of exchange for the fiscal year. Foreign currency translation gains or losses are recorded in income in the period in which they occur.

**Use of estimates**

Financial statements prepared require management to make estimates and assumptions that affect the reported balances for assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Assumptions are based on a number of factors, including historical experience, current events and actions that the Company may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. Assumptions for asset valuations are limited by the availability of reliable comparable data and uncertainty of predictions concerning the future. Estimated net realizable values may change by a material amount if the underlying assumptions change.

**Revenue recognition**

Revenue of initial franchise fees is recognized when substantial performance of services have been performed and when collection of the franchise fee is reasonably assured. Continuing franchise fee revenue is recognized when earned and receivable from the franchisee for continued rights granted by the franchise agreement. No right of return or exchange privileges are granted, and accordingly, no provision for sales allowances or returns is recorded.

**TapSnap™**  
**EXHIBIT F**

MANUAL'S TABLES OF CONTENTS

The contents of this manual are protected by Copyright and any unauthorized copying of this manual or any part thereof is an infringement of the Copyright which belongs to TapSnap™ Ventures, Inc.



Copyright 2013

# Pre-Opening Manual



**“Revolutionary Phototainment System”**



## CONFIDENTIALITY

The contents of this Pre-Opening Manual are confidential and constitute trade secrets, which are the sole and exclusive property of **TapSnap™ Ventures, Inc.**

This Pre-Opening Manual is provided to franchisees of **TapSnap™ Ventures, Inc.** in strictest confidence.

The Franchisee acknowledges and understands that this Manual is the sole and exclusive property of **TapSnap™ Ventures, Inc.** and that it must be returned forthwith to **TapSnap™ Ventures, Inc.**, upon the expiration or termination of the Franchise Agreement for any reason.

The Franchisee further acknowledges and understands that it is a violation of the Franchise Agreement to allow the contents of this Manual to be reproduced in whole or in part or to allow this Manual to be used for any purposes other than those intended.

The Franchisee agrees to maintain this Manual in a safe place with controlled access.

Please sign both copies of the *Pre-Opening Manual Acknowledgement*, return one copy to us and retain one copy with this Manual.

**PRE-OPENING MANUAL ACKNOWLEDGMENT**

**THE CONTENTS OF THIS MANUAL ARE CONFIDENTIAL AND THE PROPERTY OF TAPSNAP™ VENTURES, INC. AND ARE NOT TO BE DISCLOSED TO ANYONE OUTSIDE THE TAPSNAP™ FRANCHISE SYSTEM.**

As a TapSnap™ franchisee this Manual is loaned to you for your own confidential and personal use. The provisions of this Manual constitute provisions of your franchise agreement with TapSnap™ Ventures, Inc. In consideration of receipt of this Manual, please sign in the space provided and retain a copy of this form in the front of your manual.

The Manual and its contents are proprietary and confidential and must be returned to TapSnap™ Ventures, Inc. upon request.

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchise Market Area

\_\_\_\_\_  
Date

\_\_\_\_\_  
Manual

No.

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# TAPSNAP™

TapSnap™ Software Manual

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**EXHIBIT G**

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**LIST OF STATE AGENCIES/AGENTS**

**FOR SERVICE OF PROCESS**

**10.31.2014**

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Our registered agent in the Province of British Columbia is:

Scott McInnes  
140-890 Harbourside Drive  
North Vancouver, BC V7P 3T7  
Canada

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Business Oversight 1-800-ASK-CORP (275-2677) <b>Los Angeles</b> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013 (213) 576-7500 <b>Sacramento</b> 1515 K Street South Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 <b>San Francisco</b> 71 Stevenson Street Suite 2100 San Francisco, CA 94105 (415) 972-8559	
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Rm 203 Honolulu, HI 96813	
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Division Office of Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202	
Michigan	Consumer Protection Division Franchise Section P.O. Box 30213 Lansing, MI 48909	
Minnesota	Minnesota Dept. of Commerce 85 7 <sup>th</sup> Place East Suite 500 St Paul, MN 55101	

