

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under circumstances.

As of December 31, 2024, there were 7 Legacy Model Center franchises and 1 Standard Model Center franchise. The Standard Model Center franchise has been open for less than 12 months. Presented below is information and data for the Town Square Corporate Business in Perry Hall, MD that was in operation as of December 31, 2024, and had been in operation for more than eighteen (18) months at the beginning of 2024 and the Glenner Town Square Business in Chula Vista, CA which opened in 2018. Because we are currently offering franchises for only the Standard Model centers, we have excluded data for the 7 Legacy Model Center franchises and the 1 Standard Model Center franchise which was open for less than 12 months as of December 31, 2024.

we are offering franchises for only the standard model centers

As a preliminary note and explanation, "guests" or "customers" are referred to as "Members." Each person who is a Member may attend a Town Square Business, or Center, on any day he or she chooses to attend. The Centers charge Members a daily fee to attend, and that fee is also referred to as the "daily rate" or "Daily Member Rate." The Daily Member Rate may vary from Center to Center and may vary over time for a particular Center. Daily rates are set by the franchisee or owner of the Town Square Business.

19-A: Chart 19-A presents an unaudited income statement of the Town Square Perry Hall corporate non-owner operator legacy model that was open all 12 months in 2024 and shows gross revenue, net income, and other aspects of the operations. This statement reflects the results of this Center in 2024, along with two additional columns with estimated operating results for a similar Center if it was a 6,000 square foot Center.

19-B: Town Square Businesses: Affiliated Town Square Businesses

Please carefully read all of the information in this Item 19, and all of the notes prior to and following the charts, in conjunction with your review of the data. We also encourage you to review this data with your financial advisor and accountant, and to contact the franchisees to obtain additional information about their operations, including their financial results.

19-A: Town Square Businesses: 2024 Corporate Owned Legacy Model Non-Owner Operated Income Statement (Unaudited)

Bases and Assumptions for the estimated financial performance information in the chart below.

The following chart is based on the Town Square Corporate Perry Hall non-owner operated Town Square Legacy Model Center that opened in 2021 and was in operation for the full twelve months of 2024. The first column is the actual results of that franchised Center. The second and third columns represent an estimate for a standard Town Square Model, with non-owner operator and owner-operator estimated results, respectively, that is based on the financial results of the Legacy Model Center.

The principal difference between a Legacy Model Center and the standard Model Center is the square footage of the Center. All other elements of the two types of Centers are the same. For example, both Centers will have the internal retail stores, restaurants, and entertainment venues (e.g., 1950s style diner; movie theatre, and town park), that is used in reminiscence therapy, as well as other facilities, such as rest rooms, offices, storage, etc. Therefore, the principal cost difference between a Legacy Model Center and the standard Model Center is rent expense, utilities expense, cleaning, and the labor costs, as fewer employees are required for a smaller facility. All other expenses are likely to be the same or very similar between the two models. Therefore, as set forth in the chart below, the estimate expenses for the standard Model are the same as the actual expenses for the Legacy Model, except for “Rent Expense,” “Utilities,” “Cleaning,” and “Internal Wages and Taxes.”

From a revenue perspective, the factor that may limit revenue for all Town Square Centers, regardless of size, is the local capacity restrictions for people (who may be guests or customers, whom we refer to as “members”) at the Center. These capacity restrictions are established by local ordinances and laws. Generally, a larger facility will have a higher capacity than a smaller facility. In our experience, and based on information provided by our franchisees, a Legacy Model Center that is 10,000 square feet will have a capacity limit of 150 people. The capacity at the actual Legacy Model Center in this 19-A is 175 people. A Standard Model Center that is 6,000 square feet will generally have a capacity limit of 75 people. Based on our experience with our Corporate operation of one Center in 2024, the average daily attendance was 37 people (or members) per day. That figure is significantly lower than the maximum capacity of the typical 6,000 square foot standard Model Center. Therefore, in estimating the Revenue for the standard Model Center, we used the Revenue figures for the Legacy Model Center, because it was based on a member count that was significantly less than the maximum capacity of the standard Model Center.

Please read the notes that follow the charts for more information.

