

FRANCHISE DISCLOSURE DOCUMENT

Tulip Kids Inc., a California Corporation
1159 Willow Avenue, Sunnyvale, California 94086
(408) 245-0602, info@tulipkidsinc.com
<https://www.tulipkidsinc.com>,

This franchise is a business offering childcare, preschool or after-school enrichment programs, or a combination depending on the location to children ages 1 to 14 through after school programs, workshops, camps and special events using our system and our trademark "Tulip Kids".

The total investment necessary to start operation of a Tulip Kids Business is \$450,000 - \$500,000 for a new Tulip Kids business and \$250,000 - \$300,000 if you buy an existing business from us or our affiliate. This includes \$30,000 to \$50,000 that must be paid to the franchisor for a new Tulip Kids business, and \$30,000 to \$50,000 that must be paid to the franchisor or affiliate if you purchase an existing business from us or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying documents and 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Deepti Mohta at Tulip Kids, Inc., 1159 Willow Avenue, Sunnyvale, California 94086, telephone (408) 245-0602.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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 (FTC). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

STATE COVER PAGE

The State of California's franchise law requires a franchisor to register with the state franchise administrator before offering or selling in franchise in California. 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 here for information about the franchisor or about franchising in California:

Commissioner of Business Oversight
California Department of Business Oversight
320 West 4th Street, Suite 760
Los Angeles, California 90013-2344
(866) 275-2677

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

Please consider the following RISK FACTORS before you buy the Franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US (THE FRANCHISOR) BY ARBITRATION IN CALIFORNIA. IF YOU ARE LOCATED OUTSIDE CALIFORNIA, OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT SAYS CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE MARH 2013. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
4. THERE ARE FINANCIAL AND LEGAL RISKS TO MOST BUSINESS EFFORTS, INCLUDING THIS FRANCHISE. TAKE YOUR TIME TO DECIDE. YOU MAY FIND IT USEFUL TO REVIEW THIS DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT AND OTHER SCHEDULES WITH YOUR OWN ACCOUNTING, FINANCIAL, AND LEGAL ADVISORS.
5. THE TERRITORY YOU WILL RECEIVE WILL NOT BE AN EXCLUSIVE TERRITORY IN ALL RESPECTS. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, OUTLETS OUR AFFILIATES OR WE OWN, OR OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS WE CONTROL.

6. IF YOU BUY AN EXISTING OPERATING BUSINESS FROM THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATE YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$200,000 to \$500,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2016.

7. WE MAY USE THE SERVICES OF ONE OR MORE FRANCHISE BROKERS OR REFERRAL SOURCES TO ASSIST US IN SELLING OUR FRANCHISE. A FRANCHISE BROKER OR REFERRAL SOURCE REPRESENTS US, NOT YOU. WE PAY THIS PERSON A FEE FOR SELLING OUR FRANCHISE OR REFERRING YOU TO US. YOU SHOULD BE SURE TO DO YOUR OWN INVESTIGATION OF THE FRANCHISE.

8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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