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	New York State Dept. of Law 120 Broadway, 23rd Floor New York, NY 10271	Secretary of State State of New York 41 State Street Albany, NY 12207
North Dakota	Office of Securities Commission Fifth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Dept. of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Franchise Office John O. Pastore Office Complex 1511 Pontiac Ave., Bldg. 69-1 Cranston, RI 02910	
South Dakota	Dept. of Revenue and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main St., 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033	Dept. of Financial Institutions General Administration Bldg. Securities Div. 3rd Floor West 210 11th Avenue, SW Olympia, WA 98504
Wisconsin	Dept. of Financial Institutions Division of Securities 4 <sup>th</sup> Floor 345 W. Washington Avenue Madison, WI 53703	

**EXHIBIT H**  
COMPLIANCE QUESTIONNAIRE

## FORM OF FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement.** Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. You had your first conversation with our representative on: \_\_\_\_\_, 20\_\_.
  2. Have you received and personally reviewed our Franchise Agreement and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  3. Did you receive the Franchise Agreement, and each related agreement, containing all material terms?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- \* This does not include changes to any agreement arising out of negotiations you initiated with us.
4. Do you understand all of the information contained in the Franchise Agreement, and each Addendum (if any) and related agreement provided to you?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  5. Have you received and personally reviewed our Franchise Disclosure Document (“FDD”) that was provided to you?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  6. Did you sign a receipt for the FDD?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  7. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  8. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?  
Yes \_\_\_\_\_ No \_\_\_\_\_
  9. Do you understand that the success or failure of your TapSnap™ Franchise will depend in large part upon your skills and abilities?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a TapSnap™ Franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a TapSnap™ Franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a TapSnap™ Franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. If you have answered "Yes" to any one of questions 10-13, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

---

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15. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the TapSnap™ Franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?\*

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Rate your experience in purchasing a TapSnap™ Franchise on a 1 to 10 scale 1 being a poor experience and 10 being a great experience.

Additional Comments -

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---

*[Signature Page Follows]*

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the “**Franchisee Applicant**” constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE APPLICANT:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 201\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 201\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 201\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 201\_\_  
Date

*[Signature Page to TapSnap™ Franchise Compliance Certification]*



**EXHIBIT I**  
**LIST OF FRANCHISEES**

**Franchisees as of June 30, 2014**

**ARIZONA**

RCS Entertainment, LLC  
Candace Sawa  
7002 W Lone Cactus,  
Glendale, AZ 85308  
888.242.5712 1085

**CALIFORNIA**

KPAW Inc.  
Kristen Welch  
69 Sunol St  
San Jose, CA 95126  
888.242.5712 1050

Sandy Entertainment  
Peter Sandy  
1076 Buena Vista Way,  
Carlsbad, CA 92008  
888.242.5712 1072

RM Kidd LLC  
Ryan Kidd  
222 Hartford Dr,  
Lodi, CA 95240  
888.242.5712 1046

PhotoAlameda  
Harihar Jubanputra  
188 Ellsworth Terrace,  
Fermont, CA 94539  
888.242.5712 1122

I Love Movies LLC  
Andy Fuoco  
600 Forest Meadows Drive,  
Murphys, CA 95247  
888.242.5712 1048

Pattah Enterprises, LLC  
Nadia Daood  
10464 Celestial Waters Dr,  
Spring Valley, CA 91977  
888.242.5712 1090

Sparkling Pinnacle, LLC  
Cameron Clark  
7226 Durango Circle,  
Carlsbad, CA 92011  
888.242.5712 1079

TapSnap OC  
Nadia Gammoh  
18192 Joel Brattain Drive,  
Yorba Linda, CA, 92865  
888.242.5712 1108

Snapshare Ventures  
Vandana Bhrugumalla  
43548 Ocaso Ct,  
Fremont, CA 94539  
888.242.5712 1051

**COLORADO**

TMK Properties  
Tyler Kidd  
#313-10181 Park Meadows Dr.  
Lone Tree, CO 80124  
888.242.5712 1025

**CONNECTICUT**

Choice Entertainment, LLC  
Ray Villaflor  
PO Box 1101,  
Fairfield, CT 06825  
888.242.5712 1053

Photo Kinect LLC  
Tim McAuley  
78 Horse Tavern Rd,  
Trumbull, CT 06611  
888.242.5712 1049

Fotofun of Connecticut, LLC  
Lisa Bawlick  
91 Still Road  
Oxford, CT 06478  
888.242.5712 1030

**DELAWARE**

Snapchat Entertainment LLC  
Miquel McDonald  
1526 Villa Rd,  
Wilmington, DE 19809  
888.242.5712 1091

