

## FRANCHISE DISCLOSURE DOCUMENT



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All Team Franchise Corporation offers franchises to operate an Agency which will provide temporary employment services and permanent placement in the following industries: healthcare and environmental, hospitality and food service, management recruiting, labor and light industrial and administrative and clerical.

The total investment necessary to begin operation of an All Team Franchise Corporation franchised business is from \$80,700 to \$124,500. This includes \$47,000.00 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying 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 governmental 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 Joseph Edwards at All Team Franchise Corporation, 500 North West Shore Boulevard, Suite 300, Tampa, FL 33609, 813-440-4012, ext.1241.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance Date: July 10, 2024**

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibits F and G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only All Team Agency business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an All Team Agency franchisee?</b>	Item 20 or Exhibit [E] lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchise *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor delegates. These items may be more expensive than similar items you could buy or own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from the franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

## **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit I.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contacts for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Spousal Liability.** The franchise owners and their spouses must each sign personal guaranties making each spouse jointly and severally liable for all obligations of the franchise. These guaranties place each franchise owner's and each spouse's personal assets at risk.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a license agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provisions have been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1<sup>ST</sup> FLOOR, LANSING, MICHIGAN 48913, (517) 373-7117.**

**FRANCHISE DISCLOSURE DOCUMENT**  
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## **ALL TEAM FRANCHISE CORPORATION**

### **FRANCHISE DISCLOSURE DOCUMENT**

#### **ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this franchise disclosure document, “us” or “we” and “ours” means All Team Franchise Corporation, the franchisor. “You” and “your” mean the person who buys the franchise. If a corporation, partnership or limited liability company will own the franchise, “you” and “your” also mean the owners of the corporation, partners of the partnership or members of the limited liability company. “Agency” means the business that you will operate under the Franchise Agreement.

We were a Missouri corporation incorporated in June 1996 under the name “Food Service Franchise Corporation”. On October 12, 2010, we changed our name to All Team Franchise Corporation. In July 2013, we became a Florida corporation. We do business under our corporate name. We have our principal office at 500 N. West Shore Boulevard, Suite 300, Tampa, FL 33609. We do not have any predecessors or parents. We do not operate the type of business being offered under this disclosure document, but our affiliates do.

We do not currently do business under any name other than All Team Franchise Corporation. You will do business under the fictitious or assumed names of All Team Staffing or any other name or names that we decide to use in the future.

Our agents for service of process are disclosed in Exhibit I.

We offer franchises to operate an Agency to provide temporary employment services (“Temporary Service Business”) and permanent placement services (“Permanent Placement Business”) in the following industries: healthcare and environmental, hospitality and food service, management recruiting, labor and light industrial and administrative and clerical. The Temporary Service Business will provide temporary hourly personnel. The Permanent Placement Business will operate as a contract search firm which will typically make permanent placements.

You will operate the Agency providing both the Temporary Service Business and Permanent Placement Business from one office. When you begin operation of the Agency, you can start by only providing the Temporary Service Business. However, you must begin operating the Permanent Placement Business within 4 months after you sign the Franchise Agreement.

You will operate your business in accordance with the Systems and Marks as defined in the Franchise Agreement (Exhibit A) that you will sign in order to obtain a franchise. The services you provide may be changed, improved, modified and further developed by us from time to time.

You must comply with any state and local regulations pertaining to licensing of employment agencies and recruiting firms. In addition, you must comply with all health and safety laws and regulations relating to food service handlers, such as the requirement for inoculations. You may be required, at a minimum, to obtain a criminal background check, drug testing and a check of the sex offender registry. In addition, you must meet any national requirements established by the Center for Disease Control, as well as any requirements set by local or state legislation. Lastly, you must comply with any reporting requirements that a state may require of a worker for a medical facility and make sure any licensed medical professional is licensed and in good standing. You must check all applicable governmental laws, regulations, and ordinances, and are responsible for knowing and complying with all laws and licensing

requirements related to the operation of your Agency. It is likely that you will be required by city and/or state law to obtain a license to operate the Agency.

You will provide temporary employment services and permanent placement services in the following industries: healthcare and environmental, hospitality and food service, management recruiting, labor and light industrial and administrative and clerical. The market for the services you will provide is well developed and continues to evolve. You will have to compete with other temporary employment agencies and search firms offering the same or similar services including franchised operations, national chains and independently owned companies.

We began our franchising operations in June 1996 with the Agencies providing only services to the food service and hospitality facilities under the Marks “Food Service” and “Resources in Food”. Sometime later, the Agencies began operating under the Mark, “All Team Staffing” and began providing staffing services to the other industries. Neither we nor our affiliates have offered or sold any franchises in any other line of business as of the date of this franchise disclosure document. Our affiliates have not offered and are not offering franchises but 3 of our affiliates operate multiple Agencies. At the end of 2023 we had 10 franchises operating and 6 affiliate-owned Agencies.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Chairman of the Board and President**

**Cynthia Timmons**

Since August 2014, Ms. Timmons has been our Chairman of the Board and President.

### **Chief Executive Officer**

**Brian Hindman**

Since December, 2023, Mr. Hindman has been our Chief Executive Officer. From August 2014 until December, 2023, Mr. Hindman was our Chief Information Officer.

### **Controller**

**Joseph Edwards**

Since August 2023, Mr. Edwards has been our Controller. From February 2018 to March 2020, Mr. Edwards was Controller and HR Manager at Lincoln Financial Institute in Salt Lake City, Utah.

### **Advisor**

**John Richard Hindman**

Mr. Hindman was our Chief Executive Officer from September, 2014 until December, 2023. He has been an Advisor to us since December, 2023.

### **Advisor**

**Donald Huttlin, Jr.**

Mr. Huttlin was our Chief Operating Officer from April 2015 until December, 2023. He has been an Advisor to us since December, 2023.

## **ITEM 3. LITIGATION**

A Plus Staffing Solutions, LLC v. All Team Franchise Corp. in the American Arbitration Association, CASE NO. 01-16-0002-3433, Initial filing date: 6/16/16. A Plus Staffing Solutions, LLC (“A Plus”) was a franchisee of All Team Franchise Corp. (“ATFC”). A Plus argued that there were breaches to the Franchise Agreement, Software Agreement and Funding Agreement by ATFC and conversion of funds and customer information by ATFC. A Plus requested a declaratory judgment regarding the breach

of the Franchise Agreement, Software Agreement and Funding Agreement, injunctive relief to obtain customer information and software, an accounting of collections by ATFC and attorneys' and arbitration fee, and damages of no more than \$75,000. ATFC counterclaimed alleging breach of contract by A Plus. ATFC requested damages not to exceed \$50,000 for tortious interference of ATFC's National Accounts, termination of the Franchise Agreement, Funding Agreement and Software Agreement and enforcement of the non-compete provision. The arbitration case was adjudicated and prior the issuance of an arbitration award, on February 8, 2017, an amicable, confidential settlement was reached between A Plus and ATFC. The terms of the settlement generally provided that the Franchise Agreement, Software Agreement and Funding Agreement were terminated and both parties mutually released each other from all claims and counter claims including all monetary claims.

Other than disclosed above, no litigation is required to be disclosed in this Item.

#### **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

#### **ITEM 5. INITIAL FEES**

You must pay us an initial Franchise Fee of \$42,500.00 ("Franchise Fee"), in a lump sum when you sign the Franchise Agreement. If you already operate an Agency under a Franchise Agreement with us and you wish to purchase an additional franchise and/or open an additional Agency office the Franchise Fee will be \$37,500. In the event that we do not accept your Franchise Agreement within 30 days after you submit it to us, we will refund any Franchise Fee you have paid to us. Otherwise, there are no refunds under any circumstances.

When you sign the Franchise Agreement, you will also pay us an initial license fee of \$4,500 for the use of the Software (as defined below in Item 11). This fee is not refundable under any circumstances.

#### **ITEM 6. OTHER FEES\***

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Continuing License Fees (Note 1)	The greater of Minimum Fee (\$600-\$1,250) or 3% of Temporary Employment Gross Billings and 8% of Permanent Placement Gross Billings	By noon Wednesday based on the prior week's Temporary Employment Gross Billings- Permanent Placement Gross Billings are due monthly by the 15 <sup>th</sup> day of each month	The Continuing License Fees are deducted from the Temporary Gross Billings collected by us under the Funding Agreement.
Advertising Fee	(Not currently assessed) 1% of Temporary Employment Gross Billing; 2% of Permanent Placement Gross Billings	By noon Wednesday based on the prior week's Temporary Employment Gross Billings - Permanent Placement Gross Billings are due monthly by the 15 <sup>th</sup> day of each month	If we decide to reinstate the Advertising Fund, the Advertising Fees are deducted from the Temporary Gross Billings collected by us under the Funding Agreement.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Processing Fee (Note 2)	1.65% of Temporary Employment Gross Billings Statement of Wages Fee (W-2) – our actual costs and expenses	By noon Wednesday based on the prior week’s Temporary Employment Gross Billing	This Processing Fee is deducted from the Temporary Gross Billings collected by us under the Funding Agreement, and is based upon our actual costs and expenses in performing or engaging a third party to prepare, print, and mail W-2s for you. If you fail to timely provide all invoices and timecards, then you must pay a fine per violation.
Funding Fee (Note 3)	1.5% of Customer Invoice amount (one-time fee); After 30 days, Accounts Receivable Service Charge of 0.05% per day will be assessed thereafter; and Upon 90 days the amount of the Accounts Receivable is charged back to you	By noon Wednesday based on the prior week’s Temporary Employment Gross Billings	This Funding Fee is deducted from the Temporary Gross Billings collected by us under the Funding Agreement. The Funding Fee can be increased upon written notice.
Transfer Fee	50% of the then current Franchise Fee	At the time of consummation of the transfer	Payable when you sell your franchise. If you are an individual and you transfer your interest into a legal entity wholly owned by you the transfer fee is only \$2,000
Renewal Fee	25% of the then current Franchise Fee	At the time of execution of a then-current franchise agreement	Payable when you renew the franchise
Additional Training and Assistance; Refresher Training (Note 4)	Our then-current fee (not to exceed \$1,000 per person per day) and all expenses	Upon request or as we require	This is for additional training or assistance, and refresher training we may provide from time to time
Audit	Cost of audit	Upon demand	If we determine in an audit that you have been deficient by more than 1% on payment of fees
Interest on late payments	Maximum allowed by law not to exceed 18% per annum	On all overdue payments	Payable on all overdue amounts from the date it is due
Advertising and Promotional Materials (Note 5)	Actual costs	As charged	We may provide such advertising which you may purchase
Customer Complaints (Note 6)	Actual costs and expenses	On demand	Payable if we need to remedy customer complaints
Technology Fee (Note 7)	\$100 per week	By noon Wednesday of each week	For various items such as email addresses, remote access, licenses, system support and for the use and maintenance of the Software
Email Addresses Fee	\$4 per week	As incurred	You will receive three email addresses for free. You must pay this fee for each additional email address.
Taxes (Note 8)	Actual costs	Upon demand	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Alternative Product or Supplier	Actual costs	Upon demand	We may require you to pay an amount, up to our actual costs, in evaluating and testing an alternative product or supplier.
Failure to Comply with the Dispute Resolution Provisions	\$50,000 plus our expenses in curing your breach	As incurred	If you or your guarantors do not comply with the provisions in the Dispute Resolution Section of the Franchise Agreement, Funding Agreement and/or Processing Agreement
Territory Fines (Note 9)	Between \$1,000 to \$5,000 per violation, plus restitution to other agency	As incurred	

\* All fees are uniformly imposed by and are payable to us unless otherwise indicated. All fees are non-refundable.

**Note 1 – Continuing License Fees.** Temporary Employment Gross Billings means all of the gross billings (less any Customer Adjustments) to customers derived from the Agency’s Temporary Service Business. Permanent Placement Gross Billings means all billings from the Agency’s Permanent Placement Business, including but not limited to, receipts from job placements, recruiting, conversions of temporary employment and any other similar function or related business, less any Customer Adjustments. “Customer Adjustment” is defined as any amount of credit or refund which you issue to a customer due to a customer complaint that is reasonably necessary to maintain customer relations. Customer Adjustment does not include credit for bad debts or uncollectible accounts which are your sole responsibility. The Minimum Fees are \$600 per week for the first year of operations, \$950 per week for the second year of operations and \$1,250 per week for the remainder of the term of the Franchise Agreement.

**Note 2 – Processing Fee.** You are required to use an approved supplier for payroll processing. Currently we are the only approved payroll and billing processing source for our franchisees. Attached as Exhibit B is a copy of the Processing Agreement you must sign in order to obtain payroll processing from us. We have the right to increase the fees based on changes in our costs to provide such services. The Processing Fee is subject to change upon written notification to you, however we will not change it more often than once a year. If you fail to timely provide all invoices and timecards to us, you must pay us a fine of \$1,000 for the first violation, \$2,500 for the second violation, and \$5,000 for the third and each subsequent violation.

**Note 3- Funding Fee.** You are required to obtain payroll funding from us. Currently we are the only approved payroll funding source for our franchisees. Attached as Exhibit C is a copy of the Funding Agreement you must sign in order to obtain payroll funding from us. Under the Funding Agreement, we purchase your customer invoices (“Customer Invoice(s)”) which then become our “Accounts Receivables”. The Funding Fee is subject to change upon written notification to you, however we will not change it more often than once a year. Upon the termination of the Funding Agreement, we also have the right to withhold up to \$10,000 in customer payments for a period of 12 months that we can use to offset any unpaid receivables or customer chargebacks.

