



Statecf.com Investor Education

Legal Notice

Pursuant to Invest Local State Florida office of Financial Regulation (OFR) you must carefully read and agree to the following provisions before continuing with the electronic account opening and registration process for Statecf.com. We also recommend that you print a copy of this statement and keep a copy for your records.

Consent to Electronic Delivery: By checking the box marked "I consent" below, you hereby consent to us providing you all required Site Documents, as defined herein, electronically. This means you consent to our use of electronic communications (e.g., email), electronic records, and electronic signatures rather than paper documents for all materials, notices, disclosures, account statements, communications, forms and agreements provided to you by the Statecf.com, or the issuers of securities including but not limited to (i) the educational materials (ii) the terms of use Statecf.com, /terms and privacy policy Statecf.com, /privacy policy of the Site covering the use of the Site and collection and use of information from users of the Site; (iii) any and all current and future notices and/or disclosures provided to you by the Site and/or issuers of securities offered on the Site, as well as such other Site Documents regarding the Site's relationship with you, issuers of securities sold on the Site, promoters of securities sold on the Site, or the Site's affiliates or assigns; (iv) communications from you to the Site confirming your consent to notices provided by the Site and delivery of questionnaires from you to the Site demonstrating your acknowledgement of and/or agreement to disclosures provided by the Site; You understand that your electronic signature to any Site Document is legally binding, just as if you had signed a paper document. You also understand that by consenting to electronic delivery, we will not be mailing you copies of any Site Documents that we have provided to you electronically.

Notice: You accept that such electronic communications provided to you by the Site are reasonable and proper notice, for the purpose of any and all applicable state and federal laws, rules and regulations, including, but not limited to the Regulation , Rules promulgated pursuant to Invest Local Act and agree that the electronic format of the Site Documents fully satisfies any requirement that such communications be provided to you in writing or in a format that you may keep. Communications shall be deemed delivered to you when sent by the Site and not when received.

Electronic Signature: Completing the registration process with Statecf.com, constitutes your electronic signature. Any record containing an electronic signature shall be deemed for all purposes to have been "executed" and will constitute an "original" signature when printed from electronic records established and maintained by statecf.com, its affiliates, assigns or agents in the normal course of business. Upon request, you agree to manually sign or place your signature on any paper original of any electronic record provided to you containing your purported electronic signature.

Overview

Invest Local, requires intermediaries to provide educational materials to investors whenever they open an account. The materials are required to be in plain language and communicate many aspects of investing and interacting with the portal effectively.

Please note that regulations and our own internal processes and procedures may change from time to time, so you will be required to indicate that you have read and understand the current version of this document each time you begin to pursue an investment in an offering through our portal.

Please let us know immediately if you have any questions or if any part of the following information is unclear to you. The Process for the Offer, Purchase, and Issuance of Securities through the statecf.com Portal

The process for reviewing the offer, making a purchase, and receiving your securities is as follows:

- **Create your account.** All potential investors must establish an account with Sprowtt with current contact information.
- **Verify your email address.** A confirmation email will be sent to the email address you provide to ensure proper communication.
- **Verify your income and net worth.** INC, investments are limited based on your income and net worth, and it is up to you to self-verify that you have not exceeded the allowed investments in a calendar year. Sprowtt will know how many investments you made and the total amount of those investments through our portal, but we are not aware of investments you may have made through other portals.
- **Review the “tombstone” ads.** You can review the available offerings, filtered and sorted by a variety of criteria, including category or industry, by stage of deal, size of deal, or geographically (for example, bio-tech deals or companies within the state of Florida).
- **Indicate interest in an offering.** For each offering in which you are interested, you need to click the “Buy Now” button that gain access to the details of the offering. Once you indicate and interest, your contact information will be provided to the Issuer so they can follow up.
- **Review the details of the offering.** Download and review in detail the offering documents, business plans, business overviews, financial projections, pitch decks, and / or investor videos. Please note that we track the materials you have accessed and provide that information to the Issuer. They will know, for example, if and when you downloaded their business plan, and if you watched any videos they provided.

Remember, you and you alone must decide whether to invest, and if so, how much to invest, so do your homework!

