

Provision	Section in Area Development Agreement	Summary
t. Integration/merger clause	Section 11	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Hopewell Junction, New York).
v. Choice of forum	Section 17	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Hopewell Junction, New York), subject to applicable state law.
w. Choice of law	Section 15	The laws of the state where the franchisee's initial Hudson Valley Swim Business is located apply, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our Franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and 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.

As of December 31, 2024, we had six franchised Hudson Valley Swim Businesses operating (“Franchised Businesses”) and seven affiliate-owned Hudson Valley Swim Businesses operating (“Affiliate-Owned Businesses”). The tables below provide information on the Affiliate-Owned Businesses (“Affiliate Reporting Group”) and the Franchised Business (“Franchised Business Reporting Group”) that operated during the 2022, 2023 and 2024 calendar years.

For the 2024 calendar year, we include three Franchised Businesses and six Affiliate-Owned Businesses that operated for all twelve months. We also include one Affiliate-Owned Business that opened in March 2024 because we were unable to segregate their expenses from that of the other Affiliate-Owned Businesses. We exclude the two Franchised Businesses that did not operate for all twelve months of 2024. We also exclude one Franchised Business that opened in January 2024 but experienced a four-month suppression of operations due to factors related to the owners' personal hardship, including unexpectedly being out of the country, no direct owner or management oversight, and no business-initiated promotion



activity, resulting in less than twelve months of typical operations of a Franchised Business. For the 2023 calendar year, we include the one Franchised Businesses and three Affiliate-Owned Businesses that operated for all twelve months. We exclude one Franchised Business and three Affiliate-Owned Businesses that did not operate for all twelve months of 2023. For the 2022 calendar year, we include the three Affiliate-Owned Businesses that operated for all twelve months. We exclude three Affiliate-Owned Businesses that did not operate for all twelve months of 2022. There were no Franchised Businesses that operated for all twelve months of 2022.

The information in Table 1 below is a historical financial performance representation for the Affiliate Reporting Group for each of the 2022 through 2024 calendar years (“Reporting Periods”). The financial information was prepared from internal accounting records and reports. The numbers have not been audited, but we have no reason to doubt their accuracy.

The information in Tables 2.a and 2.b is a historical financial representation for the Franchised Business Reporting Group for each of the 2023 and 2024 calendar years, which was prepared from financial information provided by the operator of each Franchise Business in the Franchised Business Reporting Group.

The Affiliate-Owned Businesses are owned by a single affiliated entity. Each Affiliate-Owned Business operates within a territory that is equivalent to a franchised territory. A Hudson Valley Swim franchisee may operate in multiple territories so long as they enter into a Franchise Agreement for each Territory and report Gross Sales and expenses of each location separately. Franchised Hudson Valley Swim Businesses will typically operate between one to two Pools within a single Territory, although there is no restriction on the number of pools they may operate in. Franchised Hudson Valley Swim Business will have the option to operate from seasonal pools; however, we recommend that each Franchised Hudson Valley Swim Business operates from at least one large, indoor pool.

In all Tables, “Pool Facility” refers to the location of each Pool where services were provided; “Type” refers to the type of facility where services were provided; and “Description” refers to whether the Pool is operated year-round or is only open seasonally.

Table 1

The information provided in Table 1 below consists of the actual performance of the Affiliate-Owned Businesses in the Affiliate Reporting Group during each Reporting Period. All the Hudson Valley Swim Businesses in the Affiliate Reporting Group offer similar services and face a similar degree of competition anticipated for the Hudson Valley Swim Businesses offered under this Franchise Disclosure Document.

We have included presale revenue and pre-opening expenses incurred in 2022 for an Affiliate-Owned Business that opened in January 2023 because our affiliate was unable to deduct expenses specific to this business from the expenses incurred by the other Affiliate-Owned Businesses. This is the Port Chester location and its presale revenue is noted in the Notes to the table below.

We have included preopening expenses and post-opening expenses incurred in 2023 for an Affiliate-Owned Business that opened in May 2023. This is the Seminole location and its pre- and post-opening expenses are noted in the Notes to the table below.

We have included preopening expenses and post-opening expenses incurred in 2023 for an Affiliate-Owned Business that opened in May 2023. This is the Monticello location and its pre- and post-opening expenses are noted in the Notes to the table below.