Metz Enterprise, LLC  
Eric Metz  
364 Main Street Suite 555  
Middletown, DE 19709  
888.242.5712 1020

**FLORIDA**

Vines Entertainment, LLC  
Blenda Vines  
2926 Parklake Dr,  
Bradenton, FL 34209  
888.242.5712 1113

WST Productions, Inc.  
Gian Recondo  
15582 SW54 CT  
Miramar, FL 33027  
888.242.5712 1029

TS Orlando LLC  
Kristina Oumedlouz  
15324 Firelight Drive,  
Winter Garden, FL 34787  
888.242.5712 1123

Open Air Photo Entertainment  
Nick Liantonio  
1520 Canopy Pasture Drive  
St. Cloud, FL 34771  
888.242.5712 1014

Suncoast Media Services, LLC  
Glenn Lepore  
29313 Caddyshack Lane,  
San Antonio, FL 33576  
888.242.5712 1057

Largo Entertainment  
Ralph Krugler  
1381 SW 14<sup>th</sup> St.  
Boca Raton, FL 33486  
888.242.5712 1038

F.S.G Entertainment  
Anne Jackson  
5443 Barbados Sq.  
Vero Beach, FL 32967  
888.242.5712 1028

Healy Enterprises  
Amber Healy  
3106 Shelly Way,  
Palm Springs, FL 33461  
888.242.5712 1055

Forever Photos, Inc  
Andy Lamb  
2136 Blue Iris Pl,  
Longwood, FL 32779  
888.242.5712 1084

Photo Fun at Your Event  
Deb Fry  
19239 N. Dale Mabry Hwy, Suite 139  
Lutz, FL 33548  
888.242.5712 1018

Skagit Dreams  
Katheran Frank  
561 SW 63rd Ter.  
Plantation, FL 33317  
888.242.5712 1047

H.M. Mist Co. Inc  
Steve Beck  
304 Andover Crt.  
Boynton Beach, FL 33436  
888.242.5712 1098

### **GEORGIA**

Big Picture Events, LLC  
Bruce York  
415 De Malle, Ct.  
Johns Creek, GA 30022  
888.242.5712 1103

GAARN360, LLC  
Louis Montoya  
5430 Estate View Trace  
Suwanee, GA 30024  
888.242.5712 1036

Phototainer Group LLC  
Susan Howard  
512 Vinings Oaks Run  
Mableton, GA 30126  
888.242.5712 1056

Perfect 11, LLC  
Nicole Harmon  
2739 Stillwater Lake Ln  
Marietta, GA 30066  
888.242.5712 1099

Instant Print And Post Event Pics, LLC  
Thomas Goble  
789 Hammond Dr, Apt 1202  
AtlantA, GA 30328  
888.242.5712 1124

**IDAHO**

North West Event Photo  
Richard Weis  
29763 N. Goodhope Rd.  
Athol, ID 83801  
888.242.5712 1024

Holt Entertainment Inc  
James Holt  
1980 Filer Ave.  
Twin Falls, ID, 83301  
888.242.5712 1102

**ILLINOIS**

Sheridan Phototainment, Inc  
Fred Skeppstrom  
430 Rodge Rd.  
Wilmette, IL 60091  
888.242.5712 1077

BENO Entertainment Inc.  
Barry McDonald  
10947 Lentfer Court  
Orland Park, IL 60467  
888.242.5712 1031

Carrico Enterprises LLC  
Michael Carrico  
422 Grant PL.  
Park Ridge, IL 60068  
888.242.5712 1082

**INDIANA**

Magic Photo Tablet Inc  
Chuck Reed  
9842 Wind River Run  
McCordsville, IN 46055  
888.242.5712 1052

Fun Photo Events, LLC  
Brad Highland  
1625 Bennington Dr.  
Mishawaka, IN, 46544  
888.242.5712 1114

**KANSAS**

Smile, LLC  
Rogier Chapon  
13668 Highland Springs Court  
Wichita, KS 67235  
888.242.5712 1010

**KENTUCKY**

Lexevents, LLC  
Billy Wedgworth  
3673 White Pine Dr.  
Lexington, KY 40514  
888.242.5712 1125

**LOUISIANA**

Events Pic, LLC  
Ryan Wooley  
Suite 213, 2031 Kings Highway  
Shreveport, LA 71103  
888.242.5712 1015