- **Communicate with the Issuer.** Although not required, we strongly recommend that you communicate directly with the Issuer to answer any questions you may have about the offering.
- **Talk with your advisors.** We also strongly recommend that you share information about the offering with your attorney(s), CPAs, investment advisors, and other professionals.
- **Make the investment.** All investments must be made through the statecf portal. Your funds need to be sent to the escrow bank for the benefit of the company in which you are investing. You will be able to see online when those funds have been received into escrow. Once they have been received, they are held for a minimum of 48 hours before being made available to the Issuer. If the Issuer is making a “min-max” offering, the funds will not be available to them until the minimum raise is achieved.

All documents are digitally signed, and no physical paperwork is ever exchanged, with the exception of the shareholder certificates (see below).

And if you change your mind about the investment within 48 hours for any reason you can rescind your investment.

- **Receive your shareholder certificates.** LLC or stock share certificates are issued directly by Sprowtt clearing contractors and transfer agents, bonded and insured, to each investor upon close of the offering. In addition, digital copies are stored on our system for five years.
- **Stay in touch.** Keep track of the companies in which you invest by signing into the portal and reviewing the progress. The Issuers may choose to send emails through the Sprowtt portal to you and other investors, but they are not required to do so.

The Risks Associated with Investing in Securities Offered and Sold

Investing in securities of any type are risky. Early stage companies are considerably more risky than expanding companies because the company may not have a viable business model, or may not be able to secure additional funds outside your investment to commence operations. Never invest more than you can afford to lose.

Common risks considered by many sophisticated investors include:

- **Keyman Risk.** The risk that one or more of the principals in the company may depart from the company, either by choice or by accident. There is also the risk that the management team will not act in way that is in the investor's best interests.
- **Invention Risk.** The risk that the products may not work as planned.
- **Market Risk.** The risk that the market will not purchase the products in sufficient quantities to allow the company to be profitable, or that a significant competitor will emerge and capture a significant market share.
- **Business Model Risk.** The risk that the products and services cannot be created, marketed, and sold at a price that is profitable. Audited financial statements are not required unless they are raising more than \$500,000.
- **Execution Risk.** The risk that the current management team will not be able to execute the plans they create.
- **Expansion Risk.** The risk that the suppliers, employees, contractors, and / or customers will not be available in sufficient quantities to allow the company to expand as planned.

There are many other types of risks, including legal risk, IP risk, and government regulation risk, economic risk, etc. Please consider all kinds of risks when decided whether to invest.

The Types of Securities Offered on the Sprowtt Platform

The securities offered on the Sprowtt Platform may include:

- **Common Stock.** Securities that represent equity ownership in a company. Common shares let an investor vote on such matters as the election of directors. They also give the holder a share in a company's profits via dividend payments (when and if declared by the board of directors) or the capital appreciation of the security. Common Stockholders have a junior status to the claims of secured / unsecured creditors, bondholders, and preferred shareholders in the event of liquidation. Founders and employees almost always own shares or options for common stock.
- **Preferred Stock.** Securities that have some privileges and rights superior to Common Shares, typically in the event of a liquidation of the company. Preferred shareholders may also receive dividends greater than Common Stockholder, have additional or voting privileges (for example,

the right to vote separately on a proposed acquisition or merger), and retain the option to convert to common stock. They may also have anti-dilution protection.

- **Debt Securities.** Debt securities typically have repayment terms, including timeframes and interest rates, and are generally superior to both Common Stock and Preferred Stock in the event of a liquidation. Debt securities generally do not enjoy the benefit of company asset appreciation.

Please note that Common Stock and Preferred Stock are generally diluted (meaning that the shareholders own less of the company on a percentage basis) whenever the company chooses to issue more shares to raise more capital or otherwise compensate executives and other parties. Preferred Shares may carry anti-dilution clauses that either automatically increase the number of shares whenever additional shares are issued to maintain the percentage of ownership, or offer the option for the Preferred Shareholder to purchase more shares to maintain their percentage ownership.

Please also note that when your percentage ownership is diluted, that your voting power is usually decreased as a result of the dilution.

The Restrictions on the Resale of Securities Offered and Sold

Even though the Issuer may advertise publicly, the shares sold are in the context of a private offering and not available for resale to the general public for a minimum of one year. The Invest Local, regulations specifically prohibit the resale of securities for one year, except to the Issuer, an accredited investor, a family member, or a trust created by you for the benefit of a family member. The securities may also be sold in the event of death or divorce.