**Note 4 – Additional Training and Assistance; Refresher Training.** We may provide additional or refresher training programs. You will pay all transportation, lodging, meals and other expenses incurred by you and your employees in attending such programs. We will provide an opening team of at least 1 employee to help you for at least 5 days on site after you open the Agency. These 5 days may be broken up in the first 2 weeks. We will also send 1 of our employees to provide further assistance for 3 additional days approximately 2 months after you are open for business. We will not charge you anything for this

assistance. However, if you request additional assistance, and if we feel it is necessary, we will provide this assistance and you will pay us our customary fees for such services and reimburse us for expenses incurred in providing such additional assistance.

Note 5 – Advertising and Promotional Materials. We may, from time to time, provide advertising plans, advice, and advertising and promotional materials such as brochures, merchandising, promotional and public relations materials. Such plans, advice and materials will be provided, when available, to you at your sole cost.

Note 6 – Customer Complaints. You have to reimburse us for expenses and costs we incur to remedy complaints of your customers.

Note 7 – Technology Fees. As described in Item 5, you must pay us \$4,500 as the initial license fee for the Software. In addition, you will then be required to pay us a weekly technology fee of \$100 (“Technology Fee”). The Technology Fee is due by noon each Wednesday beginning on the first Wednesday after you open your Agency and every Wednesday thereafter. The Technology Fee is subject to change on an annual basis upon written notification to you.

Note 8 – Taxes. You must pay us the amount of any state or local sales, use, gross receipts, or similar tax that the state or local government authority imposes on fees which you pay to us under the Franchise Agreement, without offset or deduction of any kind. Your obligation to reimburse us for these taxes does not extend to income-type taxes which a state or local government imposes on our income.

Note 9 – Territory Fines. If you obtain a request from a customer to provide services or to fill a position outside of your Area, then you must refer the request or offer to the agency office that services that area. If you fail to do so, then you will be charged a fine of \$1,000 for the first violation, \$2,500 for the second violation, and \$5,000 for the third and each subsequent violation. You will also be required to pay restitution of the profit you derived from the wrongfully-performed services to the agency that services that area.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Franchise Fee	\$42,500	Lump sum	At time of signing Franchise Agreement	Us
Leasehold improvements (if needed) Note 1	\$0 - \$5,000	Lump sum	Upon completion of the work	Landlord may Include in Lease
Office Rent Note 1	\$3,300 - \$7,500	Lump sum	At the time you sign the lease	Landlord
Lease Deposit Note 1	\$1,100 - \$2,500	Lump sum	At the time you sign the lease	Landlord
Travel and Living Expenses while Training	\$3,000 - \$5,000	As incurred	During training	Airlines, hotels, restaurants
Utility deposits, business licenses and other prepaid expenses	\$500 - \$1,000	Lump sum	Prior to opening	Utilities, governmental agencies, etc.
Computer equipment and Software Note 2	\$7,500 - \$9,500	Lump sum	Prior to opening	Supplier and us
Telephone and Communication Systems Note 3	\$1,000 - \$3,000	Lump Sum	Prior to opening	Telephone system supplier

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Furniture and office equipment Note 4	\$4,000 - \$8,000	Lump sum	Prior to Opening	Suppliers, retail establishments
Opening inventory (supplies)	\$1,500 - \$3,500	As incurred	Prior to opening	Suppliers, printers, etc.
Insurance (Note 5)	\$4,000 - \$7,000	Lump sum	Prior to Opening	Insurance companies
Advertising - 3 mos.	\$800 - \$2,000	As incurred	Monthly	Outside media
Additional Funds – 3 months (Note 6)	\$10,000 - \$25,000	As incurred	As incurred	Employees, Suppliers, Utilities
Professional Fees	\$1,500 - \$3,000	As incurred	Prior to opening	Attorneys and accountants
<b>TOTAL</b> (Note 7)	\$80,700 - \$124,500			

None of the items listed in the charts above are refundable. The expenses listed above are merely estimates. You are encouraged to make an independent investigation and analysis of the potential expenses which may be incurred in order to start the Agency.

Note 1 – Office Rent and Lease Deposit. You must lease or own space in an office building out of which you will operate your Agency. You will generally need between 1,000 and 1,200 square feet. Rent is estimated to be between \$1,000 and \$2,500.00 per month depending on factors such as size, condition and location of the leased premises. The amount in the chart represents 3 months' rent. You may have to make leasehold improvements to the property. The cost of the leasehold improvements may vary in different locations. In many situations, the landlord may pay for the improvements and may factor that cost into your rental payments, and therefore the low estimate for leasehold improvements would be \$0. Usually, a landlord will require you to pay a security deposit of one month's rent. This amount may be refundable by the landlord based on the terms of the lease.

Note 2 – Computer Equipment and Software. You will need a computer system which is described in greater detail in Item 11. This represents the initial cost of both cost of purchasing the hardware and licensing the software.

Note 3 – Telephone and Communication Systems. You will need a telephone and communication systems. If you want a telephone system with voicemail, which we recommend you do, the system will cost more. Many times these systems can be leased on a monthly basis.

Note 4 – Furniture and Office Equipment. You will need furniture and office equipment as described in the Confidential Operations Manual. Some of these items can be leased.

Note 5 – Insurance. The cost of insurance, especially the worker's compensation component can vary widely depending on the location of your Agency. This amount listed in the chart represent the deposit you will need to pay in order to obtain the insurance.

Note 6 – Additional Funds. This estimates the amount of additional expenses you can expect to incur during the initial period of 3 months the Agency is open. These expenses may include salaries, benefits, utilities, additional inventory requirements, supplies, etc., but do not include any fees listed in Item 6, do not include any expenses which are listed in the above chart and do not include your owner's salary or draw. **ALSO, THIS DOES NOT INCLUDE PAYROLL COSTS FOR THE TEMPORARY EMPLOYEES YOU PLACE THROUGH THE TEMPORARY SERVICE BUSINESS.** As explained in Items 6 and 10, you will have to fund the payroll for your temporary employees. We relied on information provided by our franchisees to compile these estimates.

Note 7 – Total. We relied on information provided by our franchisees to compile these estimates. We have had experience in the Temporary Service Business and in the Permanent Placement Business since 1996. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer direct or indirect financing to franchisees for any items except as described above and in Item 10. Except as described above, none of the fees listed in this Item are refundable.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You are required to purchase and lease all products, services, supplies, computer hardware and software and equipment and materials required for the operation of the Agency from manufacturers, suppliers, or distributors we designate, or from other suppliers who meet our specifications and are able to provide products and equipment in accordance with the standards as to quality, appearance and service, and who adequately demonstrate their ability to supply your needs in a timely and reliable manner. To protect and maintain the goodwill and public acceptance and recognition of the Marks and System, you must apply our specifications to your purchases of signs, stationery, business cards and office supplies with Marks imprinted on them. We furnish the names and available sources for computer equipment, signs, stationery, business cards and office supplies. The specifications for all of the above products are available in the Confidential Operations Manual which may be changed from time to time. If we do so, we will inform you of any changes by updates or supplements to the Confidential Operations Manual. The use of approved suppliers of goods and services will represent approximately 5% of your overall purchases and leases in opening the Agency and 5% of your overall purchases and leases in operating the Agency.

If you wish to purchase or lease any goods, products, equipment or supplies not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise you within a 45 day period whether these goods, products, equipment or supplies meet our specifications. We may require samples from alternate suppliers to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a charge not to exceed the actual cost of the test made by us or by an independent testing laboratory designated by us. We may revoke our approval of particular items or suppliers in our discretion upon notice to you.

We are the only approved supplier of payroll and billing, processing, and funding services and sublicensed Software. Other than the revenue derived from providing payroll processing and funding and financing the Software, we do not derive revenue from your purchases or leases at the present time, but we reserve the right to do so in the future. We or our affiliates, if any, may elect to become a supplier of certain goods, products and services. If so, we and our affiliates would expect to derive income and profit from such sales. Currently there are no approved suppliers in which any of our officers own an interest at this time. Our owners reserve the right to have an interest in other approved suppliers in the future.

We reserve the right to negotiate with various vendors for quantity discount contracts which may include rebates under these contracts, but have not done so at this time. You may or may not find the contracts to your advantage and may elect to participate or not to participate in them. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by franchisees, however during fiscal year 2023, we did not receive any rebates or other consideration based on our franchisees purchases. There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not

provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in detail in Section VIII.H in the Franchise Agreement. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history. All insurance policies must name our entity as an additional insured party.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this franchise disclosure document.**

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections II.A and VIII.A of the Franchise Agreement	Items 6 and 11
(b) Pre-opening purchases/leases	Section VIII.A of the Franchise Agreement	Item 8
(c) Site development and other pre-opening requirements	Section VIII.A of the Franchise Agreement	Item 6, 7, 11
(d) Initial and ongoing training	Sections VII.A and B of the Franchise Agreement	Item 11
(e) Opening	Sections VII.C and VIII.A of the Franchise Agreement	Item 11
(f) Fees	Sections III, V and VI of the Franchise Agreement; Section IV of the Funding Agreement; Section II.C of the Processing Agreement	Item 5 and 6
(g) Compliance with standards and policies/Operating Manual	Section VIII.C.1 of the Franchise Agreement	Item 11
(h) Trademarks and proprietary information	Section IX of the Franchise Agreement	Item 13 and 14
(I) Restrictions on products/services offered	Section VIII.E of the Franchise Agreement	Item 16
(j) Warranty and customer service requirements	Section VIII.D. of the Franchise Agreement	Item 11
(k) Territorial development and sales quotas	Section II.A of the Franchise Agreement	Item 12
(l) Ongoing product/service purchases	Section XIII of the Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section VIII.C.4 of the Franchise Agreement	Item 11
(n) Insurance	Section VIII.H of the Franchise Agreement	Item 6 and 8
(o) Advertising	Section VI of the Franchise Agreement	Item 6 and 11
(p) Indemnification	Section XVII of the Franchise Agreement; XI.D of the Funding Agreement; and Section VI.D of the Processing Agreement	Item 6
(q) Owner's participation/management/ Staffing	Section VIII.G of the Franchise Agreement	Item 11 and 15
(r) Records/Reports	Section VIII.L of the Franchise Agreement; XI.B of the Funding Agreement and VI.B of the Processing Agreement	Item 6
(s) Inspections/audits	Section VIII.M of the Franchise Agreement	Item 6 and 11
(t) Transfer	Section XVI of the Franchise Agreement, Section XI. E of the Funding Agreement; VI.E of the Processing Agreement	Item 17

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
(u) Renewal	Section IV of the Franchise Agreement and Section III of the Funding Agreement and Processing Agreement	Item 17
(v) Post-termination obligations	Section XII.C of the Franchise Agreement	Item 17
(w) Non-competition covenants	Section XI of the Franchise Agreement	Item 17
(x) Dispute Resolution	Section XVIII of the Franchise Agreement	Item 17

## ITEM 10. FINANCING

### **Payroll Funding**

Currently we, in our sole discretion, are offering funding of temporary payrolls to you based on availability from our lending institutions and your creditworthiness at the time you execute your Franchise Agreement. If approved by us and our lending institution, you will sign a Funding Agreement (the “Funding Agreement”) which is attached in Exhibit C. The Funding Agreement has a 3 year term which is automatically renewable for additional 1 year terms.

The Funding Agreement provides that we will purchase your customer invoices which become our Accounts Receivables each week minus a Deferred Share. Currently this Deferred Share is 20% of the Accounts Receivables. We will advance to you the 80% balance of your Accounts Receivables less: (i) Funding Fee and Processing Fee; (ii) out-of-pocket expenses incurred by us on your behalf; (iii) any adjustments for Late Accounts or Delinquent Accounts; (iv) any discounts made available or extended to the Customer; and (v) Continuing License Fee, Advertising Fee, Technology Fee required under the Franchise Agreement, Funding Agreement and Processing Agreement and any other payments due (“Purchase Price”). The Purchase Price will be sent to you no later than Friday of each week based on the Accounts Receivables purchased for the prior week. You are responsible to deposit these amounts you receive from us into your business account to make sure adequate funds are in place to cover your payroll checks, related payroll taxes and operating expenses. In the event that our finance agreements with our banks are reduced, we have the right to reduce the 80% accordingly.

Pursuant to the Franchise Agreement, Funding Agreement and the Processing Agreement, we will bill your customers directly on behalf of your Agency and under “All Team Staffing” and your name, with instructions to remit payment directly to our designated financial institution. Your customers make their payments to us and we will apply the funds as follows:

- a. Apply full payment to each invoice paid by your customers;
- b. Pay you the reserve amount held out by our funding source (currently 20%) with your next payment for your weekly sales no later than Friday of each week.

Regarding garnishment or wage withholding, you are responsible for entering any garnishment into the software program before the payroll is processed. Also, you are responsible to make the payments to the proper authority as required in the withholding order.

You will pay us a one-time Funding Fee of 1.5% of the Customer Invoice value at the time we purchase the Customer Invoice. If the Customer Invoice is not paid within 30 days from the Customer Invoice date, then we will charge you an Accounts Receivable Service Charge of 0.05% per day of the outstanding amount for any delinquent amount up until 90 days from the Customer Invoice date.

The balance of any Accounts Receivable remaining unpaid in whole or in part for more than 90 days from the Customer Invoice date and the balance of any Accounts Receivable owing by any Customer

who is bankrupt or insolvent or who voluntarily seeks protection under the federal bankruptcy laws or against whom involuntary relief in bankruptcy is sought, or who has filed an assignment for the benefit of creditors prior to the expiration of such 90 day period, or as to whom we have a reasonable basis for believing that such Customer is about to become subject to one of the foregoing conditions or events shall be deemed a "Delinquent Account." The full amount of each Delinquent Account shall be deducted from the Purchase Price or, at our election, be paid by you to us upon demand. Any Delinquent Account that is subsequently collected by us shall be added to the next payment of your Purchase Price (less any other amounts due to us, including without limitation any interest, deductions or offsets permitted hereunder).