Screenshot Innovations, LLC

Kyle Isom  
2405 Nye St.  
West Monroe, LA, 71291  
888.242.5712 1066

eMedia Moments, LLC

Lesley Duke  
PO Box 13  
Princeton, LA 71067  
888.242.5712 1026

Photo Intelligence Entertainment, LLC

Matt Henry  
1300 B S. Hugh Wallis Rd.  
Lafayette, LA 70508  
888.242.5712 1092

**MAINE**

Cinam, Inc  
Pamela Dube  
120 Hill Street Unit 2  
South Portland, ME 04106  
888.242.5712 1076

**MARYLAND**

Digital Magic Phototainment, Inc.  
Stanley Segawa  
6390 Windharp Way  
Columbia, MD 21045  
888.242.5712 1119

KJC Events LLC  
John Dollymore  
17600 Shamrock Dr,  
Olney, MD 20832  
888.242.5712 1116

**MASSACHUSETTS**

RLP, LLC  
Bob Petipas  
12 Highland Ave.  
West Boylston, MA 01583  
888.242.5712 1059

5 C Entertainment  
Chuck Coughlin  
36 Mohawk Dr.  
Tewksbury, MA 01876  
888.242.5712 1118

Photofun LLC  
Sheryl Cheney  
501 Mountain Rd  
Wilbraham, MA 01095  
888.242.5712 1033

Paytime Ventures LLC.  
Rauny Baez  
36 Williams Ave.  
Boston, MA 02136  
888.242.5712 1022

**MICHIGAN**

Lousia Entertainment, LLC  
Raymond Lousia  
1453 Beachland Blvd.  
Keego Harbor, MI 48320  
888.242.5712 1027



Sharp Studios Co  
Kimberly Kruse  
9713 Peer Rd.  
South Lyon, MI, 48178  
888.242.5712 1096

**MISSOURI**

Happi Andi, Inc  
Andrea Grupa  
20546 Contry Road 286  
St. Joseph, MO 64505  
888.242.5712 1065

**NEBRASKA**

Great Planes Media, Inc.  
Paul Aaron  
10610 S. 232<sup>nd</sup> Street  
Omaha, NE 68028  
888.242.5712 1032

**NEVADA**

Thomas Entertainment, LLC  
Jeff Thomas  
273 Pointe Ranier Ave.  
Henderson, NV 89012  
888.242.5712 1089

**NEW HAMPSHIRE**

Berube-Peters Media Enterprises LLC  
Pamela Peters  
20 S. New Boston Rd.  
Francestown, NH 03043  
888.242.5712 1044

Snappin' Spirit, LLC  
Michelle Mailloux  
Apt 3-101 Front St.  
Exeter, NH, 03833  
888.242.5712 1054

**NEW JERSEY**

Jaisai Enterprise Inc.  
Jay Venkatraman  
83 Ivy Hill Drive  
Aberdeen, NJ 07747  
888.242.5712 1043

BMM Enterprises  
Bilynda Molish  
6 Hickory Hill Rd.  
Hillsborough, NJ 08844  
888.242.5712 1097

Snapshot Entertainment LLC  
Milton Guerrero  
161 Malapardis Rd.  
Cedar Knolls, NJ 07927  
888.242.5712 1008

TapSnap 1115  
Lorena Dinatale  
213 Riverview Pl.  
Cliffside Park, NJ 07010  
888.242.5712 1115

Phototainment Innovations LLC  
Silvio Di Fiore  
67 Warwick Cir.  
Springfield, NJ 07081  
888.242.5712 1070

Saedi, LLC  
Anne Bradley  
32 Silverside Rd.  
Lakewood, NJ 08701  
888.242.5712 1011

**NEW YORK**  
N.N.L Snap Shots, Inc.  
Nicholas Zunno  
392 Winchester Ave.  
Staten Island, NY 10312  
888.242.5712 1067

Empire Photo Entertainment  
Michael Williams  
8 Fox Glove Way  
Malta, NY 12020  
888.242.5712 1080

Link P Web, Inc  
Anita Buschbascher  
4846 Twelve Corners Rd  
Owasco, NY 13021  
888.242.5712 1075

NLB Ventures LLC  
Nancy Berger  
15 Hummingbird Ln  
Amherst, NY 14228  
888.242.5712 1112

**NORTH CAROLINA**

RCSA Group LLC  
Mark Weintraub  
8341 Bar Harbour Ln  
Charlotte, NC 28210  
888.242.5712 1045