INCOME STATEMENT WORKSHEET

	TOTAL LEGACY MODEL	NOTES	TOTAL ESTIMATED STANDARD MODEL	NON-OWNER	TOTAL ESTIMATED STANDARD MODEL	OWNER OPERATED	OPERATED	6000 SQ/FT
REVENUE								
Adult Day Care Services	\$ 1,292,811		\$ 1,292,811		\$ 1,292,811			

Rental Income	\$ 3,332		\$ 3,332	\$ 3,332
Event Income	\$ 16,473		\$ 16,473	\$ 16,473
GROSS REVENUE	\$ 1,312,615	2	\$ 1,312,615	\$ 1,312,615
COST OF GOODS SOLD				
Caregiver Staffing Wages and Taxes	\$ 191,138	3	\$ 191,138	\$ 191,138
Client Meal Expense	\$ 91,109	4	\$ 91,109	\$ 91,109
Supplies	\$ 21,061		\$ 21,061	\$ 21,061
Transportation	\$ 9,465		\$ 9,465	\$ 9,465
Activity Costs	\$ 25,734		\$ 25,734	\$ 25,734
TOTAL COST OF GOODS SOLD	\$ 338,508		\$ 338,508	\$ 338,508
GROSS PROFIT	\$ 974,108		\$ 974,108	\$ 974,108
EXPENSES				
Advertising and Marketing	\$ 38,136	5	\$ 38,136	\$ 38,136
Internal Wages and Taxes	\$ 351,267	6	\$ 351,267	\$ 319,908
Heath Insurance	\$ 22,946		\$ 22,946	\$ 22,946
Bank Service Charges	\$ 9,994		\$ 9,994	\$ 9,994
Dues and Subscriptions	\$ 3,752		\$ 3,752	\$ 3,752
Licenses and Permits	\$ 1,439		\$ 1,439	\$ 1,439
Professional Fees	\$ 10,339		\$ 10,339	\$ 10,339
Rent Expense	\$ 359,618	7	\$ 181,320	\$ 181,320
Repairs and Maintenance	\$ 18,686		\$ 18,686	\$ 18,686
Royalty	\$ -	8	\$ 91,883	\$ 91,883
Utilities	\$ 49,357	9	\$ 24,886	\$ 24,886
Office Supplies	\$ 10,375		\$ 10,375	\$ 10,375
Software	\$ 17,067		\$ 17,067	\$ 17,067
Marketing and Technology	\$ -	10	\$ 22,971	\$ 22,971
Insurance Expense	\$ 20,627		\$ 20,627	\$ 20,627
Cleaning	\$ 25,572	11	\$ 12,894	\$ 12,894
Security	\$ 5,814		\$ 5,814	\$ 5,814
Other Expense	\$ 3,199		\$ 3,199	\$ 3,199
TOTAL EXPENSES	\$ 948,189		\$ 847,595	\$ 816,236
NET INCOME	\$ 25,919		\$ 126,513	\$ 157,872

The figures in the center and right columns of the chart above are only estimates of what we think you may sell and the net income that may be generated. There is no assurance that you will sell or earn as much.

Explanations and Notes for 19-A

1. Chart 19-A presents historical information for the Town Square Corporate Business in Perry Hall, MD that was in operation as of December 31, 2024, and had been in operation for more than eighteen (18) months at the beginning of 2024. This Town Square Franchise is a Legacy Model consisting of approximately 11,900 square feet.
2. “Gross Revenue”: Gross Revenue is the actual gross revenue received by the corporate location in the sample for the period January 1, 2024, to December 31, 2024. Included in gross revenue are all revenues from the offer and sales of all services (and products) to customers and clients of the corporate location.
3. “Caregiver Staffing Wages and Taxes”: This total represents the hourly wages and taxes associated with employing direct caregivers according to our model. This is a variable expense and will increase or decrease based on the number of members the Center is serving.
4. “Client Meal Expense”: This total consists of the costs of serving our members’ lunch. Meals are catered for and not prepared on site. This is a variable expense and will increase or decrease based on the number of members the Center is serving.
5. “Advertising and Marketing”: This total consists of print advertising, digital marketing, and sponsorships.
6. “Internal Wages and Taxes”: This expense consists of the wages of the employees running the center: Center Administrator (PT), Enrollment Manager (FT), Activities Manager (FT), Activities Coordinator (FT), Office Coordinator (FT), RN (FT) and other nurses and social workers on a per diem basis. In the Standard Model Owner Operator column, this estimated expense consists of the same positions in the Standard Model Non-Owner Operator less the Center Administrator. The franchisee will serve as the Center Administrator.
7. “Rent”: The Corporate Location is a Legacy Model consisting of 11,900 square feet. Rent for year ending 2024 was approximately \$30 per square foot. The Standard Model is based on 6,000 square feet. In the estimated columns, the rent was prorated based on the 6,000 square foot model.
8. “Royalty”: The Corporate Location is not subject to royalty as it is owned by the franchisor. In the estimated columns, the royalty is calculated at the current rate in the FDD which is 7% of Gross Sales.
9. “Utilities”: The Corporate Location is a Legacy Model consisting of 11,900 square feet. This expense consists of electricity, HVAC and telephone required to run the Center. In the estimated columns, the utilities were prorated based on the 6,000 square foot standard Model.
10. “Marketing and Technology”: The Corporate Location is not subject to the Marketing Fund and Technology Fees as it is owned by the franchisor. In the estimated columns, the Marketing Fund is calculated at the current rate in the FDD which is 1% of Gross Sales and the Technology Fee is calculated at the current rate in the FDD.
11. “Cleaning”: The Corporate Location is a Legacy Model consisting of 11,900 square feet. This expense consists of the costs to clean the Center. In the estimated columns, the cleaning costs were prorated based on the 6,000 square foot standard Model.