Until we are paid all amounts due, we will retain a security interest in your Accounts Receivable. You are required to sign a Security Agreement in the form found in Exhibit A of the Funding Agreement. You are required to indemnify us in the event of any suit resulting from the Funding Agreement; you would be responsible for paying reasonable attorneys' fees. If there is a dispute, it is to be settled by mediation and the prevailing party is allowed to collect reasonable attorney's fees.

Other than as described above, we do not offer direct or indirect financing. We do not guarantee any note, lease or other of obligations.

#### **ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

Before you open your Agency, we will:

- a. Designate your Area (Franchise Agreement – paragraph II.A and Exhibit I);
- b. We must approve the location of your Agency. You may select the location of your office anywhere in the Area. Typically, you will lease the space for your Agency. You are solely responsible for locating, securing and evaluating the suitability of your office and for the review and negotiations of your lease. The factors we consider in approving sites are factors such as general location, lease term, size, access to public transportation, and parking. We will either approve or disapprove your location within 30 days of receipt of all information regarding the location. (Franchise Agreement – paragraph VIII.A);
- c. Provide suggestions for layout and design of the Agency (Franchise Agreement - paragraph VII.E.);
- d. Provide you access to our Confidential Operations Manual ("Manual") (Franchise Agreement – paragraph XIV);
- e. Provide you a list of necessary equipment, signs, fixtures and supplies. We do not provide any of these items directly, however, we do license the software you are required to use as described in Item 10 (Franchise Agreement - paragraph VIII.C);
- f. Provide Initial Training in the operation of your Agency to you and your manager(s). This training is described in detail later in this Item (Franchise Agreement – paragraph VII.A).
- g. Provide you access to the Software (Franchise Agreement- paragraph VIII.N).

### **Time for Opening the Agency**

You are required to work diligently to open for business in a timely manner. We estimate the length of time between execution of the Franchise Agreement and the opening of your Agency to be approximately 2 to 4 months. Factors affecting this length of time include the obtaining of a satisfactory place to conduct your Agency, financing arrangements, local ordinance, licensing, permits and compliance requirements, improvement of the place of your Agency, delivery and installation of equipment, and hiring and training of employees. You must begin operation of the Agency and open the office within 4 months after the Franchise Agreement is signed. Both the Temporary Services Business and the Permanent Placement Business will be operated out of the same office. If you fail to find a site and open the Agency within 4 months of signing the Franchise Agreement, we have the right to terminate the Franchise Agreement and you will forfeit the Initial Franchise Fee.

### **During the Operation of your Agency, we will**

- a. Provide at least 1 representative to assist in the opening and initial training for a period of at least 5 days after you open the Agency for business (Franchise Agreement – paragraph VII.C);
- b. Provide a representative to further assist in the operation of your Agency for a minimum of 3 days approximately 2 months after you open for business (Franchise Agreement – paragraph VII.C);
- c. Furnish you, at your request or if we deem it necessary, with additional guidance and assistance. We reserve the right to charge a reasonable fee. (Franchise Agreement – paragraph VII.D) (See Item 6 above);
- d. Provide additional training to you or your manager(s) at a reasonable fee. You must also pay your own travel and living expenses associated with any such training (Franchise Agreement – paragraph VII.D);
- e. Refer customers located in your Area to you, if any (Franchise Agreement - paragraph VII.F);
- f. Offer National/Regional Accounts to you that are within your Area, if any (Franchise Agreement – paragraph II.C);
- g. Continue to provide you funding and processing services so long as the Funding Agreement and Processing Agreement are in effect. We reserve the right to cease providing these services so long as we find another vendor to do so. (Franchise Agreement – paragraph VIII.F);
- h. Continue to provide you access to the Software. We reserve the right to cease providing these services so long as we find another vendor to do so. (Franchise Agreement – paragraph VIII.N)
- i. Provide you invoicing services to your customers (Processing Agreement – paragraph VII.F); and
- j. Continue to loan you one copy of the Confidential Operations Manual (Franchise Agreement – paragraph XIV)

## **Manual**

The “Manual” means our Confidential Operations Manual, as amended by us from time to time. The Manual will be in a format determined by us (i.e., in writing, on CD-ROM, via electronic media through a secure website, etc.) and includes all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System that are delivered by us or otherwise communicated to you in writing. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet.

You must treat the Manual, any other manuals or written materials provided by us for use in the operation of the Agency, (in any format whatsoever, including but not limited to electronically, via the Internet, hard copy, etc.), and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual must be kept in a secure place within your Agency. It must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit D to this disclosure document. As of the date of this disclosure document, the Manual is more than 65 pages.

## **Advertising**

### **Local Advertising**

You will give us or our advertising agency, for approval, the name of any advertising agency you select to prepare the advertising and promotional materials, and copies of all of the advertising and promotional materials, you wish to use including newspaper, radio, the Internet and television advertising, specialty and novelty items, circulars and signs. If we do not give you written approval of the advertising and promotional materials with 20 days from the date we receive the materials, the materials are considered not approved. All promotional and advertising materials you submit to us will become our property. At our discretion, we may provide you with advertising and promotional materials. We reserve the right to charge you a reasonable fee for such materials. (Franchise Agreement - paragraph VI.C). In addition, we have the right to require you to place and maintain, at your sole expense and at all times during the term of the Franchise Agreement, a bold listing for the Temporary Service Business and the Permanent Placement Business in the classified ads in the yellow pages telephone directory issued in the Area or in such other directories (such as internet directories and listings), as we determine, in our sole and absolute discretion. We are not required to spend any amount on advertising in your Area.

You may not conduct or direct marketing activities, or otherwise solicit new customers or candidates, outside the Area without our prior written consent, which may be given, withheld, conditioned, or withdrawn in our sole and absolute discretion at any time. You will not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark symbols (“©”, “®”, “TM” or “SM”) as we direct. Any advertising on the Internet will require our prior written approval.

We control the following Internet websites, [www.allteamstaffing.com](http://www.allteamstaffing.com), [www.RIFOOD.com](http://www.RIFOOD.com), [www.allteamfranchisecorp.com](http://www.allteamfranchisecorp.com), [www.foodteaminc.com](http://www.foodteaminc.com), [www.resourcesinfood.com](http://www.resourcesinfood.com), and

[www.medteamstaff.com](http://www.medteamstaff.com) (“Links”). Subject to our prior written approval, you may be permitted to create a social media account from which to advertise the Agency on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and must be on the terms and conditions we specify from time to time in the Manual, which may restrict the content that you are permitted to post to such social media outlet. We have the right to cease granting permission to operate any such social media outlet at any time. Except as otherwise provided, you may not maintain a presence on the Internet for your Agency. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means will require prior written approval by us and on terms specified by us. We may require you to place all such electronic advertisements with us or our designated third party vendor.

### National Advertising Fund

We reserve the right to reinstate the National Advertising Fund (“Advertising Fund”) at some future date. The purpose of the Advertising Fund is brand recognition and acceptance of the Marks for the benefit of our franchisees. We will administer the Advertising Fund. Your contribution, on a monthly basis, is to pay an Advertising Fee of 1% of Temporary Employment Gross Billings and 2% of Permanent Placement Gross Billings to the Advertising Fund. The Advertising Fee may be used for production costs, administration, website maintenance and design, membership in industry associations, and media placement costs. These funds may be used for advertising on television, radio, direct marketing mailings, the newspaper, the Internet and other media. We have the right to determine the type of advertising and the media in which it will appear. The Advertising Fund is not, and will not be, an asset of ours. Our affiliates, if any, will contribute the same percentage for each Agency that it or its affiliates operate. We do not use any money you contribute to the Advertising Fund that is principally a solicitation for the sale of franchises.

No part of the Advertising Fund will be used by us to defray any of our general operating expenses other than those reasonably allocable to such advertising, which includes but is not limited to the cost of maintaining, administering, directing, placing and preparing national advertising materials, programs and public relations activities, the cost of employing advertising agencies and public relations firms to assist therewith, research and development and reasonable salaries, expenses, administrative costs and overhead as we incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs.

The Advertising Fund is intended to maximize recognition of our brand and that we will not be obligated, in administering the Fund to make expenditures for you which are equivalent or proportional to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures made by the Fund. All sums received for the Fund will be maintained in an account separate from our other monies and will be used only as so provided. We will maintain separate bookkeeping accounts for the Fund and will provide an unaudited financial statement of the account if you so request in writing. If we do not use all of the funds in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year’s advertising budget.

The Fund shall be maintained and administered by us as follows: A National Advertising Council (“NAC”) shall make strategic planning decisions. We shall retain sole right to make any day to day decisions necessary to carry out the strategic planning decisions of the NAC. The NAC shall be comprised of 4 members made up of franchisees and the Director who will be one of our employees, officers or directors. The franchisee members shall be elected annually by all franchisees of the System based upon one vote for each Agency which is in full compliance with its Franchise Agreement.

The NAC shall review and approve or disapprove any long-range marketing plans that we or other franchisees shall develop and the NAC may develop its own long range marketing plans. After a marketing

plan has been approved by the NAC, we shall implement the plan without further review by the NAC. We reserve the right, in its sole discretion, to establish and modify, from time to time, the duties, organization, form, manner of operation, membership, methods of member selection, and all other aspects of the NAC (other than eligibility for voting) pursuant to such governing documents as we may prepare; provided, however that members elected by franchisees shall in no event be less than 50% of the members of the NAC. Any deadlocks in the NAC shall be resolved by the decision of the Director of the NAC.

Other than as described above, there is currently no other advertising council composed of franchisees that advise us on advertising policies. Currently there are no local or regional advertising cooperatives.

### **Computer System**

You must purchase at least 1 computer (desktop or laptop) for each administrative employee working in the office. You must also purchase a multi-function (copy/ scan/ print) machine. An additional laser printer, as approved by us, is required if you choose to print payroll checks in your office. (Any equipment must be approved by us.) The costs are between \$1,800 - \$2,500. Pay cards are highly recommended. You must also have each computer connected to a High-speed internet line in order to access the required staffing software and email. We are under no obligation to provide you with any ongoing service related to your equipment but may provide advice or assist where possible. We reserve the right to require you, at your expense and in the timeframe we determine, to update or upgrade the hardware or software you use in your Agency to conform to new standards or specifications. As technology improves, you will be required to upgrade or purchase new equipment.

Under the terms of the Franchise Agreement, you will lease the specific Software we require. Currently, the "Software" includes "TempsPlus" software which provides billing, payroll, employee records, customer information and accounts receivable. You will pay us an initial fee of \$4,500 to license the Software. There is a weekly Technology Fee of \$100 which includes the continuing license fee to maintain the Software as well as network support, email access, and maintenance and updates to the website. The Software is proprietary software which we sublicense to you. We are not under any obligation to maintain or update these programs except as otherwise provided. We reserve the right to require different, upgraded or additional programs and if so, you will pay the cost of such different, upgraded or additional programs. In addition to any amount you pay under the Technology Fee, we estimate the cost of optional or required maintenance, updates and upgrades to the computer system will be \$0 to \$500 per year, which will be paid to third-party vendors.

We will have unlimited access to all data, statistical information, records and reports of your Agency including sales and sales contracts, employee and related payroll information, customer information, bank accounts, accounting reports and reservation programs. There are no contractual limitations on our right to access the information and data. We are not obligated to, but may choose to recommend vendors and/or provide computer advice.

### **Training**

We will provide training to you, and manager(s) designated by you as described below. All of the designated training for you and your designated manager(s) is mandatory. You and your designated manager(s) must attend the Initial Training Program promptly after the execution of the Franchise Agreement and must be completed to our satisfaction prior to the opening of your Agency.

The Initial Training Program will take place at our principal office in Tampa, Florida, on an as needed basis, for a period between 1 to 3 weeks depending on your past experience in this type of business.

We do not charge for the Initial Training Program but you are responsible for your wages, travel and living expenses and your employee's wages and travel and living expenses.

### TRAINING PROGRAM

SUBJECT	CLASS-ROOM HOURS	ON THE JOB HOURS	LOCATION
Sales and Business Development	8 hours	3.5 hours	Tampa, FL
Staffing Operations	8 hours	3.5 hours	Tampa, FL
Recruiting	8 hours	3.5 hours	Tampa, FL
Software	8 hours	3.5 hours	Tampa, FL
Payroll Processing	4 hours	2 hours	Tampa, FL
Accounting	4 hours	2 hours	Tampa, FL

Note that some subjects may be intermingled and time periods and subject matter may be subject to change.

We will send at least 1 representative to your Agency to assist in the opening and training for a period of at least 5 days after you open your Agency and will provide further assistance in the operation of the Agency by providing a representative for at least 3 days approximately 2 months after you open your Agency.

Our training programs are managed and conducted by the following individuals who have experience. These instructors are subject to change. We do not have a formal training staff. The instructors are described below:

John Hindman:

John Hindman was our chief executive officer from September 2014 until December, 2023. John has been the principal and management consultant for H&A Consulting Partners, LLC. He has over 35 years of executive, operations and financial experience and over 40 years of management responsibility with diversified global companies.

J. Brian Hindman:

Brian Hindman has been our chief executive office since December, 2023. He was also our chief information and technology officer from September, 2014 until November, 2023. He has 25 years' experience with more than 20 years of senior level information technology and management experience with consulting and start-up businesses. Most recently Brian was the CTO of Validus Inc., a Boston based technology startup developing data migration and validation software for the large enterprise market.

Joseph Edwards:

Joseph Edwards has been our Controller since July, 2023.

We, although not obligated to do so, may from time to time require that previously trained and experienced franchisees or their managers, attend and successfully complete Refresher Training Programs or seminars to be conducted at our principal office or such other locations that we will designate. We reserve the right to charge a reasonable fee for the Refresher Training Programs or any such additional training. You must pay the travel and living expenses and wages for you and your employees. So long as you are not in default under the Franchise Agreement, we will at reasonable times train a reasonable number of your new employees or their trainers at our corporate offices. However, you will pay all transportation,

lodging, meals and other expenses incurred by you and your employees in obtaining such additional training.