Table 1
Profit and Loss Reports for the Affiliate Reporting Group
During the 2022 – 2024 Reporting Periods

Business	Pool Facility	Type	Description	2022	2023	2024
Newburgh, NY	Gold's Gym	Gym	Year-Round	\$728,373	\$815,500	\$815,961
Middletown, NY	Sleep Inn & Suites	Hotel	Year-Round	\$138,515	\$174,915	\$268,423
Hopewell Jct, NY	Taconic Tennis	Outdoor	Summer-Only	\$132,086	\$134,280	\$129,858
Port Chester, NY	LA Fitness	Gym	Year-Round	\$3,590	\$182,817	\$146,690
Seminole, FL	LA Fitness	Gym	Year-Round	n/a	\$60,814	\$181,498
Monticello, NY	Hampton Inn	Hotel	Year-Round	n/a	\$51,130	\$115,061
Danbury, CT	Danbury Community Center	Community Center	Year-Round	n/a	n/a	\$149,880
Combined Annual Gross Sales				\$1,002,564	\$1,419,457	\$1,809,395
Combined Operating Expenses				\$339,392	\$678,450	\$901,811
Combined Annual Net Profit (without Royalty/Brand Fund Contribution/Technology Fee)				\$663,172	\$741,007	\$907,584
Royalty (Actual)				n/a	\$100,826	\$140,400
Brand Fund Contribution (Actual) (Estab. Oct 2024)				n/a	n/a	\$4,765
Technology Fee (Actual)				\$0	\$0	\$2,400
Combined Annual Net Profit (including Royalty)				\$663,172	\$640,181	\$760,019
Combined Franchise-Related Adjustments						
Royalty (Imputed/Difference)				\$72,921	\$485	(\$8,160)
Brand Fund Contribution (Imputed/Difference) (Estab. Oct 2024)				n/a	n/a	\$0
Local Advertising (Imputed/Difference)				\$31,042	\$79,829	\$86,698
Technology Fee (Imputed/Difference)				\$4,800	\$9,100	\$11,400
Combined Total Franchise-Related Adjustments				\$108,763	\$80,314	\$89,938
Combined Adjusted Net Profit				\$554,409	\$560,267	\$670,081

Notes to Table 1

1. Operating History.

- a. The Newburgh Affiliate-Owned Business is located in Newburgh, New York and has been operating since June 2011 and runs seven days per week year-round.
- b. The Middletown Affiliate-Owned Business is located in Middletown, New York and began providing lessons in March of 2021. It is a small hotel pool that runs Sunday through Thursday year-round.
- c. The Hopewell Junction Affiliate-Owned Business is located in Hopewell Junction, New York and has been operating since approximately 2015. It is a seasonal Affiliate-Owned



Business that runs on weekends during June and every day from July through August each year.

- d. The Port Chester Affiliate-Owned Business is located in Port Chester, New York and began offering instruction in January 2023. Annual Gross Sales reported in 2022 represents pre-sales of enrollment fees for the 2023 start. Expenses incurred to start this location and administer pre-sales (such as registration fees) are included in Operating Expenses for 2022. The pool was temporarily closed for repairs from December 2023 until May 2024 and normally operates seven days per week year-round.
- e. The Seminole Affiliate-Owned Business is located in Seminole, Florida and began operations in May 2023. Pre-opening expenses incurred to start this location and post-opening expenses are included in Operating Expenses for 2023. In 2023, this Affiliate-Owned Business operated from May through December, but we are unable to separate the Operating Expenses for this location. The pool operated six days per week (lessons not provided on Wednesdays) during all of 2024.
- f. The Monticello Affiliate-Owned Business is located in Monticello, New York and is a new territory that began operations in May 2023. Pre-opening expenses incurred to start this location and post-opening expenses are included in Operating Expenses for 2023. In 2023, this Affiliate-Owned Business operated from May through December, but we are unable to separate the Operating Expenses for this location. It operates in a small hotel pool Monday through Thursday.
- g. The Danbury Affiliate-Owned Business is located in Danbury, Connecticut and began offering instruction in March 2024 at a community center pool. Lessons are offered Monday through Saturday. Even though the Danbury Affiliate-Owned Business opened in March 2024, its financial information is included in this Item 19 because we were unable to segregate their Operating Expenses from that of the other Affiliate-Owned Businesses.