Entertainment Photo Marketing LLC

Sean Hatfield  
1807 Carnation Dr.  
Durham, NC 27703  
888.242.5712 1120

**OHIO**

Phototainment Fun LLC  
William Lehman  
5677 Salem Rd.  
Cincinnati, OH 45230  
888.242.5712 1086

Custom Imagery by Kelly

Douglas Craig  
1024 Miller St.  
Ohio, OH 43420  
888.242.5712 1005

Clawson Photo Entertainment LLC

Brian Clawson  
922 Eppley Avenue  
Zanesville, OH 43701  
888.242.5712 1094

**OKLAHOMA**

EventusMax, Inc.  
Doug Deardorff  
1878 E 15th St,  
Tulsa, OK 74104  
888.242.5712 1101

KRC Photo Fun Inc.

Raymond Cox  
1421 SW 24<sup>th</sup> St  
Moore, OK 73170  
888.242.5712 1023

**OREGON**

Do Good Photos  
Scott Farestrand  
7110 SE 62nd Ave  
Portland, OR 97206  
888.242.5712 1001

**PENNSYLVANIA**

Clar Images, LLC  
Debbie Smith  
381 Barneston Rd  
Glenmoore, PA 19343  
888.242.5712 1042

Kkozen, LLC  
Karen Kozeniewski  
115 Keys Street  
Conshohocken, PA, 19428  
888.242.5712 1106

Just Shoot us Now  
Mari Killian  
1240 Holly Pike  
Carlisle, PA 17013  
888.242.5712 1069

JLJ Enterprises, LLC  
Benjamin (Ellyn Cohen) Bender  
821 Matsons Ford Rd.  
Villanova, PA 19085  
888.242.5712 1013

**SOUTH CAROLINA**

All About Fun LLC,  
Alada Shinault-Small  
2998 West Montague Ave.  
North Charleston, SC 29418  
888.242.5712 1002

Southeast Phototainment LLC  
Aleece Taylor  
8 Latham Circle  
Charleston, SC 29407  
888.242.5712 1063

Upstate Event Entertainment, LLC  
Brian Pisor  
620 Halton Road Apt 12303  
Greenville, SC 29607  
888.242.5712 1062

KG Planning Group  
Cori Brown  
100 Clay Ridge Rd  
Columbia, SC 29223  
888.242.5712 1095

C & M Grant, Inc  
Chip Grant  
2301 Roper St  
Columbia, SC 29206  
888.242.5712 1037

**TENNESSEE**

Innovative Event Entertainment  
Brian Schmidt  
301 Demonbreum Street, Unit 1007  
Nashville, TN 37201  
888.242.5712 1071

HooCanhelp, Inc  
Jason Hoomani  
4204 Pets Place  
Franklin, TN 37064  
888.242.5712 1060

**TEXAS**

Witt Enterprises, LLC  
Jana & Michael Witt  
8206 Horsetail Crt  
Conroe, TX 77385  
888.242.5712 1087

Pics Entertainment, LLC  
Brian Thompson  
17238 Haley Falls Lane  
Houston, TX 77095  
888.242.5712 1041

TapSnap of North Texas LLC  
Michelle Sudduth  
7816 Chief Spotted Tail Dr  
McKinney, TX 75070  
888.242.5712 1083

Ruben Ruiz Financial  
Ruben Ruiz  
1920A Corporate Drive Suite 106  
San Marcos, TX 78666  
888.242.5712 1039

Snap Social Inc  
Valerie Nicholson  
210 River Bow Drive  
Gerogetown, TX 78628  
888.242.5712 1073

Texas Phototainment LLC  
Michael Meeks  
5715 Barrington Ct  
Temple, TX 76502  
888.242.5712 1021

Mc50, Inc  
Mark McVey  
PO Box 1797  
Deer Park, TX 77536  
888.242.5712 1088

Alamo Phototainment LLC  
Jason Kohutek  
606 Oxalis  
San Antonio, TX 78260  
888.242.5712 1061

Don't Blink, Inc.  
Gene Haddock  
2006 Riverglen Forest Dr.  
Kingwood, TX 77345  
888.242.5712 1007

SRSS Ventures LLC  
Saeed Chaudhry  
18518 Partners Voice Dr.  
Cypress, TX 77433  
888.242.5712 1064