## **ITEM 12. TERRITORY**

You are granted the right to conduct your Agency throughout a designated “Area” described in Exhibit I of your Franchise Agreement, which will consist of a Metropolitan Statistical Area (“MSA”) as defined by the US government. You must operate the Agency at an office located within the limits or boundaries of the Area. You have the right to select the site of the office for the Agency but we must approve the location. If you want to change the location of your office you must obtain our written consent first, which we may withhold in our sole discretion. Such requests are evaluated on a case-by-case basis, including consideration of whether you are currently in compliance with your Franchise Agreement, territory availability, and other fact-specific considerations..

Except for National/Regional Accounts described below, we agree that during the term of the Franchise Agreement, so long as you are not in default under the Franchise Agreement, we will not operate or license any other person or entity to operate an Agency located within the Area. We and our affiliates have the absolute right to establish company-owned, affiliate-owned or franchised or licensed outlets or any other operation using the System and Marks at any location outside of the Area. We and our affiliates have the absolute right to establish company-owned, affiliate-owned or franchised or licensed outlets which do not use the System or Marks anywhere we desire, including within the Area. We and our affiliates may also market products, including products with the Marks, through alternative channels of distributions and engage in other business activities at any location without obligation to its franchisees. We are not required to pay you if we or our affiliates exercise any of the rights specified above. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own or from other channels of distribution or competitive brands that we control.

We have not established and do not operate, and have not formulated any plans or policies to establish or operate or to franchise others to operate, any business offering services similar to or competitive with those to be offered for sale by franchisees of your Agency under different trade names or trademarks, or of selling other services or products utilizing the Marks, but we retain the right to do so.

You may not conduct or direct marketing activities, or otherwise solicit new customers or candidates, outside the Area without our prior written consent, which may be given, withheld, conditioned, or withdrawn in our sole and absolute discretion at any time.

Operations of Temporary Service Business within Area. You must operate the Temporary Service Business only within the Area. You may service customers even if the corporate office of a customer is located outside of the Area so long you provide the services in the Area. If a customer wants you to provide services outside of the Area, you will immediately refer the customer to the agency office that services that area. If the customer is not referred to the agency office that services that area, you will be charged a fine of \$1,000 for the first violation, \$2,500 for the second violation and \$5,000 for the third and each subsequent violation. In addition, you will be required to pay restitution of the profit you derived from the wrongfully-performed services to the agency that services that area, as applicable. If the agency office that services that area waives the right to service that customer, in writing, you may service that customer outside of your area. If neither we nor any of our affiliates, nor any other franchisee provide services in the customer’s area, you may provide temporary services to that customer. You will provide only the temporary services described in the Confidential Operations Manual.

Operations of Permanent Placement Business within Area. You must operate the Placement Business within the Area out of the same office(s) that the Temporary Service Business is operated. You

will provide only the placement services described in the Confidential Operations Manual. Your customers for Placement Business (“Placement Customers”) are those seeking to hire permanent personnel (“Candidates”).

Generally, your Placement Customers will be located within your Area. However, you may service Placement Customers and Candidates from anywhere within or outside of your Area except for the following restriction: If you obtain a request to fill a position (“job order”) outside of your Area, you must first offer the agency (i.e. an agency operated by any of our affiliates or other franchisees or licensees) that operates in that location the opportunity to fill that job order. If the customer request is not referred to the agency office that operates in that location, you will be charged a fine of \$1,000 for the first violation, \$2,500 for the second violation and \$5,000 for the third and each subsequent violation. In addition, you will be required to pay restitution of the profit you derived from the wrongfully-performed services to the agency that services that area, as applicable. If that All Team Agency cannot or waives their right to fill the job order, in writing, you may fill it. In any event, you must seek the assistance of other All Team agencies if you cannot fill a job order. If a Candidate who is hired by a Placement Customer is placed with the assistance of another All Team agency, you will equally share the placement fee with the party who assisted in the placement, after first deducting the amounts due to us under the Franchise Agreement. Likewise, if you assist another All Team agency in placing a Candidate, the other All Team agency will be required to share the placement fee with you, after first deducting the amounts due to us under the Franchise Agreement.

You must provide for a guarantee period in your placement agreements whereby a replacement Candidate will be provided if the original Candidate is not found to be satisfactory within a specified period of time. If the Placement Fee was split between you and another All Team agency, the All Team agency that supplied the Candidate will be responsible for providing a replacement to the Placement Customer. If the All Team agency cannot supply a replacement Candidate, then it must refund the portion of the Placement Fee which it received back to you and you will be responsible for obtaining a replacement Candidate. Likewise, if another All Team agency filled the job order with your assistance and the Placement Customer requires a replacement, you will be responsible for providing a replacement Candidate or immediately refunding your portion of the Placement Fee back to the other All Team agency. However, in no event will we be responsible for the amount of the Placement Fee which is being refunded to the All Team agency or to you, as the case may be, for failure to obtain a replacement Candidate.

Nothing will prohibit us and our affiliates from doing business within the Area for National/Regional Accounts. A National/Regional Account means those Temporary Service Business and Permanent Placement Business accounts, with more than one location covered by an agreement, written or oral, for services which are not located solely in the area of one franchisee. A list of our National/Regional Accounts will be found in the Manual. If you obtain an account that is considered a National/Regional Account, you must refer it to us and it will be treated as a National/Regional Account; however, we reserve the right to reject any such account in our sole judgment and discretion. National/Regional Accounts will be negotiated solely by us or our affiliates, even if you procure the National/Regional Account. All National/Regional Accounts will be considered our property and you will have no claim to them. As such, all National/Regional Accounts and related agreements will be negotiated, managed, and controlled solely by us even if you procure the National/Regional Account. If one or more locations of a National/Regional Account fall within your Area, we will first offer you the opportunity to provide such services on the terms and conditions that have been established with such National/Regional Account. You are not required to service a National/Regional Account and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other franchisees, licensees, or affiliate-owned agencies, to provide such services. Even if you fail to accept the job order to service a certain National/Regional Account, you may fill subsequent job orders once you have temporary staff or personnel candidates available. However, the decision to accept you as a provider of

services for the National/Regional Account must ultimately rest with the National/Regional Account. All National/Regional Accounts will be billed by us, and Customer payments for National/Regional Accounts will be sent to us and we will forward these amounts to you.

If we or any of our affiliates acquires from or is acquired by an unrelated third party, through purchase of assets or stock, including the acquisition of a majority voting interest, or through a merger, consolidation or any other form of business combination, which is engaged in the temporary service business or permanent placement business with an owned or franchised office in the Area, we, or our affiliates and the surviving entity in a merger, consolidation or other form of business combination, as the case may be, will have the right to continue the operation of such office(s) in the Area as a company owned or franchised office(s) under the trade name utilized by the acquired or acquiring business for such office(s) before the acquisition, under the Marks or under any other marks or names.

You do not have any options, right of first refusal or similar rights to acquire additional franchises within the territory or continuous territories.

Except as explained above, continuation of your rights in the Area does not depend on your achieving a certain sales volume, market penetration or other contingencies.

### **ITEM 13. TRADEMARKS**

We grant the right and require you to operate your Agency under “All Team Staffing” or any other Mark we may designate. You may also use our other current or future Marks to operate your Agency if we permit you to do so. By Marks, we mean trade names, trademarks, service marks and logos used to identify your Agency.

We hold the registrations for the following principal trademarks and service marks on the Principal Register of the United States Patent and Trademark Office. All affidavits and renewal that have been due for these Marks have been filed.

<b>MARK</b>	<b>REGISTRATION DATE</b>	<b>REGISTRATION NUMBER</b>
RIF Resources in Food and design	October 28, 1997	2,108,595
All Team and design	August 14, 2018	5,538,993
All Team	April 1, 2008	3,404,942

You must follow our rules when you use the Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the trademark.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We will have the sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and

maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of the Marks and/or to use one or more additional or substitute names or marks, you will be obligated to do so at your own expense and without claim against us. You will need to comply within a reasonable time of the request.

We do not actually know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We own no special patents which pertain to the Franchise Agreement.

We claim copyrights in the Confidential Operations Manual, sales material and brochures, and related items used in operating the franchise. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Agency.

There currently are no effective adverse determinations of the U.S. Patent and Trademark Office, the U.S. Copyright Office, or any court regarding the copyrighted materials. No agreements limit our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the system's best interest. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, clients, rates, fees and terms and other information or material which we may designate as confidential, including customer lists, sales and promotional information, employee lists, financial information furnished or disclosed to you by us or our affiliates, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Agency ("Confidential Information"). You will not use the confidential information in an unauthorized manner. You agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all confidential information, trade secrets and proprietary rights during and after the term of the Franchise Agreement. All of your employees will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement, and will require all personnel to execute a Confidentiality and Non-Competition Agreement relating to trade secrets in a form acceptable to us.

The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning an Agency, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for our entity. To the extent any item does not qualify as a "work made-for-hire" for our entity, you assign ownership of that item and all related rights to that

item, to our entity and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

#### **ITEM 15. OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF YOUR BUSINESS**

We require you to participate directly in the operation and management of your Agency. You and a trained and competent employee acting as a full-time manager must supervise your Agency at all times. You and your manager must complete our Initial Training Program and must agree to maintain the confidentiality of our confidential information to the same extent as you have.

If you are a partnership, limited liability corporation or a corporation, you must designate an operating partner, member or shareholder who, throughout the term of the Franchise Agreement will successfully complete the Initial Training Program and devote full working time and best efforts in the day-to-day operations of your Agency and keep free from conflicting enterprises or any other activities which would be detrimental to or interfere with your Agency.

You must require the designated manager and your key employees (i.e. staffing manager, sales manager, office manager) to execute a Confidentiality and Non-Competition Agreement in a form acceptable to us relating to trade secrets and non-competition.

If you are a corporate entity or limited liability company, all shareholders or members and their spouses will sign our standard form Guaranty and Assumption of Obligations, which is attached to the Franchise Agreement. This Guaranty and Assumption of Obligations provides that each individual who signs is assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

The Franchise Agreement states that you are to provide all the services required by us. However, as explained in Item 1 above, you may begin operating your Agency by providing Temporary Service Business. You will have 4 months after you sign the Franchise Agreement until you must be providing the Placement Service Business. Furthermore, you are prohibited from offering or selling any services or any products not authorized by us. We reserve the right to change the types of services and products which you will be required to offer. There are no limits on our right to do so.

There are some restrictions regarding the customers which you may offer products and services. These restrictions are explained in Item 12.

## ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

**This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this franchise disclosure document.**

PROVISION	SECTION IN FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section IV of the Franchise Agreement; Section III of the Funding Agreement; and Section III of the Processing Agreement	10 years from signing the Franchise Agreement.  Funding Agreement and Processing Agreement are 3 years from execution.
b. Renewal or extension	Section IV of the Franchise Agreement; Section III of the Funding Agreement; Section III of the Processing Agreement	2 additional terms for 10 years each for the Franchise Agreement.  Funding Agreement and Processing Agreement automatically renew for additional 1 year terms.
c. Requirement for franchisee to renew or extend	Section IV of the Franchise Agreement	Give notice, sign new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights, sign a release, and pay fee.
d. Termination by franchisee	Section XII.B of the Franchise Agreement; Section X.B of the Funding Agreement; and Section V.B of the Processing Agreement;	If we breach agreement and do not cure or attempt to cure after notice.
e. Termination by franchisor without cause	Section III of the Funding Agreement	If the third-party funding agreement to which we are a party terminates or expires.
f. Termination by franchisor with cause	Sections VII.A, VIII.A and XII.A. of the Franchise Agreement; Section X. A. of the Funding Agreement and Section; and Section V.A. of the Processing Agreement	If you do not satisfactorily complete training, do not open within 4 months, do not open additional offices in timely fashion or generally if you breach agreement. Generally, if you breach any agreement you have with us or have the same or similar breach twice within a 12 month period.
g. "Cause" defined- curable defaults	Sections XII.A.1 and XII.A.2 of the Franchise Agreement	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Sect. XII.A 3.
h. "Cause" defined – non-curable defaults	Section XII.A.3 of the Franchise Agreement	Non-curable defaults: conviction of felony, repeated defaults even if cured, bankruptcy and abandonment
i. Franchisee's obligation on termination or non-renewal	Section XII.C of the Franchise Agreement; Section X.C of the Funding Agreement; Section V.C of the Processing Agreement	Complete de-identification and payment of amounts due, return materials, Manual, direct transfer of phone under the Franchise Agreement; Pay all Temporary Employment Gross Billings remaining unpaid and stop using the Software and turn over all customers, candidates and all related information to us upon our request.
j. Assignment of contract by franchisor	Section XVI.A of the Franchise Agreement; Section XI.E of the Funding Agreement; Section VI.E of the Processing Agreement;	No restrictions on right to assign.
k. "Transfer" by franchisee-definition	Section XVI.B of the Franchise Agreement; Section XI.E of the Funding Agreement; and Section VI.E of the Processing Agreement	Transfer of contract or assets or ownership change under the Franchise Agreement and the transfer of the contract under the Funding Agreement and/or the Processing Agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
l. Franchisor approval of transfer by franchisee	Section XVI.B of the Franchise Agreement; Section XI.E of the Funding Agreement; Section VI.E of the Processing Agreement;	Right to approve all transfers under the Franchise Agreement, and the related Funding Agreement, and Processing Agreement.
m. Conditions for franchisor approval of transfer	Section XVI.B of the Franchise Agreement	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed
n. Franchisor's right of first refusal to acquire franchisee's business	Section XVI.E. of the Franchise Agreement	We can match any offer for your business or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section XIII.D of the Franchise Agreement	After termination can purchase your equipment at fair market value
p. Death or disability of franchisee	Section XVI.C of the Franchise Agreement	Heir must be approved but no right of first refusal
q. Non-competition covenants during the term of the franchise	Section XI.A of the Franchise Agreement	No involvement in a Similar Business (as defined in the Franchise Agreement)
r. Non-competition covenant after the franchise is terminated or expires	Section XI.B of the Franchise Agreement	No involvement in a Similar Business and no solicitation of customers for 2 years within area of an All Team agency.
s. Modification of the agreement	Sections XV and XIX.D of the Franchise Agreement	No modification generally but Manual and system subject to change.
t. Integration/merger clause	Section XIX.D of the Franchise Agreement; Section XI.J of the Funding Agreement; Section VI.J of the Processing Agreement;	Only the terms of the Franchise Agreement are binding (subject to state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section XVIII of the Franchise Agreement	Except for certain claims, all disputes must be mediated in Tampa, Florida.
v. Choice of forum	Section XIX.H of the Franchise Agreement; Section XI.K of the Funding Agreement; Section VI.K of the Processing Agreement	Litigation or arbitration must be in Tampa, Florida (subject to state law).*
w. Choice of law	Section XIX.H of the Franchise Agreement; Section XI.K. of the Funding Agreement; Section VI.K of the Processing Agreement	Florida law applies (subject to 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 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 consider 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 particular circumstances.