12. “Non-Owner Operated vs. Owner Operated”: The Center Director is primarily responsible for overseeing and managing the day to day operations of the Center. The Franchise Agreement allows the Franchisee to serve as the owner and Center Director (operator) which is designated as “Owner Operated”. The Franchise Agreement also allows the Franchisee to designate another person who will serve as the Center Director (not the Franchisee), which is designated as “Non-Owner Operated”. In the “Total Legacy Model Non-Owner Operated” column above, this Franchisee does not serve as the Center Director – therefore it is designated as “Non-Owner Operated”.

19-B: Town Square Businesses: Affiliated Town Square Businesses

The following information presents data from our affiliate Glenner Town Square – Chula Vista, CA which opened in 2018. The chart below shows data starting in 2022 as COVID severely affected Center operations in 2020 with multiple closures.

Affiliate Town Square Businesses <i>(Affiliate open since 2018)</i>	
Number of Units	1
Daily Care Rates	\$100 per day per member

2022		2023		2024	
Month Ending	Members	Month Ending	Members	Month Ending	Members
January	50	January	65	January	57
February	52	February	63	February	60
March	54	March	62	March	60
April	56	April	67	April	62
May	58	May	66	May	59
June	59	June	64	June	59
July	62	July	67	July	58
August	62	August	67	August	55
September	66	September	64	September	57
October	65	October	64	October	56
November	63	November	61	November	55
December	62	December	60	December	50

Explanations and Notes for 19-B

1. Chart shows average daily Member attendance or counts for the Glenner Town Square Chula Vista in each of the months from 2021 through 2023. The Chart also reports the Average Daily Member Rates for this Center. The information in this Chart 19-B was reported to us by Glenner. We have not verified or audited this information provided to us.

2. The Chula Vista Center would be considered a Legacy Center, and is approximately 10,500 to 12,000 square feet. It is important to note that the average daily Member counts at this Town Square Center, for 2022 and 2023, could be at the top end of certain local governmental capacity limitations for 6,000 square foot Centers.

3. The Chula Vista Center is neither a franchised business, nor an affiliate-owned business. The Chula Vista Center is the first Town Center opened, and is the basis for the Town Center concept, as it was developed by Glenner, and has been operated by Glenner. While the Chula Vista Center is not subject to a franchise agreement, and does not pay us a Royalty Fee, the Chula Vista Town Square Center operates using the same physical attributes, and staffing model, as the other Town Square Businesses that provide adult care using reminiscence therapy. Accordingly, we believe that it is representative of the operations of a mature Town Square Business.

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Additional Notes, Applicable to this Entire Item 19:

As noted above, we strongly encourage you to review these figures with your financial and legal advisors, and to speak with existing franchisees. Their names and contact information are in Exhibit D to this Disclosure Document.

Some franchised businesses have earned this amount. Your individual results may differ.

Written substantiation for the data described in the charts will be made available by us to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Lori McCauley, COO, Town Square Franchising, LLC, 9708 Belair Road Perry Hall, MD 21236 (410)498-6562, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1:
Systemwide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised (1)	2022	1	5	4
	2023	5	7	2