Fees and Compensation Fee Paid to Statecf.com, Portal

Site Fees for Offerings and Sales of Securities through The

Site charges fees in connection with the sale of securities on the Site in reliance on the Invest Local act

Currently, the Site charges investors up to a 10% fee based on the total amount of the investment. The 10% fee will be paid at the time of the investment and will be disclosed at the time of purchase. Any securities paid to the Site, if any, will be of the same class and have the same terms, conditions and rights as the securities being offered and sold by the Issuer on the Site. The Site expressly reserves the right to change its policies regarding fees at any time in the future in its sole discretion, including in connection with promotional events or new services. Changes to these fee policies are effective after providing users of the Site with notice by posting such changes on the Site and/or notifying such users via electronic communications. All fees paid to the Site in connection with the offering and sale of securities are non-refundable, unless in its sole discretion the Site determines that a refund is appropriate. The Site is not a registered broker dealer or investment adviser and does not offer investment advice or advise on the raising of capital through the offer and sale of securities. The Site does not recommend or otherwise suggest that any investor make an investment in a particular investment opportunity posted to the Site.

Annual Reports

Statecf.com whom are investors, as minority shareholders, may receive limited reporting from the company, typically, in the form of newsletters and / or annual reports. Investors should anticipate having limited information, Unlike public stock companies where financial reporting is highly regulated.

Issuers are required to file financial statements with and related offering documents with the Florida OFR 120 days after the end of the Issuer's fiscal year (which is typically a calendar year). Each Issuer must also post this information to its own website, and that link must be provided along with the date by which such report will be available on the website.

Information must contains current disclosure information substantially similar to that provided in the Issuer's offering documents including information on the Issuer's size, location, principals and employees,

business, plan of operations and the risks of investment in the Issuer's securities; however, offering-specific disclosures are not required.

An Issuer's obligation to file annual reports can end under any of the following circumstances:

- The Issuer is required to file reports under Invest Local Act;
- The Issuer has filed at least one annual report pursuant Invest Local Act, and has fewer than 300 holders of record and has total assets that do not exceed \$10,000,000.
- The Issuer has filed at least three annual reports pursuant to Invest Local
- The Issuer or another party repurchases all of the securities issued in reliance on Invest Local of the Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- The Issuer liquidates or dissolves its business in accordance with Florida state law.

In the event that an Issuer ceases to make annual filings, investors may no longer have current financial information about the Issuer available to them

Advertising and Communication with an Investor

An issuer may not advertise the terms of a Invest Local, offering except in a notice that directs investors to the intermediary's platform and includes no more than the following information:

- (1) a statement that the issuer is conducting an offering pursuant to Invest Local of the Securities Act, the name of the intermediary through which the offering is being conducted, and a link directing the potential investor to the intermediary's platform;
- (2) the terms of the offering, which means the amount of securities offered, the nature of the securities, the price of the Securities, and the closing date of the offering period; and
- (3) factual information about the legal identity and business location of the issuer, limited to the name of the issuer of the security, the address, phone number, and website of the issuer, the e-mail address of a representative of the issuer, and a brief description of the business of the issuer.

Although advertising the terms of the offering from the intermediary's platform is limited to a brief notice, an issuer may communicate with investors and potential investors about the terms of the offering through communication channels provided on the intermediary's platform. An issuer must identify itself as the issuer and persons acting on behalf of the issuer must identify their affiliation with the issuer in all communications on the intermediary's platform.

An issuer may compensate others to promote its, offerings through communication channels provided by an intermediary, but only if the issuer takes reasonable steps to ensure that the promoter clearly discloses the compensation with each communication.

The Portal is not a registered broker-dealer or investment advisor and does not offer investment advice or advise on the raising of capital through the offer and sale of securities. The Portal does not recommend or otherwise suggest that any investor make an investment in a particular investment opportunity.

posted on the Portal.

Investment Limits

Individual investors may, over a 12-month period, invest in the aggregate across all INC, offerings up to:

- If either their annual income or net worth is less than \$100,000, than the greater of:
 - \$2,000 or
 - 5 percent of the lesser of their annual income or net worth.
- If both their annual income and net worth are equal to or more than \$100,000, 10 percent of the lesser of their annual income or net worth, not to exceed \$100,000.