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 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 Joseph Edwards at All Team Franchise Corporation, 500 North West Shore Boulevard, Suite 300, Tampa, FL 33609, 813-440-4012, the Federal Trade Commission and any appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**Table 1**  
**Systemwide Outlet Summary**  
**For years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	11	11	0
	2022	11	11	0
	2023	11	10	-1
Company-Owned	2021	7	7	0
	2022	7	7	0
	2023	7	6	-1
<b>Total Outlets</b>	<b>2021</b>	<b>18</b>	<b>18</b>	<b>0</b>
	<b>2022</b>	<b>18</b>	<b>18</b>	<b>0</b>
	<b>2023</b>	<b>18</b>	<b>16</b>	<b>-2</b>

**Table 2**  
**Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2021 to 2023**

State	Year	Number of Transfers
Virginia	2021	0
	2022	1
	2023	0
Pennsylvania	2021	0
	2022	0
	2023	1
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>1</b>
	<b>2023</b>	<b>1</b>

**Table 3**  
**Status of Franchised Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
AZ	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
FL	2021	1	0	0	0	0	0	1*
	2022	1	0	0	0	0	0	1*
	2023	1	0	0	0	0	0	1*
MI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
MN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MO	2021	1	0	0	0	0	0	1**
	2022	1	0	0	0	0	0	1**
	2023	1	0	0	0	0	0	1**
NV	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NY	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
OR	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
VA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Total</b>	<b>2021</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
	<b>2022</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
	<b>2023</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>10</b>

\*The Miami outlet also operates under 2 additional franchise agreements in the adjoining markets of Boca Raton/West Palm Beach and Fort Lauderdale all from one office.

\*\* In 2020, the franchisee opened a satellite office which is detailed in Exhibit E.

**Table 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of The Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	1	0	0
CO	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
IL	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
NC	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
TN	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
TX	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
<b>Total</b>	<b>2021</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2022</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2023</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>6</b>

**Table 5**  
**Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
North Carolina	0	0	1
Maryland	0	1	0
Florida	0	1	0
<b>Total</b>	0	2	1

The franchisees are listed on [Exhibit E](#). If there are any franchisees or licensees in the last fiscal year who had a franchise or license transferred, terminated, canceled, not renewed or who has otherwise voluntarily or involuntarily ceased to do business or who has not communicated with us within a ten-week period preceding, the franchisees will be listed in [Exhibit E](#). If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three (3) fiscal years, we have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us. You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. There are no trademark-specific franchisee organizations associated with the franchise system at this time.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached to this franchise disclosure document as Exhibit F:

Our audited financial statements for the year ending December 31, 2021, December 31, 2022, and December 31, 2023, as well as our interim unaudited financial statements dated May 1, 2024, and

Attached to this franchise disclosure document as Exhibit G are:

Unaudited financial statements will be included in Exhibit G if required.

## **ITEM 22. CONTRACTS**

The following are attached to this franchise disclosure document:

Exhibit A – Franchise Agreement  
Exhibit B – Processing Agreement  
Exhibit C - Funding Agreement

## **ITEM 23. RECEIPT**

See Exhibit K.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**ALL TEAM FRANCHISE CORPORATION**

**FRANCHISE AGREEMENT**

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# ALL TEAM FRANCHISE CORPORATION

## FRANCHISE AGREEMENT

Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between ALL TEAM FRANCHISE CORPORATION, a Florida corporation (hereinafter referred to as “ATFC”), and \_\_\_\_\_, a \_\_\_\_\_ limited liability company (hereinafter referred to as “FRANCHISEE”).

WHEREAS, ATFC licenses others the right to operate a temporary and permanent employment agency in accordance with the Marks and the System described below; and

WHEREAS, FRANCHISEE desires to participate in the use of the System and Marks in connection with the operation of a franchised business under the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual promises and conditions contained herein, the parties agree as follows:

### **I. DEFINITIONS.**

For purposes of this Agreement, the following terms shall have the meaning as set forth below:

A. “Agency” means the business which will be owned and operated by FRANCHISEE pursuant to this Agreement.

B. “ATFC agency” means the Agency and any other staffing agency operating under the System and Marks, whether owned by ATFC or any affiliate, or licensed or franchised by ATFC or any affiliate.

C. “Customer Adjustment” means any amount of credit or refund which FRANCHISEE issues to a customer due to a customer complaint that is reasonably necessary to maintain customer relations. Customer Adjustment does not include bad debts or uncollectible accounts which are FRANCHISEE’s sole responsibility.

D. “FRANCHISEE” shall be deemed to include: (a) those persons and their spouses owning any interest in a corporate franchisee or a limited liability company; (b) all partners and their spouses owning any interest in a partnership franchisee; (c) the individual who owns a sole proprietorship franchisee and his or her spouse; and (d) the guarantors of this Agreement. For purposes of determining ownership in a franchise, the interests owned by a husband and wife shall be considered one interest, and both husband and wife shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

E. “Funding Agreement” means the Funding Agreement entered into between the FRANCHISEE and ATFC in order for ATFC to provide payroll funding for the Agency.

F. “Marks” means such service marks, trademarks, trade dress, trade names and copyrights, or any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by ATFC or its affiliates for use in connection with the operation of the Agency. Currently the Marks include Food Team, Inc. and design, RIF Resources in Food and design, Med Team Support Staffing and design and All Team.

G. “National/Regional Accounts” means those Temporary Service Business and Permanent Placement Business accounts, with more than one location covered by either an agreement for services, written or oral, and/or based on past practices which are not located solely in the area of one franchisee as determined by ATFC in its sole discretion.

H. “Permanent Placement Business” is the permanent placement employment service business operated pursuant to this Agreement under the Marks and System.

I. “Permanent Placement Gross Billings” means all billings from the Agency’s Permanent Placement Business, including but not limited to, receipts from job placements, recruiting, conversions of temporary employment and any other similar function or related business, less any Customer Adjustments.

J. “Principal Owner” means the FRANCHISEE if FRANCHISEE is a sole proprietor, the majority shareholder of FRANCHISEE if FRANCHISEE is a corporation, a partner owning a majority share of the partnership if FRANCHISEE is a partnership, or the manager or member owning a majority of interest if the FRANCHISEE is a limited liability company.

K. “Processing Agreement” means the Processing Agreement entered into between FRANCHISEE and ATFC in order for ATFC to provide payroll and billing processing services to the Agency.

L. “System” means a specially developed method of operating a temporary employment agency and permanent placement business providing services in the following industries: healthcare and environmental, hospitality and food service, management recruiting, labor and light industrial and administrative and clerical. This includes confidential operating procedures; methods and techniques for financial controls, record keeping, customer account information, customer lists, candidate information and candidate lists, accounting and reporting, personnel management, sales marketing and advertising, and the proprietary know-how developed by ATFC to integrate all of the services, any of which may be changed, improved, modified and further developed by ATFC from time to time.

M. “Temporary Employment Gross Billings” means all of the gross billings (less any Customer Adjustments) to customers derived from the Agency’s Temporary Service Business.

N. “Temporary Service Business” is the temporary employment service business operated pursuant to this Agreement under the Marks and System.

O. “Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, FRANCHISEE or the Agency, including: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) assignment of contract rights; (h) sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Agency, other than in ordinary course of business); or (i) any change of control or management of the Agency.

## II. GRANT

A. Area. Subject to the terms and conditions of this Agreement, ATFC hereby grants to FRANCHISEE the right and license to use the Systems and Marks in connection with the operation of one Agency in the Area described in Exhibit I (“Area”) under the terms and conditions of this Agreement.

Subject to Section II.C (National/Regional Accounts), ATFC agrees that during the term of this Agreement, so long as FRANCHISEE is not in default under this Agreement, ATFC shall not operate or license or franchise any other person or entity the right to operate an ATFC agency in the Area. The Agency shall be operated by FRANCHISEE at office which must be located within the limits or boundaries of the Area. FRANCHISEE has the right to select the site of the office for the Agency, subject to the prior written consent of ATFC. FRANCHISEE shall not open or close any office nor change the location of any office within the Area without first securing written consent of ATFC. Notwithstanding the foregoing, if, in ATFC’s sole opinion, the Area is too large to service through only 1 office, ATFC may require FRANCHISEE to open additional offices all within the limits or boundaries of the Area. In such event, the number of offices which need to be established in the Area and the timing of establishing these offices will be described in Exhibit I.

1. Operations of Temporary Service Business. FRANCHISEE must operate the Temporary Service Business solely within the Area. FRANCHISEE may service customers even if the corporate office of a customer is located outside of the Area so long as the services to be provided for the customer will be located in the Area. If a customer wishes FRANCHISEE to provide services outside of the Area, FRANCHISEE shall immediately refer said customer to the agency office that services that area. If the customer is not referred to the agency office that services that area, FRANCHISEE will be charged a fine of \$1,000 for the first violation, \$2,500 for the second violation, and \$5,000 for the third and each subsequent violation. ATFC has the right to collect these amounts in addition to exercising any and all other rights it may have for non-compliance under this Agreement. In addition, FRANCHISEE will be required to pay restitution of the profit FRANCHISEE derived from the wrongfully-performed services to the agency that services that area, as applicable. If the agency office that services that area waives the right to service that customer, in writing, FRANCHISEE may service that customer outside of its Area. If neither ATFC, any of its affiliates or licensees, nor any other agency services said area, FRANCHISEE may provide temporary services to said customer. FRANCHISEE’s Agency shall provide only the temporary services set forth in the Confidential Operations Manual.

2. Operations of Permanent Placement Business. FRANCHISEE must operate the Permanent Placement Business within the Area out of the same office that the Temporary Service Business is operated. FRANCHISEE’s Agency shall provide only the placement services set forth in the Confidential Operations Manual. FRANCHISEE’s customers for Permanent Placement Business (“Placement Customers”) are those seeking to hire permanent personnel (“Candidates”).

FRANCHISEE’s Placement Customers will typically be located within the Area. However, FRANCHISEE may service Placement Customers and Candidates from anywhere within or outside of the Area except for the following restriction: If FRANCHISEE obtains a request to fill a position (“job order”) outside of its Area, FRANCHISEE must first offer the ATFC agency (i.e. an agency operated by any affiliate or other franchisee or licensee) that operates in the location of the job, the opportunity to fill that job order. If the customer is not referred to the agency office that operates in the location of the job, FRANCHISEE will be charged a fine of \$1,000 for the first violation, \$2,500 for the second violation, and \$5,000 for the third and each subsequent violation. ATFC has the right to collect these amounts in addition to exercising any and all other rights it may have for non-compliance under this Agreement. In addition, FRANCHISEE will be required to pay restitution of the profit FRANCHISEE derived from the wrongfully-performed services to the agency that services that area, as applicable. If that ATFC agency cannot or

waives the right to fill the job order, in writing, FRANCHISEE may fill it. In any event, FRANCHISEE must seek the assistance of other ATFC agencies if it cannot fill a job order. If a Candidate who is hired by a Placement Customer is placed with the assistance of another ATFC agency office, FRANCHISEE shall equally share the placement fee with the party who assisted in the placement. ATFC will first take all of its fees from each party's half of the placement fee, and then pay the balance to FRANCHISEE and the other ATFC agency. Likewise, if FRANCHISEE assists another ATFC agency in placing a Candidate, the other ATFC agency will be required to equally share the placement fee with FRANCHISEE, after ATFC takes all of its fees from each party's half of the placement fee.

FRANCHISEE must provide for a guarantee period in its placement agreements whereby a replacement Candidate will be provided if the original Candidate is not found to be satisfactory within a specified period of time. If the Placement Fee was split between the FRANCHISEE and another ATFC agency, said ATFC agency that supplied the Candidate shall have the responsibility of providing a replacement to the Placement Customer. If said ATFC agency cannot supply a replacement Candidate, then it must refund the portion of the Placement Fee which it received back to the FRANCHISEE and FRANCHISEE shall be responsible for obtaining a replacement Candidate. Likewise, if another ATFC agency filled the job order with the assistance of the FRANCHISEE and the Placement Customer requires a replacement, FRANCHISEE will be responsible for providing a replacement Candidate or immediately refunding its portion of the Placement Fee back to the other ATFC agency. Notwithstanding the foregoing, ATFC is not responsible for the amount of the Placement Fee which is being refunded to the ATFC agency or to the FRANCHISEE, as the case may be, for failure to obtain a replacement Candidate.

