

19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

This Franchisor does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 the Franchisor's management by contacting Gayle Miller, 3200 NW Main Street, Suite 110, Coon Rapids, Minnesota 55448; (612) 405-8404, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

SYSTEM-WIDE OUTLET SUMMARY For Years 2022 to 2024

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
Franchised	2022	7	7	0
	2023	7	5	-2
	2024	5	5	0
Company-Owned	2022	6	6	0
	2023	6	6	0
	2024	6	6	0
Total Outlets	2022	13	13	0
	2023	13	11	-2
	2024	11	11	0

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) From Years 2022 to 2024

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
All States	2022	0
	2023	0

	2024	0
Totals	2022	0
	2023	0
	2024	0

STATUS OF FRANCHISED OUTLETS
For Years 2022 to 2024

<u>State</u>	<u>Year</u>	Outlets at Start of Year	Outlet Opened	Terminations	Non- renewals	Reacquired by Franchisor	Ceased Opera- tions Other Reasons	Outlets at End of Year
Minnesota	2022	7	0	0	0	0	0	7
	2023	7	0	0	2	0	0	5
	2024	5	0	0	0	0	0	5
Totals	2022	7	0	0	0	0	0	7
	2023	7	0	0	2	0	0	5
	2024	5	0	0	0	0	0	5

STATUS OF COMPANY-OWNED OUTLETS
For Years 2022 to 2024

<u>State</u>	<u>Year</u>	Outlets at Start of Year	Outlet Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
Totals	2022	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6

PROJECTED NEW FRANCHISED OUTLETS
AS OF DECEMBER 31, 2024

<u>State</u>	Franchise Agreements Signed but Outlet Not <u>Opened</u>	Projected New Franchised Outlet in <u>the Next Fiscal Year</u>	Projected New Company-Owned Outlet in the Next <u>Fiscal Year</u>
Minnesota	0	1	0
Totals	0	1	0

The name, business address, and business telephone number of each current franchisee on January 1, 2025, and the name, last known home address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the issuance date of this disclosure document, is attached as Exhibit C. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of January 1, 2025, we are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. In the event that we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate addendum to this Disclosure Document.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Counselor franchise system. While we encourage you to speak with current and former franchisees, be aware that not all such franchisees will be able to communicate with you.

21. FINANCIAL STATEMENTS

Counselor's balance sheets as of December 31, 2024 and December 31, 2023, and the related statements of operations, stockholder's equity and cash flows for the periods ended December 31, 2024, December 31, 2023 and December 31, 2022, are included in this Franchise Disclosure Document at Exhibit A.

22. CONTRACTS

A sample of Counselor's Franchise Agreement is included in this Franchise Disclosure Document at Exhibit B. You are encouraged to obtain such independent legal and financial advice as you deem appropriate to obtain a full understanding of the franchise (and related documents) offered by this Franchise Disclosure Document. You should consult your own business or legal advisor for an explanation of your legal rights under applicable laws and regulations. You may not make any payment to Counselor or sign any contract(s) relating to this franchise until fourteen (14) calendar days after you sign the Acknowledgements of Receipt at the back of this Franchise Disclosure Document. You should also refrain from taking any other action or making any commitments in regard to a Counselor franchise until and unless you are notified in writing by Counselor that your application for a franchise has been approved and that an Counselor franchise has been issued in your name.

CAUTION

ANY FACT, INFORMATION, PROMISE, ASSURANCE, REPRESENTATION OR CIRCUMSTANCE COMMUNICATED TO YOU THAT IS NOT CONTAINED IN THE ATTACHED AGREEMENT OR THIS FRANCHISE DISCLOSURE DOCUMENT IS UNAUTHORIZED BY COUNSELOR AND SHOULD NOT BE RELIED UPON BY YOU IN DECIDING WHETHER TO PURCHASE A COUNSELOR FRANCHISE.

23. RECEIPTS

The last two pages of this Disclosure Document (following the exhibits and attachments) are documents acknowledging receipt of this Disclosure Document by you (one copy for you and one copy for us). The Receipt must be signed and dated and delivered to us at least 14 calendar days before the signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A
FINANCIAL STATEMENTS



Counselor Realty Franchising, Inc.

Financial Statements

**December 31, 2024 and 2023 and for the Years Ended
December 31, 2024, 2023 and 2022**

Counselor Realty Franchising, Inc.

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Independent Auditors' Report

To Counselor Realty Franchising, Inc.

Opinion

We have audited the financial statements of Counselor Realty Franchising, Inc. (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholder's equity and cash flows for the years ended December 31, 2024, 2023 and 2022 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Minneapolis, Minnesota
April 21, 2025

Counselor Realty Franchising, Inc.

Balance Sheets

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 70,457	\$ 80,311
Certificates of deposit	137,791	130,280
Accounts receivable, net	-	1,574
 Total assets	 <u>\$ 208,248</u>	 <u>\$ 212,165</u>
Liabilities and Stockholder's Equity		
Liabilities		
Due to franchise	\$ 50	\$ -
Due to parent company	5,100	5,100
 Total liabilities	 <u>5,150</u>	 <u>5,100</u>
Stockholder's Equity		
Common stock, \$.01 par value per share		
100,000 shares authorized	100	100
10,000 shares issued and outstanding	47,209	47,209
Additional paid-in capital	155,789	159,756
Retained earnings		
 Total stockholder's equity	 <u>203,098</u>	 <u>207,065</u>
 Total liabilities and stockholder's equity	 <u>\$ 208,248</u>	 <u>\$ 212,165</u>