In the above, as is common with private offerings, the value of your primary residence cannot be included in **your net worth calculations**.

See the following table for examples:

Investor Annual Income	Investor Net Worth	Calculation	Investment Limit
\$30,000	\$105,000	Greater of \$2,000 or 5% of \$30,000 (\$1,500)	\$2,000
\$150,000	\$80,000	Greater of \$2,000 or 5% of \$80,000 (\$1,500)	\$4,000
\$150,000	\$100,000	10% of \$100,000 (\$10,000)	\$10,000
\$200,000	\$900,000	10% of \$200,000 (\$20,000)	\$20,000
\$1,200,000	\$2,000,000	10% of \$1,200,000 (\$120,000) subject to \$100,000 cap	\$100,000

Please note that it is up to you to self-verify that you have not exceeded the allowed investments in a calendar year. Sproutt will know how many investments you made and the total amount of those investments through our portal, but we are not aware of investments you may have made through other portals.

Cancelling Your Investment

Completion of Offering, Cancellations, and Reconfirmations. Investors in the offering may cancel their investment at any time up until 48 hours prior to the deadline identified in the issuer's offering materials, or 48 hours prior to any new deadline duly communicated to the investor. For example, if the issuer reaches the target offering amount ahead of its original deadline, it may elect to close the offering sooner. However the offering must remain open for at least 21 days and statecf.com notifies investors at least five days in advance of both the new anticipated deadline for the offering, and the investor's right to cancel the investment for any reason up until 48 hours prior to the new offering deadline. During the offering period, if there is a material change to the terms of the offering or the information provided to investors, Statecf.com must notify the investor of the change and disclose that the investor's investment will be cancelled unless the investor reconfirms his investment to Statecf.com within five business days of receiving the notice. If the issuer does not complete the offering, Statecf.com must notify each investor of the cancellation within five business days, disclose the reason for the cancellation and the refund amount, and direct the escrow agent to return the funds to each investor.

Appropriateness of an Investment

There are many risks associated with investing in an early stage company raising capital via Invest Local, the most significant of which is that it's most likely you may lose all or some of your investment. This is typical of all "high risk, high reward" investments.

You should be able to afford to lose all or most of investment. You should not be dependent on the use of the funds you are considering investing to take care of your personal financial needs. Even if the company is successful, it will take considerable time before the investment is to be returned to you, and there is no guarantee of a satisfactory return on your investment.

In addition, there is no market for this type of securities, so you can't sell or attempt to liquidate the investment for at least one year. And it's likely that company will need additional rounds of financing in the future to stay in business and they may not be able to secure such financing.

Your investment strategies or your retirement plans such may not be consistent with investing in INC, securities. If you have an investment adviser, you should discuss how and if investing in early stage companies is compatible with your overall investing plans.

Your Ongoing Relationship with an Issuer

Upon completion of the offering, Sprowtt will maintain open access for five years to the investor file, providing the issuer is current in paying the small Sprowtt account fee underwriting this service. Investors are encouraged to download and keep their investor files on their own computer in case the issuer account with Statecf.com is terminated. Statecf.com will maintain investor records and make them available to the investor upon request for a period of five years from date of the close of the offering.

The issuer will have access to the account records as long as their account with Statecf.com is in good standing. Statecf.com limits its interaction to the investor to record maintenance and no other service during the five years following close of offering. Investors may communicate with investors on the Statecf.com platform as long as their account is active. Investors will be informed in the unlikely event that an issuer terminates their Statecf.com account for any reason. No other interaction between the parties is promised to occur.

Your Privacy

We will provide your contact information to Issuers with whom you have indicated an interest. In addition, they will be able to see which of their documents you have downloaded and which videos you have watched. They will not be able to see if you have indicated an interest in other offerings.

Regulators also have open access to our platform, and may access your information for regulatory purposes.

While Sprowtt may communicate directly with you from time to time, we will never share your information with other parties or Issuers with whom you have not indicated an interest.

Your Signature and Consent to Electronic Delivery

Sprowtt is required to verify that you have received this information. By signing below, you attest that you have received it and understand it. By checking the box, you consent to electronic delivery.



I have read the important notice above and consent to the Site's use of electronic communications, electronic records, and electronic signature

Name: _____ Email: _____

Address: _____

Date: _____