If any disputes arise as to the sharing of any placement fees, a determination shall be made by ATFC and such determination shall be binding on the parties. ATFC is not responsible for payments due to FRANCHISEE of its share of any placements, unless the placement is made of a Candidate who was placed by ATFC with the assistance of FRANCHISEE.

B. Rights Reserved. ATFC reserves all rights not specifically granted to FRANCHISEE pursuant to this Agreement, all without compensation to FRANCHISEE, including the following: ATFC and its affiliates retain the right to operate and to franchise or license to third parties the right to operate businesses outside the Area using the Systems and Marks, or using other systems and marks. ATFC agrees that as long as FRANCHISEE complies with the terms of this Agreement, ATFC will not itself, or through affiliates, operate, franchise or license to a third party the right to operate an ATFC agency in the Area. Notwithstanding the foregoing, ATFC, its affiliates and other franchisees and licensees are permitted to (1) operate or license others to operate businesses similar to or the same as the Agency under different Marks anywhere, including within Area; (2) operate or license others to operate businesses that are different than the business operated by the Agency under the Marks or other marks, including within the Area (3) service National/Regional Accounts pursuant to Section II.C., below; and (4) market products, including products with the Marks, through alternative channels of distributions and engage in other business activities at any location without obligation to its franchisees. Neither ATFC nor its affiliates are required to pay FRANCHISEE if ATFC or its affiliates exercise any of the rights specified above within the Area.

Notwithstanding anything to the contrary in this Agreement, if ATFC or any of its affiliates acquires from or is acquired by an unrelated third party, through purchase of assets or stock, including the acquisition of a majority voting interest, or through a merger, consolidation or any other form of business combination, which is engaged in the temporary service business or permanent placement business with an owned or franchised office in the Area, ATFC, or its affiliates and the surviving entity in a merger, consolidation or other form of business combination, as the case may be, will have the right to continue the operation of such office in the Area as a company owned or franchised office under the trade name utilized by the acquired or acquiring business for such office before the acquisition, or under the Marks.

C. “National/Regional” Accounts. ATFC may develop National/Regional Accounts from time to time and FRANCHISEE may develop accounts that may qualify as a National/Regional Account. National/Regional Accounts obtained by FRANCHISEE for service outside FRANCHISEE’s Area must be referred to ATFC and shall be treated as a National/Regional Account; however, ATFC reserves the right to reject any such account in ATFC’s sole judgment and discretion. All National/Regional Accounts shall be deemed to be the property of ATFC and FRANCHISEE shall have no claim to same. As such, National/Regional Accounts and related agreements shall be negotiated, managed, and controlled solely by ATFC or its affiliates, even if the National/Regional Account was procured by FRANCHISEE. Any information supplied to ATFC by FRANCHISEE regarding National/Regional Accounts, and supplemental information as may be required by ATFC may be disseminated to all franchisees that may be required to service those accounts. FRANCHISEE agrees that providing account information to other franchisees is in the best interest of the Systems as a whole and for enhancement of opportunities of all within the Systems.

If one or more locations of a National/Regional Account fall within FRANCHISEE’s Area, ATFC will first offer FRANCHISEE the opportunity to provide such services for said locations on the terms and conditions that it has established with such National/Regional Account. FRANCHISEE is not required to service a National/Regional Account and if FRANCHISEE fails to accept such offer in the manner and within the time period that ATFC specifies, ATFC has the right to service the account itself, or may authorize other franchisees, or affiliate-owned or licensee-owned agencies, to provide such services. Notwithstanding the foregoing, even if the FRANCHISEE fails to accept the job order to service a certain National/Regional Account, the FRANCHISEE may fill subsequent job orders when FRANCHISEE has temporary staff or management candidates available. However, the decision to accept the FRANCHISEE as a provider of services for the National/Regional Account must ultimately rest with the National/Regional Account. All National/Regional Accounts will be billed by ATFC, and customer payments for all National/Regional Accounts will be collected by ATFC exclusively and forwarded to FRANCHISEE as applicable.

In order for FRANCHISEE to be permitted to service a National/Regional Account, FRANCHISEE must: (i) maintain the insurance required by the National/Regional Account customer, and add the National/Regional Account customer and All Team Franchise Corporation as additional insureds, (ii) agree to be bound by and comply with all of the terms and conditions of the National/Regional Account and perform all of the obligations contained in the agreement between ATFC and the National/Regional account customer to the extent within their operational control; (iii) comply with any and all audits required by the National/Regional account customer; and (iv) sign any document required by the National/Regional account customer. Uniformity and quality of services offered by all ATFC agencies to National/Regional Accounts is of utmost importance to ATFC and the entire System. If FRANCHISEE violates the National/Regional Account requirements described herein and in the Manual, FRANCHISEE agrees that ATFC will be damaged. These damages will be calculated at \$1,000 for the first violation, \$2,500 for the second violation and \$5,000 for the third violation. After the third violation, FRANCHISEE may no longer be permitted to service National/Regional Accounts. ATFC has the right to collect these amounts in addition to exercising any and all other rights it may have for non-compliance under this Agreement. FRANCHISEE agrees that a precise calculation of the full extent of the damages that ATFC will incur from the improper servicing of National/Regional Accounts are difficult to determine and all parties desire certainty in this matter and agree that the damages provided here are reasonable and constitute liquidated damages and not a penalty.

### **III. FRANCHISE FEE**

Upon execution of this Agreement, FRANCHISEE will pay ATFC the Franchise Fee for this Franchise which is set forth in Exhibit I. The Franchise Fee is Forty Two Thousand Five Hundred Dollars and No Cents (\$42,500.00) payable upon execution of this Agreement. If FRANCHISEE or its owners

already operate an Agency under a Franchise Agreement with ATFC and wish to purchase an additional franchise and/or open an additional Agency office the Franchise Fee will be \$37,500.

If ATFC does not accept this Agreement within thirty (30) days of its submission, ATFC will refund the entire franchise fee, if any. Otherwise, the Franchise Fee is fully earned when paid and non-refundable.

#### **IV. TERM**

The term of this Agreement shall be for a period of ten (10) years from the date of execution, unless sooner terminated in accordance with this Agreement. If FRANCHISEE is in full compliance with the terms of this Agreement, FRANCHISEE shall have the right to renew for two additional terms of ten (10) years, provided that FRANCHISEE is not in default under this Agreement at the time of renewal and agrees to execute the most current franchise agreement being utilized by ATFC. The most current franchise agreement may contain significantly different terms than this Agreement. Notwithstanding the foregoing, ATFC may, in its discretion, refuse to renew the Franchise if FRANCHISEE has been notified of defaults (even if subsequently cured) under this Agreement more than three (3) times during the initial term or more than three (3) times during any renewal term, even if FRANCHISEE is not in default at the time of such renewal. FRANCHISEE agrees to give ATFC not less than six (6) or more than eighteen (18) months written notice of an election to renew the franchise, prior to the end of the initial term or the renewal term. Failure to give such notice shall be an election not to renew the franchise. FRANCHISEE shall also pay ATFC a renewal fee of 25% of the then current Franchise Fee, remodel the Agency to current standards and execute a general release, to the extent permitted by applicable law, of any and all claims against ATFC and its affiliates and their respective shareholders, officers, directors, employees, agents, successors and assigns arising under or from this Agreement and any related agreement between the parties or under any applicable law, rule or regulation.

#### **V. FEES**

A. Continuing License Fees. FRANCHISEE shall pay to ATFC Continuing License Fees equal to:

1. The greater of: (i) three percent (3%) of Temporary Employment Gross Billings or (ii) the Minimum Fee. The Minimum Fee is \$600 per week for the first year of operations, \$950 per week for the second year of operations and \$1,250 per week for the remainder of the term of this Agreement. This portion of the Continuing License Fees shall be paid on a weekly basis by the Friday of the following week in which the sales were made; and
2. Eight percent (8%) of the Permanent Placement Gross Billings. This portion of the Continuing License Fee shall be paid on a monthly basis by the fifteenth (15th) day of the month following the month in which the sales were made.

FRANCHISEE agrees to make prompt payment, without deduction or set-off, of all charges which are properly due to ATFC and its affiliates. Such payments cannot be withheld on grounds of non-performance by ATFC of any of its obligations hereunder.

B. Advertising Fee. If the National Advertising Fund is reinstated, FRANCHISEE is required to pay ATFC (as defined below) an Advertising Fee which is one percent (1%) of Temporary Employment Gross Billings weekly by the Friday of the following week in which the sales were made, and two percent (2%) of Permanent Placement Gross Billings monthly by the fifteenth (15th) day of the month following the month in which the sales were made, throughout the term of this Agreement.

C. Processing Fee. FRANCHISEE shall pay ATFC a weekly Processing Fee based on the Temporary Employment Gross Billings, plus ATFC's actual costs, of the prior week by noon each Wednesday pursuant to the terms of the Processing Agreement.

D. Funding Fee. FRANCHISEE shall pay ATFC the fees due under the Funding Agreement based on the Temporary Employment Gross Billings of the prior week by noon each Wednesday.

E. Technology Fee. FRANCHISEE shall pay ATFC a weekly Technology Fee by noon each Wednesday of \$100 ("Technology Fee"). This fee covers such items as remote access, licenses, system support and for the use and maintenance of the Software. Due to the ever changing technology, ATFC has the right to increase the amount of this fee no more often than annually upon written notice to FRANCHISEE.

F. Method of Payment. The Continuing License Fees, the Advertising Fees, Technology Fees, the fees due under the Funding Agreement (Funding Fee and other charges), the fees due under the Processing Agreement (Processing Fee and other charges) and any other amounts due to ATFC (individually or collectively referred to as "Fees") will be withheld from the Temporary Employment Gross Billings collected by ATFC on FRANCHISEE's behalf prior to forwarding these collections to FRANCHISEE. In the event that there are insufficient funds from the collection to pay these amounts, ATFC also have the right to require FRANCHISEE to pay any of the Fees by electronic funds transfer ("EFT") which electronically debits from FRANCHISEE's bank account the fees described herein or by such other manner which ATFC may designate from time to time. Any payment or report not received by ATFC on or before its due date shall be deemed overdue. FRANCHISEE shall comply with the procedures specified in the Manual or as otherwise communicated for such EFT program, and FRANCHISEE shall perform the acts and sign the documents, including authorization forms that are required to accomplish payment by EFT. In addition, FRANCHISEE shall pay all costs associated with utilizing any payment program established by ATFC. FRANCHISEE is also responsible for all credit card fees.

G. Interest. If any or all of the amounts due under this Agreement are not paid when due, ATFC shall have the right to charge interest on late payments equal to the lesser of one and one-half percent (1½%) per month or the maximum legal rate in the jurisdiction where the Agency is located. FRANCHISEE acknowledges that the foregoing does not constitute ATFC agreement to accept payments after same are due or a commitment by ATFC to extend credit to, or otherwise finance FRANCHISEE's operation of the Agency. ATFC's right to interest is in addition to any other remedies that ATFC may have.

H. Taxes. FRANCHISEE agrees to indemnify and/or reimburse ATFC and its affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Agency's business or the license of any of ATFC's or its affiliates' intangible property to FRANCHISEE (whether required to be paid by ATFC or its affiliates, withheld by FRANCHISEE or otherwise). FRANCHISEE's obligation to indemnify or reimburse ATFC or its affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on ATFC or its affiliates' income

I. Application of Payments. ATFC has the sole discretion to apply any payments by FRANCHISEE or made on behalf of FRANCHISEE to any past due indebtedness of FRANCHISEE for any of the fees or amounts due under this Agreement, the Processing Agreement and the Funding Agreement.

J. No Right of Offset. FRANCHISEE agrees to make prompt payment, without deduction or set-off, of all charges which are properly due, including any or all of the Fees. FRANCHISEE cannot

withhold any payment to ATFC on the grounds of non-performance by ATFC of any of its obligations hereunder.

## **VI. ADVERTISING**

A. National Advertising Fund. ATFC reserves the right to reinstate the National Advertising Fund (“Fund”) at some future date. Said Advertising Fee will be paid into the Fund, which Fund shall be used to promote ATFC’s brand, and publicize ATFC and ATFC franchises, which is consistent with the Section VI.A. These funds will not be used solely for the purpose of advertising for franchisee prospects. ATFC’s affiliates shall contribute the same percentage for each Agency that it or its affiliates operate.

The Fund shall be maintained and administered by ATFC as follows: A National Advertising Council (“NAC”) shall make strategic planning decisions. ATFC shall retain sole right to make any day-to-day decisions necessary to carry out the strategic planning decisions of the NAC. The NAC shall be comprised of four members made up of franchisees and the Director who will be an employee of ATFC. The franchisee members shall be elected annually by all franchisees of the System based upon one vote for each Agency which is in full compliance with its Franchise Agreement. The three franchisees with the highest number of votes shall serve, and if there is a tie, ATFC will decide.

The NAC shall review and approve or disapprove any long-range marketing plans that ATFC or other franchisees shall develop and the NAC may develop its own long range marketing plans. After a marketing plan has been approved by the NAC, ATFC shall implement the plan without further review by the NAC. ATFC reserve the right, in its sole discretion, to establish and modify, from time to time, the duties, organization, form, manner of operation, membership, methods of member selection, and all other aspects of the NAC (other than eligibility for voting) pursuant to such governing documents as ATFC may provide. Any deadlocks in the NAC shall be resolved by the decision of the Director of NAC.