2. **Combined Annual Gross Sales** means the total of all revenue, sales and other income and consideration from the sale of all Hudson Valley Swim services to customers of Affiliate-Owned Businesses in each Reporting Period less taxes, returns, discounts and allowance. The Combined Annual Gross Sales is for multiple franchised territories. Franchisees that operate in one territory should not expect to achieve a similar level of Gross Sales.
3. **Combined Operating Expenses** includes employee wages and 401k expenses, payroll taxes, payroll processing expenses, phone/fax expenses, internet expenses, office supplies, recruiting expenses, registration fees, credit card fees, rent expenses, web hosting fees, advertising expenses, sponsorship expenses, charity expenses, accounting expenses, legal expenses, human resource expenses, and bank fees. The Newburgh Affiliate-Owned Business began paying Royalties at the end of 2022. The other Affiliate-Owned Businesses operating in 2023 began paying Royalties in 2023. Royalties are included in Combined Operating Expenses for the Affiliate-Owned Businesses for 2023 and 2024, and for part of 2022 for the Newburgh Affiliate-Owned Business only. Technology fees were included in Combined Operating Expenses for 2024. (Also see Note 9, "Franchise-Related Adjustments.") Expenses for all Affiliate-Owned Businesses are kept in a single accounting profile. The Affiliate-Owned Businesses benefit from lower insurance cost average per location because of their operation of multiple Pools in adjacent territories through a single affiliate.



4. **Combined Net Profit** is equal to Combined Annual Gross Sales less the Combined Operating Expenses. We do not include taxes, depreciation, interest and amortization in Net Profit. The Combined Net Profit is for multiple franchised territories. Franchisees that operate in one territory should not expect to achieve a similar level of Net Profit.
5. **Combined Adjusted Net Profit** is equal to Combined Net Profit less Franchise-Related Adjustments. The Combined Adjusted Net Profit is for multiple franchised territories. Franchisees that operate in one territory should not expect to achieve a similar level of Adjusted Net Profit.
6. **Combined Franchise-Related Adjustments** refers to the imputed fees and required expenditures that a franchised Hudson Valley Swim Business would pay, which are deducted from Net Profit. We have made the following Franchise Related Adjustments:

a. *Royalties*. The Affiliate-Owned Businesses began paying Royalties in 2023. Royalties are included in actual expenses for 2023 and 2024. We have imputed an 8% Royalty for 2022. The Newburgh Affiliate-Owned Business paid an 8% Royalty in 2024, but should have been subject to a 7% Royalty because it exceeded \$500,000 in Gross Sales the preceding year and qualified for a percentage reduction. The other Affiliate-Owned Businesses' Gross Sales would have been subject to a Royalty equal to 8% of Gross Sales, which we have imputed or adjusted. The sole seasonal Pool was open for one season (i.e., one period of approximately 3 months).

b. *Local Advertising Requirement*. We have imputed the difference between the actual advertising expenditures of the Affiliate-Owned Businesses and the local advertising requirement of \$36,000 per year for year-round Pools and \$9,000 per season for seasonal Pools for 2022, 2023 and 2024, except for the Port Chester, Seminole and Monticello Affiliate-Owned Businesses, who were treated as follows:

-The Local Advertising Requirement for Port Chester Affiliate-Owned Business was not included in calendar year 2022 as lessons did not begin until January 2023 and the Local Advertising requirement is not due or assessed until the first month that swimming lessons are scheduled to be provided at a Pool. The Local Advertising Requirement was included in 2023 and 2024. This Affiliate-Owned Business was temporarily closed for repairs from December 2023 until May 2024; the 2024 imputation reflects the suspension of the requirement during this time.

-The Local Advertising Requirement for the Seminole Affiliate-Owned Business and Monticello Affiliate-Owned Business was imputed beginning in the month these Affiliate-Owned Businesses began hosting classes (May 2023), and for 2024.

-The Local Advertising Requirement for the Danbury Affiliate-Owned Business was imputed beginning in the month this Affiliate-Owned Business began hosting classes (March 2024).

c. *Technology Fee*. We assumed a monthly technology fee of \$200 per month per Pool for 2022, 2023 and 2024 for the Affiliate-Owned Businesses and imputed the difference of the amount paid for the services provided by the Technology Fee and the Technology Fee, except as follows:

-The difference in the amount paid for the services provided by the Technology Fee and the Technology Fee for the Hopewell Jct. Affiliate-Owned Business for 2022, 2023 and 2024 was calculated based on its seasonal operation.



-The Technology Fee for the Port Chester Affiliate-Owned Business was not included in 2022 as lessons did not begin until January 2023 and the Technology Fee is not due or assessed until the first month that swimming lessons are scheduled to be provided at a Pool. The difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed for all of 2023, and for eight months of 2024 following reopening after the Pool closure, for the Port Chester Affiliate-Owned Business.