Robert C Burk  
Bob Burk  
3609 Trinity Ln  
Plano, TX 75075  
888.242.5712 1109

Tap Fun  
Fred Arthur  
3509 76<sup>th</sup> Street  
Lubbock, TX 79423  
888.242.5712 1035

**UTAH**

Knight Vision, LLC  
Neil Knight  
3290 N. 1350 W.  
Pleasant View, UT 84414  
888.242.5712 1034

TS Utah LLC  
Kim Deimling  
6026 Fairview Dr.  
Park City, UT 84098  
888.242.5712 1009

**VIRGINIA**

Seven Hills Enterprises Of Virginia LLC  
Gerry Strong  
8374 Burnside Dr,  
Mechanicsville, VA 23116  
888.242.5712 1104

Starpower Enterprises LLC  
Antonio Minor  
22084 Manning Sq.  
Sterling, VA 20166  
888.242.5712 1100

MAD Entertainment LLC  
Donna Drew  
732 Norcova Dr.  
Chesapeake, VA 23320  
888.242.5712 1105

E-photo Interactive, LLC  
Devin Bivens  
118 Graystone Trace  
Suffolk, VA 23435  
888.242.5712 1126

**WASHINGTON**

Memorable Moments Inc.  
Ben Lee  
5523 173RD Ave SE,  
Bellevue, WA 98006  
888.242.5712 1093

**WEST VIRGINIA**  
Red Entertainment Inc.  
David Ramsburg  
215 Tarbert Court  
Morgantown, WV 26508  
888.242.5712 1017



**EXHIBIT J**

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Facilities Terminated/Closed during Fiscal Year 2013**

**(As of June 30, 2014)**

<b>Franchisee Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>
None					

**Stores Transferred during Fiscal Year 2013**

<b>Former Franchisee Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>
Sheldon Bernstein	19500 Sunnypoint Ct	Cornelius	NC	28031	888.242.5712 1006

**Franchisees that have not communicated with us within 10 week of the date of this Disclosure Document**

<b>Franchisee Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>
Dianne Cavoly	320 Montague Street	Garner	NC	27529	888.242.5712 1019

**EXHIBIT K**  
**ACKNOWLEDGMENT OF RECEIPT**

## ACKNOWLEDGMENT OF RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

This franchise opportunity is being offered by TapSnap Ventures, Inc., 140-890 Harbourside Drive, North Vancouver, BC V7P 3T7 Canada; (877) 577-0566. Our registered agents authorized to receive service of process are set forth on **Exhibit G**.

---

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from TapSnap Ventures, Inc. of the Franchise Disclosure Document (to which this Receipt is attached) dated October 31, 2014. This Disclosure Document included the following exhibits:

- A. Franchise Agreement
- B. Additional State-Required Disclosures
- C. General Release
- D. Nondisclosure and Noncompete Agreement
- E. Financial Statements
- F. Manuals' Tables of Contents
- G. List of State Administrators and List of Agents for Service of Process
- H. Compliance Questionnaire
- I. List of Franchisees
- J. Acknowledgment of Receipt

---

Signature (individually and as an officer)

---

Print Name

---

Date Disclosure Document Received

---

Print Franchisee's Name (if an Entity)

---

Address

---

City, State, Zip Code

---

Phone Number

### **TO BE RETURNED TO:**

Scott McInnes  
TapSnap Ventures, Inc.  
140-890 Harbourside Drive  
North Vancouver, BC V7P 3T7 Canada

## ACKNOWLEDGMENT OF RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit G.

This franchise opportunity is being offered by TapSnap Ventures, Inc., 140-890 Harbourside Drive, North Vancouver, BC V7P 3T7 Canada; (877) 577-0566. Our registered agents authorized to receive service of process are set forth on **Exhibit G**.

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- E. Financial Statements
- F. Manuals' Tables of Contents
- G. List of State Administrators and List of Agents for Service of Process
- H. Compliance Questionnaire
- I. List of Franchisees
- J. Acknowledgment of Receipt

---

Signature (individually and as an officer)

---

Print Name

---

Date Disclosure Document Received

---

Print Franchisee's Name (if an Entity)

---

Address

---

City, State, Zip Code

---

Phone Number

**TO BE RETURNED TO:**

Scott McInnes  
TapSnap Ventures, Inc.  
140-890 Harbourside Drive  
North Vancouver, BC V7P 3T7 Canada