FRANCHISEE acknowledges that the Fund is intended to maximize brand recognition, acceptance and use of the System, and that ATFC is not obligated, in administering the Fund, to make expenditures for FRANCHISEE which are equivalent or proportional to FRANCHISEE’s contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures made by the Fund. The Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations and/or promotional programs and materials and any other activities which ATFC believes will enhance the System. All sums received for the Fund shall be maintained in an account separate from the other monies of ATFC and shall be used only as provided herein. ATFC shall maintain separate bookkeeping accounts for the Fund. ATFC shall provide unaudited financial statements of the account upon request by FRANCHISEE.

B. Other Advertising. FRANCHISEE may not conduct or direct marketing activities, or otherwise solicit new customers or candidates, outside the Area without ATFC’s prior written consent, which may be given, withheld, conditioned, or withdrawn in ATFC’s sole and absolute discretion at any time. FRANCHISEE will follow and utilize ATFC’s advertising and promotional campaigns. FRANCHISEE must submit all of its own advertising and sale promotion materials (including Internet advertising) to ATFC or its agency in writing, for prior consent. If ATFC does not consent to the advertising within twenty (20) days after receipt of the advertising, said advertising is deemed not acceptable. FRANCHISEE shall not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark registration symbols for those marks which are registered. ATFC will require FRANCHISEE to place and maintain, at FRANCHISEE’s sole expense and at all times during the terms of this Agreement, a listing for the Temporary Service Business and the

Permanent Placement Business in certain Internet sites and/or listing as determined by ATFC, in its sole and absolute discretion.

C. Internet and Social Media. ATFC has established Internet links, [www.RIFOOD.com](http://www.RIFOOD.com), [www.allteamfranchisecorp.com](http://www.allteamfranchisecorp.com), [www.foodteaminc.com](http://www.foodteaminc.com), [www.resourcesinfood.com](http://www.resourcesinfood.com), [www.allteamstaffing.com](http://www.allteamstaffing.com) and [www.medteamstaff.com](http://www.medteamstaff.com) ("Links"), which ATFC controls. Subject to ATFC's prior written consent, FRANCHISEE may be permitted to create a social media account from which to advertise the Agency on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as ATFC permits and must be on the terms and conditions ATFC specifies from time to time in the Confidential Operations Manual, which may restrict the content that FRANCHISEE is permitted to post to such social media outlet. ATFC has the right to cease granting permission to operate any such social media outlet at any time. Except as otherwise provided, FRANCHISEE may not maintain a presence on the Internet for its Agency. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means must be pre-approved by ATFC in writing and in advance and on terms specified by ATFC. ATFC may require FRANCHISEE to place all such electronic advertisements with ATFC or its designated third party vendor.

D. Advertising Materials ATFC may provide FRANCHISEE with advertising and promotional materials. ATFC reserves the right to charge FRANCHISEE a reasonable fee for such materials.

## **VII. OBLIGATIONS OF ATFC**

A. Initial Training. ATFC will provide an initial training program for the operation of the Agency using the Systems and Marks of ATFC for the FRANCHISEE or its Principal Owner, the recruiter for Permanent Placement Business, and the manager of the Temporary Service Business. The initial training program is furnished after this Agreement is executed and prior to the opening of the Agency and will be furnished at such time and place as ATFC may designate. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending this program. FRANCHISEE's Principal Owner must attend and satisfactorily complete the training program before opening the Agency. In addition, the recruiter and the manager must satisfactorily complete the training program before beginning work at the Agency. If FRANCHISEE's Principal Owner is required to attend and does not satisfactorily complete the training program, ATFC shall have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Agency. ATFC has the right to modify the training based on the experience of the FRANCHISEE and its principal owner.

B. Refresher Training. ATFC may provide or require additional or refresher training programs from time to time at a place and time as may be designated by ATFC. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending such programs. So long as FRANCHISEE is not in default under this Agreement, ATFC will charge a reasonable fee to train a reasonable number of FRANCHISEE's new employees or their trainers at ATFC's corporate offices.

C. Opening Assistance. ATFC will provide, at no cost to FRANCHISEE, at least one (1) person who will provide on-site opening assistance at FRANCHISEE's office for a period of at least five (5) days after the Agency opens for business. In addition ATFC will provide, at no cost to FRANCHISEE, one person who will provide on-site opening assistance for a period of at least three (3) days, approximately two months after the office opens. ATFC has the right to modify the opening assistance based on the experience of the FRANCHISEE or its principal owner.

D. Continuing Advisory Assistance. ATFC will make available such continuing advisory assistance in the operation of the franchise, rendered in such manner and available from time to time, as ATFC may deem appropriate. However, if FRANCHISEE requests Advisory Assistance, ATFC reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses ATFC's employees incur in providing such Advisory Assistance.

E. Layout and Design. ATFC agrees that upon request of the FRANCHISEE, it will provide FRANCHISEE with suggestions for layout and design of the Agency. In any event, FRANCHISEE agrees to submit to ATFC for its consent in advance in writing, the planned location, layout, furnishings and decorations for the office.

F. Software. ATFC hereby grants to FRANCHISEE a nonexclusive, nontransferable, non-assignable and non sublicensable license to, use the proprietary computer software program licensed or such other software as ATFC may designate, including any modifications, additions or enhancements to such software ("Software") during the term of this Agreement and subject to the limitations on use and other requirements set forth in this Section VII.F. FRANCHISEE understands that ATFC has the right to change the Software at any time in ATFC's sole discretion. In such event, FRANCHISEE may be required to change the licensed software FRANCHISEE uses, FRANCHISEE will do so at FRANCHISEE's sole cost and expense and may be required to sign new documentation to license the right to use the new software.

1. FRANCHISEE and its employees will use the Software for the operation of the Agency in accordance with the terms of this Agreement and the terms, conditions and procedures set forth in the Manual or otherwise disclosed to FRANCHISEE, which may change from time to time. ATFC may require FRANCHISEE to modify, enhance and/or replace all or any part of the Software at any time and at FRANCHISEE's sole expense.

2. ATFC or its affiliates will host some portion or all of the Software on ATFC's corporate servers at ATFC's sole and absolute discretion. In the event ATFC or its affiliates provide any hosting services, ATFC or its Affiliates reserve the right to do so according to terms and conditions ATFC or its affiliates may establish, including limiting ATFC's liability for the security of data transmitted over the Internet and establishing limitations on data storage size and the periodic purging of FRANCHISEE's data required as a result thereof.

3. FRANCHISEE acknowledges that the only rights in the Software granted by ATFC to FRANCHISEE are those specified in this Section VII.F. FRANCHISEE has no rights other than those granted by this Section VII.F to use the Software or any enhancements thereto or documentation relating to either of the foregoing and any adaptations or modifications thereof. FRANCHISEE agrees to make no claim of any ownership interest in the intellectual property rights, including copyright in the Software and any adaptations or modifications thereof.

4. FRANCHISEE acknowledges that the Software, in both object code and source code, is secret and proprietary and that its use and disclosure is restricted by the provisions of this Agreement. FRANCHISEE shall not (i) make any copies of the Software; (ii) shall not attempt to disassemble or decompile the Software object code or otherwise attempt to discern the Software source code; (iii) access or allow the access of the Software (or any addition to or modification of the Software) other than by FRANCHISEE's authorized employees; (iv) sell, lease, assign, sublicense or otherwise transfer FRANCHISEE's license to use the Software other than in connection with a transfer of this Agreement; (v) alter, maintain, enhance or otherwise modify the Software; (vi) decompile, disassemble, or otherwise analyze for reverse engineering purposes, the Software; (vii) permit any parent, subsidiary, affiliate or third

party to use the Software; (viii) alter, amend, modify or mask any copyright, trademark, proprietary or other notice affixed to or incorporated in the Software; or (ix) circumvent or otherwise interfere with any security measures ATFC and its affiliates may use in connection with any hosting services ATFC or its affiliates may provide.

5. Documentation that accompanies the Software, if any, is provided solely to support FRANCHISEE's authorized use of the Software. FRANCHISEE may not use, copy, modify or distribute the documentation, or any copy, adaptation, transcription, summary or merged portion thereof.

6. FRANCHISEE shall promptly disclose to ATFC all ideas and suggestions for modification or enhancements of the Software, or any component thereof, and ATFC and all its affiliates and franchisees shall have the right to use, develop and license such ideas and suggestions in any manner, in ATFC's sole discretion, and without any obligation to FRANCHISEE therefore.

7. In the event FRANCHISEE's use of the Software is enjoined as a result of a claim by a third party of patent or copyright infringement or violation of proprietary rights, ATFC shall, in its sole discretion, either (A) procure for FRANCHISEE the right to continue to use the Software as contemplated hereunder, or (B) replace the Software or modify it such that there is no infringement of the third party's rights; and such action by ATFC shall be FRANCHISEE's sole and exclusive remedy against ATFC in such event.

8. ATFC does not represent or warrant to FRANCHISEE and ATFC expressly disclaims any warranty that the Software is error-free or that the operation and use of the Software by FRANCHISEE will be uninterrupted or error-free. ATFC shall have no obligation or liability for any expense or loss incurred by FRANCHISEE arising from FRANCHISEE's use of the Software.

9. ATFC MAKES NO WARRANTIES, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE SOFTWARE OR ANY PORTION THEREOF, INCLUDING ANY PROGRAM DOCUMENTATION OR OTHER MATERIAL FURNISHED HEREUNDER OR ANY COMPONENT THEREOF, AND THERE ARE EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT THERETO. ATFC SHALL HAVE NO LIABILITY FOR CONSEQUENTIAL, EXEMPLARY, INCIDENTAL OR PUNITIVE DAMAGES.

10. FRANCHISEE shall bear all costs of licensing, installation, operation, maintenance, and upgrading the Software. In connection therewith, FRANCHISEE will pay ATFC a weekly Technology as described in Section V.E above.

11. At all times, ATFC shall be granted unlimited rights to remotely access the Software, and all information contained therein. ATFC may use the information contained in FRANCHISEE's copy of the Software for any purpose ATFC deems appropriate, including disseminating such information to ATFC's creditors and potential franchisees in accordance with applicable laws.

## **VIII. OBLIGATIONS OF FRANCHISEE**

A. Agency Openings. FRANCHISEE agrees to begin operation of the Agency and open its office within four (4) months after this Agreement is accepted by ATFC. Both the Temporary Services Business and the Permanent Placement Business will be operated out of the same office. Notwithstanding the foregoing, FRANCHISEE may elect to provide Temporary Service Business at the beginning of its operations. However, it must add the Permanent Placement Business no later than four (4) months after FRANCHISEE signs this Agreement. Opening may be delayed only if such delay is caused by

contingencies not within the control of FRANCHISEE, such as, acts of God, governmental restrictions, strikes or labor disputes, about which ATFC is notified within a reasonable period time of such delay. FRANCHISEE shall use its best efforts to cure any such delay and any such delay in completion shall be for a period of days equal to the number of days during which such event actually prevents completion.

B. Use of Marks and System. FRANCHISEE agrees, during the term of this agreement, to operate, advertise and promote the Agency business under the name or names designated by ATFC which currently includes “Resources in Food/RIF”, “Food Team”, “All Team” “All Team Staffing” and “Med Team Support Staffing” without prefix or suffix and to adopt and use the Marks and Systems licensed hereunder solely in the manner prescribed by ATFC. FRANCHISEE agrees to identify its Agency with a sign in compliance with applicable local ordinances and approved by ATFC.

C. Standards of Operation.

1. FRANCHISEE agrees to comply with ATFC’s mandatory policies, practices, procedures, regulations and standards, whether set forth in the Confidential Operating Manual or in other materials supplied to FRANCHISEE by ATFC which may be changed or modified from time to time. Notwithstanding the foregoing, local business conditions within the Area may suggest that certain policies and procedures be modified. Any such modifications shall require the written consent of ATFC which may be denied in ATFC’s reasonable discretion.

FRANCHISEE agrees to and shall take all steps as are necessary to ensure that its employees treat all customers and candidates fairly and provide services hereunder in an honest, ethical, and non-discriminatory manner. FRANCHISEE will not withhold any material information from its customers or attempt to sell any service to them that FRANCHISEE believes, in its good faith estimation, is not needed; and will not advertise in a deceptive, misleading, or unethical manner. FRANCHISEE will only make those promises, representations, and guarantees to customers, candidates and others at the Agency authorized in writing by ATFC; preserve good customer relations; render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as ATFC may establish from time to time in the Confidential Operations Manual. FRANCHISEE shall maintain a competent, conscientious, and trained staff. FRANCHISEE shall be solely responsible for all employment decisions and functions of the Agency including, without limitations, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees, and FRANCHISEE shall inform its employees as to such requirements.

2. FRANCHISEE shall use forms, brochures, stationery, business cards, advertising matter, and materials of a size, color, material, type style, layout, and quality approved by ATFC.

3. FRANCHISEE shall continuously and prominently display the Marks in connection with the Agency, and will not take or fail to take any action, the result of which might detract from the public image of ATFC, the Agency, the Systems or the Marks. FRANCHISEE shall not display or permit to be displayed at the office any business name or service not authorized hereunder. ATFC has the right to approve in advance the decoration, organization and furnishings of the office of the Agency and may require FRANCHISEE to relocate and redecorate such office as may be reasonably necessary to comply with what ATFC reasonably believes is consistent with the professional image ATFC is attempting to project and prudent business practices.

4. FRANCHISEE shall maintain and establish an office within the Area in a safe, orderly and clean state, presenting a businesslike appearance. The office shall be properly staffed (as sound business practices dictate), furnished, and equipped. The office shall be equipped with an appropriate computer equipment, telephone system and facsimile machine that are approved by ATFC. FRANCHISEE

shall maintain a telephone number to be used by FRANCHISEE exclusively for the business conducted herein. FRANCHISEE shall utilize the ATFC/ATS email system and related addresses for all business communications. FRANCHISEE's office shall be open for business during normal business hours prevailing in the community where located, but not less than thirty-five (35) hours each week (except for holidays observed in FRANCHISEE's community).