-For the Seminole and Monticello Affiliate-Owned Businesses, the difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed beginning in the first month that swimming lessons were scheduled to be provided (May 2023) and for all of 2024.

-For the Danbury Affiliate-Owned Businesses, the difference in the amount paid for the services provided by the Technology Fee and the Technology Fee was imputed beginning in the first month that swimming lessons were scheduled to be provided (March 2024).

7. In making the Franchise-Related Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.
8. All amounts have been rounded to the nearest dollar.



Tables 2.a and 2.b

In Tables 2.a and 2.b, we provide an overview of the Gross Sales, Operating Expenses, Net Operating Income, Franchise-Related Expenses and Net Income of the Franchised Businesses in the Franchised Business Reporting Group during the 2023 and 2024 Reporting Periods.

Table 2.a
Franchised Business Profit and Loss Report
for the 2023 and 2024 Reporting Period
(NW Tampa – Lutz/Dunedin, Florida)

Business Location/ Open Date	Pool Facility	Type	Description	2023 Gross Sales	2024 Gross Sales
Lutz, FL Nov 2022	LA Fitness	Gym	Year-Round	\$263,631	\$348,014
Dunedin, FL Jul 2023	LA Fitness	Gym	Year-Round	n/a	\$100,350
Combined Total Gross Sales					\$448,014
Operating Expenses				2023 (Lutz)	2024 (Combined)
Office/Pool Expenses				\$8,463	\$5,077
Reg & CC Fees				\$11,048	\$18,449
Instructor Payroll				\$62,680	\$112,025
Rent				\$70,318	\$110,249
Insurance				\$10,018	\$12,861
Marketing				\$20,493	\$26,353
Professional Fees				\$1,960	\$3,285
Technology Fee				\$2,100	\$600
Total Operating Expenses				\$187,080	\$288,899
Franchise-Related Expenses/Adjustments				2023 (Lutz)	2024 (Combined)
Royalty (6%)				\$15,818	\$26,902
Brand Fund (2% - Estab Oct 2024)				n/a	\$1,142
Local Advertising Requirement (\$3,000/mo/pool) (Imputed/Difference)				\$15,507	\$45,647
Technology Fee (\$200/mo/pool) (Imputed/Difference)				\$300	\$4,200
Total Franchise-Related Expenses/Adjustments				\$15,818	\$28,044 (Lutz) (Combined)
Net Profit/Loss				\$60,733	\$131,421 (Lutz) (Combined)
Profit Margin				23.04%	29.31% (Lutz) (Combined)



Notes to Table 2.a

1. The Lutz and Dunedin Franchised Businesses in the NW Tampa, Florida area are owned and operated by the same franchisee. While we were able to separate their Gross Sales, we were unable to separate their expenses. As a result, we have presented combined data for these Franchised Businesses for the 2024 Reporting Period. The 2023 Reporting Period only includes financial information for the Lutz, Florida Franchised Business. The Dunedin, Florida Franchised Business opened in 2023.
2. “Gross Sales” means the total of all revenue, sales and other income and consideration from the sale of all Hudson Valley Swim services to customers of Franchised Businesses in the Franchised Business Reporting Group for the Reporting Period less taxes, returns, discounts and allowance. The “Combined Total Gross Sales” is for multiple franchised territories. Franchisees that operate in one territory should not expect to achieve a similar level of Gross Sales.
3. “Operating Expenses” includes employee wages expenses, payroll taxes, payroll processing expenses, phone/fax expenses, internet expenses, office supplies, recruiting expenses, registration fees, credit card fees, technology fees, rent expenses, web hosting fees, advertising expenses, sponsorship expenses, charity expenses, accounting expenses, legal expenses, human resource expenses, and bank fees. The Operating Expenses listed in 2023 are for the Lutz Franchised Business only. Expenses for the NW Tampa (Lutz and Dunedin) Franchised Businesses are kept in a single accounting profile. “Operating Expenses (Combined)” are the combined Operating Expenses for the Lutz and Dunedin Franchised Businesses in 2024. The NW Tampa Franchised Businesses benefit from a lower insurance cost average per location because of their operation of multiple Pools in adjacent territories through a single affiliate.
4. “Net Profit/Loss” is equal to Total Gross Sales less the Operating Expenses. We do not include taxes, depreciation, interest and amortization in Net Profit. The “Net Profit/Loss (Combined)” is based on data for multiple franchised territories. Franchisees that operate in one territory should not expect to achieve a similar level of Net Profit.
5. “Franchise Related Expenses/Adjustments” refers to the fees and required expenditures that a franchised Hudson Valley Swim Business would pay. The Franchised Business Reporting Group pays a set 6% Royalty and is not subject to a Minimum Royalty; the Royalty amounts reported are solely based on 6% of Gross Sales. The Franchised Business Reporting Group is also not subject to the Technology Fee or the Local Advertising Requirement that Franchised Businesses will pay under our current Franchise Agreement; however, they do pay a \$25 fee for technology per month, per Pool. We have imputed the difference between the amount actually expended on the expenses covered by the Technology Fee and Local Advertising Requirement and the amount required for current Franchised Businesses. Because the Brand Fund was established in October 2024, Brand Fund Contributions were only included for November 2024 and December 2024. The “Franchise Related Expenses/Adjustments (Combined)” is based on data for multiple territories.
6. “Profit Margin” means the percentage of revenue that remains as profit after all expenses have been deducted. The “Profit Margin (Combined)” is based on data for multiple territories. Franchisees that operate in one territory should not expect to achieve a similar Profit Margin.
7. In making the Franchise-Related Expenses/Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.
8. All amounts have been rounded to the nearest dollar.



Table 2.b
Franchised Business Profit and Loss Report
for the 2024 Reporting Period
(Stamford, Connecticut)

Business Location/ Open Date	Pool Facility	Type	Description	2024 Gross Sales
Stamford, CT May 2023	LA Fitness	Gym	Year-Round	\$208,683
Operating Expenses				
Office/Pool Expenses				\$4,256
Reg & CC Fees				\$7,805
Instructor Payroll				\$46,914
Rent				\$45,782
Insurance				\$10,859
Marketing				\$36,946
Professional Fees				\$3,256
Technology Fee				\$300
Total Operating Expenses				\$156,117
Franchise-Related Expenses/Adjustments				
Royalty (6%)				\$11,769
Brand Fund (2% - Estab Oct. 2024)				\$474
Local Advertising Requirement (\$3,000/mo/pool) (Imputed/Difference)				(\$946)
Technology Fee (\$200/mo/pool) (Imputed/Difference)				\$2,100
Total Franchise-Related Expenses/Adjustments				\$12,243
Net Profit/Loss				\$40,323
Profit Margin				19.32%

Notes to Table 2.b

7. “Gross Sales” means the total of all of your revenue, sales and other income and consideration from the sale of all Hudson Valley Swim services to customers of the Franchised Business Reporting Group in each Reporting Period less taxes, returns, discounts and allowance.

8. “Operating Expenses” includes employee wages, payroll taxes, payroll processing expenses, phone/fax expenses, internet expenses, office supplies, recruiting expenses, registration fees, credit card fees, technology expenses, rent expenses, web hosting fees, advertising expenses, sponsorship expenses, charity expenses, accounting expenses, legal expenses, human resource expenses, and bank fees.

9. “Franchise Related-Expenses/Adjustments” refers to the fees and required expenditures that a franchised Hudson Valley Swim Business would pay. The Franchised Business Reporting Group pays a set



6% Royalty and is not subject to a Minimum Royalty; the Royalty amounts reported are solely based on 6% of Gross Sales. The Franchised Business Reporting Group is also not subject to the Technology Fee or the Local Advertising Requirement that Franchised Businesses will pay under our current Franchise Agreement; however, they do pay a \$25 fee for technology per month, per Pool. We have imputed the difference between the amount actually expended on the expenses covered by the Technology Fee and Local Advertising Requirement and the amount required for current Franchised Businesses. Because the Brand Fund was established in October 2024, Brand Fund Contributions were only included for November 2024 and December 2024.

10. **“Net Profit/Loss”** means Gross Sales minus all ordinary and recurring Operating Expenses, Franchise-Related Expenses, interest and income taxes.

11. **“Profit Margin”** means the percentage of revenue that remains as profit after all expenses have been deducted.

12. In making the Franchise-Related Expenses/Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.

13. All amounts have been rounded to the nearest dollar.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

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

Other than the financial performance representation contained in this Item 19, we do 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 Jeffrey G. Gartner 827 State Route 82, Ste. 10-199, Hopewell Junction, New York 12533, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20 **OUTLETS AND FRANCHISEE INFORMATION**

All year-end numbers appearing in the tables below are as of December 31 in each year.

Table No. 1

Systemwide Outlet Summary For Years 2022 - 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	0	1	+1
	2023	1	4	+3
	2024	4	6	+2