5. FRANCHISEE shall exercise diligent efforts to recruit, screen, interview, test, train, indoctrinate, contract with and for, and assign, place and dispatch temporary employees in accordance with the standards and procedures of ATFC and the Systems, and without regard to race, color, religion, sex, national origin or age.

6. FRANCHISEE shall exercise diligent efforts to recruit, screen, interview and place personnel for placement customers in accordance with the standards and procedures of ATFC and the Systems, and without regard to race, color, religion, sex, national origin or age.

7. All of FRANCHISEE's business dealings will be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct. FRANCHISEE will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of ATFC, its other franchisees and its affiliates.

8. FRANCHISEE shall exercise diligent efforts to develop and adhere to safety programs in an effort to reduce risk of injury.

D. Customer Complaints. If FRANCHISEE receives a complaint from a customer which cannot be resolved within five (5) business days, FRANCHISEE shall promptly notify ATFC. FRANCHISEE agrees that ATFC shall have the right to intervene in and resolve any such unresolved customer complaints, and FRANCHISEE agrees to be bound by any decision made by ATFC regarding a resolution of any such complaints, at the sole expense of FRANCHISEE.

E. Licensure; Compliance with Laws. At all times FRANCHISEE shall comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Agency, and all aspects of the conduct of the Agency. FRANCHISEE acknowledges and agrees that the Agency is regulated by certain states; that federal and state governments, municipalities, regulatory bodies, or others may regulate the Agency now or in the future; and that many states regulate employment agencies and recruiting services. FRANCHISEE represents that it has investigated and ascertained the laws and regulations specific to the activities franchised hereunder that affect the Agency, including federal, state, municipal and local laws and regulations. FRANCHISEE shall obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation ordinance and code. FRANCHISEE shall make timely filings of all tax returns and shall pay when due all taxes levied or assessed on, and related to this Agreement and the Agency. At no time is ATFC required to inform FRANCHISEE of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax. FRANCHISEE is solely responsible for complying with the requirements of the Americans with Disabilities Act ("ADA") in all respects, and nothing contained herein or in the Confidential Operation Manual shall be construed as or implied as imposing any obligation on ATFC or its affiliates in relation to the ADA. The execution and performance of this Agreement by FRANCHISEE does not violate or constitute a breach of the terms of any other agreement or commitment to which FRANCHISEE is a party.

FRANCHISEE shall provide all services ATFC requires pursuant to the Confidential Operations Manual or as otherwise direct. FRANCHISEE will not conduct any business or sell any products other than those approved by ATFC. To the extent permitted by applicable law, ATFC reserves the right to set prices that a FRANCHISEE will charge.

F. Payroll Funding and Payroll and Billing Processing. Due to the nature of the Temporary Service Business, FRANCHISEE is required to use ATFC to provide payroll funding and payroll and billing processing. Upon execution of this Agreement, FRANCHISEE will enter into a separate “Funding Agreement” and a “Processing Agreement” with ATFC which will govern the terms and conditions of these services. ATFC reserves the right to discontinue these services in its sole discretion, but in such event, will provide another approved supplier for such services.

G. Actual Participation/Best Efforts. FRANCHISEE or its principal owner agrees to participate personally in the direct operation of the Agency and devote substantially all of the Agency business time and efforts to the direct operation of the Agency. If FRANCHISEE is a partnership, limited liability company or a corporation, FRANCHISEE must designate an operating partner, member or shareholder who (a) shall successfully complete the Initial Training Program; (b) throughout the term of this Agreement shall devote full working time and best efforts in the day-to-day operations of the Agency and shall keep free from conflicting enterprises or any other activities which would be detrimental to or interfere with the business of the Agency; and (c) shall have been granted general management power and authority over the business affairs of the Agency including, without limitation, the power and authority to act solely on behalf of and legally bind the FRANCHISEE. Upon such designation, FRANCHISEE shall provide ATFC with a certified copy of the action of FRANCHISEE granting such authority. FRANCHISEE shall keep ATFC informed at all times of the identity of any manager of the Agency. FRANCHISEE agrees to attend and complete, and to cause all employees of FRANCHISEE who participate in the operation, marketing or management of the Agency (as designated by ATFC) to attend and complete, all training provided to FRANCHISEE by ATFC pursuant Section VII.A. and B. of this Agreement.

FRANCHISEE shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Agency, and shall not engage in any business or other activity that will conflict with the FRANCHISEE’s obligations hereunder.

H. Insurance. FRANCHISEE will purchase and continuously maintain during the term of this Agreement the following described insurance coverages, and will furnish to ATFC evidence of such insurance as ATFC shall reasonably request, together with information concerning claims and losses under such insurance. All policies of insurance required to be provided and maintained by FRANCHISEE by this Agreement must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to ATFC. ATFC has the right to require FRANCHISEE to increase the types and amounts of insurance coverage as ATFC may, in its sole discretion, reasonably require. In the event ATFC exercises its right to increase insurance coverage requirement hereunder, FRANCHISEE shall have thirty (30) days from the date of receipt of written notice from ATFC to comply with the new insurance coverage requirements as set forth in such notice and provide evidence of such coverage.

1. Workers’ Compensation Insurance and Employers’ Liability Insurance, as required by law or regulation for statutory limits to cover regular employees of the Agency as well as temporary employees with minimum limits of \$1,000,000 per occurrence.

2. General Liability Insurance with a minimum limit of \$1,000,000 per occurrence and \$2,000,000 in the general aggregate.

3. Personnel Consultant’s Errors and Omission Insurance in the amount of \$1,000,000.

4. Non-owned automobile insurance with a combined single limit of liability for each accident of not less than \$1,000,000.

5. Employee Practices Liability insurance with minimum limits of \$2,000,000 per claim and in the aggregate.

6. Employee Dishonesty/Blanket Crime Insurance covering loss to customer property caused by temporary workers with a minimum limit of \$1,000,000 per occurrence.

7. Blanket Fidelity Bond for temporary help services with \$10,000 limit of liability.

8. Excess or Umbrella Liability insurance with limits no less than \$5,000,000 per occurrence over the Commercial General Liability.

9. Property Insurance as follows: (a) "All risk" comprehensive protection on replacement form for replacement value; (b) Robbery, money and securities on and off premises for \$5,000.00; and (c) Employee blanket dishonesty for \$5,000.00.

10. Such other insurance as may be required by the applicable state or local law of the Area.

11. If FRANCHISEE is going to place licensed medical professionals, FRANCHISEE will need to obtain additional professional liability insurance which will be described in greater detail in the Manual.

FRANCHISEE agrees to comply with any of changes to the insurance requirements, at FRANCHISEE's sole cost and expense. All general liability insurance policies will name ATFC, its affiliates and its successors and assigns, and National Accounts (as applicable) as additional insured and will provide that ATFC must receive thirty (30) days prior written notice of any termination, expiration or cancellation of the insurance policy. Each year FRANCHISEE must provide ATFC with a certificate or other evidence of FRANCHISEE's compliance with the insurance requirements. If FRANCHISEE fails to maintain such insurance, ATFC may procure such insurance on FRANCHISEE's behalf and will be entitled to reimbursement from FRANCHISEE for ATFC's costs to do so, in addition to any other rights and remedies ATFC may have under this Agreement. However, ATFC is not obligated to obtain such insurance on FRANCHISEE's behalf. In any event, FRANCHISEE will be charged a penalty of \$500 per month and prohibited from operating the Agency until the required Certificate of Insurance is received by ATFC. Regardless of the amounts set forth above, it will be FRANCHISEE's responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. FRANCHISEE recognizes that the levels of insurance described above are merely a minimum requirement. FRANCHISEE should determine if additional insurance is necessary through consultation with its advisors. FRANCHISEE's failure to maintain coverage will not relieve FRANCHISEE of any contractual responsibility or obligation or liability under this Agreement.

I. Inspections. FRANCHISEE shall permit representatives or agents of ATFC to enter the business premises during regular business hours to inspect and audit the business operations, and compliance with National Account requirements, as applicable.

J. Cooperation for Financial Performance Representations. FRANCHISEE shall maintain its books and records in accordance with generally acceptable accounting principles, consistently applied. If ATFC at any time desires to utilize a financial performance representation or similar document in connection with the sale of franchises, FRANCHISEE agrees to provide ATFC, at no cost, with such reasonable information as ATFC requires from FRANCHISEE in order to properly prepare such documents, and shall permit ATFC to utilize such information as it deems necessary.

K. Innovations. All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning the Agency, whether or not protectable intellectual property and whether created by or for FRANCHISEE or its owners, affiliates, employees or representatives, must be promptly disclosed to ATFC and will be deemed to be ATFC's sole and exclusive property, part of the System and works made-for-hire for ATFC. To the extent any such item does not qualify as a "work made-for-hire" for ATFC, FRANCHISEE must assign, or must require its owners, affiliates, employees or representatives to assign, its or their ownership interest of such item to ATFC. FRANCHISEE agree to take, or direct FRANCHISEE's owners, affiliates, employees or representatives to take, whatever action required by ATFC to document such assignment or to assist ATFC in obtaining any and all intellectual property rights in such item.

L. Financial Reports. FRANCHISEE agrees to furnish to ATFC the following described reports at the times designated below on forms required by law or prescribed and furnished by ATFC, as appropriate:

1. On an annual basis within 45 days after the end of each fiscal year, a copy of the Agency's income statement and balance sheet for the fiscal year and certification that all required tax reporting and related returns have been completed.

2. By the fifteenth (15<sup>th</sup>) day of each month, monthly income reports showing all Permanent Placement Gross Billings for the preceding month, certified by an officer of FRANCHISEE.

3. By each Wednesday at noon, weekly reports for all Temporary Employment Gross Billings for the preceding week, certified by an officer of FRANCHISEE.

4. Within forty-five (45) days after the end of each quarter, copies of 941 (or successor forms) tax forms that are required to be filed with the Internal Revenue Service.

5. All other such reports or records as shall be requested by ATFC from time to time pursuant to or in connection with this Agreement or as specified in the Confidential Operations Manual.

All reports furnished hereunder shall be either prepared and certified by a professional accountant, or an independent certified public accountant, in accordance with generally acceptable accounting principles, consistently applied, and shall be certified to by FRANCHISEE as being true, complete and correct in all material respects and fairly presenting the financial condition and the results of operation of the Agency for the period covered thereby. Notwithstanding the foregoing, FRANCHISEE shall not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law.

M. Audit of Books and Records. All records shall be kept for a period of at least four (4) years following the end of each calendar year. ATFC may, from time to time, cause one or more complete audits to be made of the affairs and records relating to the operations of the Agency. Upon request by ATFC, FRANCHISEE shall make such books, records and information available to ATFC or its designated representative at all reasonable times for review and audit by ATFC at the place of business of the Agency.

If it is found that FRANCHISEE under-reported Temporary Employment Gross Billings and/or Permanent Placement Gross Billings, FRANCHISEE will reimburse ATFC for the amount of the Fees charges that would have been billed had billings been reported accurately, plus interest on those amounts at the rate of the lesser of one and one-half percent (1½%) per month or the maximum legal rate in the jurisdiction where the Agency is located. In addition, in the event that an audit by ATFC results in a determination that any or all of the Fees paid to ATFC are deficient (underpaid) by more than one percent

(1%), the FRANCHISEE shall promptly pay to ATFC any amounts shown to be due and all costs and expenses incurred by ATFC in conducting the subsequent audit to determine that the FRANCHISEE is reporting correctly (not the audit which disclosed the original deficiency), including salaries of the ATFC's representatives, travel costs, room and board and audit fees. Nothing contained herein shall constitute an agreement by ATFC to accept any payments after the same are due or commitment by ATFC to extend credit to or otherwise finance the FRANCHISEE's operation of the Agency. The obligations of this provision survive termination or expiration of the Agreement.

N. Computer Hardware and Software Requirements. FRANCHISEE shall equip the office with office equipment, and computer equipment and use the computer software as required in the Confidential Operations Manual and which may be changed or modified from time to time. FRANCHISEE must lease and maintain the required proprietary software from the supplier approved by ATFC. Currently FRANCHISEE must obtain the right to use the Software from ATFC and this Software will be hosted on ATFC's servers. FRANCHISEE acknowledges and understands that in the future, and from time to time, FRANCHISEE may be required to upgrade or purchase or lease new computer hardware and software at FRANCHISEE's expense. FRANCHISEE must use all of the ATFC designated email accounts and related websites to conduct Agency business. FRANCHISEE will receive three email addresses for free, and then FRANCHISEE must pay ATFC \$4 per week for each additional email address used by the Agency (the "Email Address Fee"). The Email Address Fee is paid at the same time and in the same manner as the Technology Fee.

## **IX. PROPRIETARY MARKS**

A. Right to Use Marks. ATFC represents that it owns the registrations to the Marks and has the rights to use the Marks and sublicense the rights to use the Marks according to the terms of this Agreement. FRANCHISEE recognizes that valuable goodwill is attached to the Marks, and that it will use same only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of FRANCHISEE's use of the Marks inures to the benefit of ATFC. FRANCHISEE further acknowledges that the right to use said Marks and the grant contained in this Agreement is non-exclusive. Any unauthorized use of the Marks by the FRANCHISEE is a breach of this Agreement and an infringement of the rights of ATFC. FRANCHISEE agrees that the unauthorized use or misuse of the Marks will constitute irreparable harm to ATFC, and FRANCHISEE expressly waives any requirement that ATFC post security in order to obtain injunctive relief in connection with such use. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols hereafter authorized for use by and licensed to the FRANCHISEE.

B. Contest of Marks. FRANCHISEE will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the Systems, or contest ATFC's right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and techniques. FRANCHISEE will not at any time (whether during the term of this Agreement or after expiration or termination thereof) directly or indirectly commit an act of infringement.

FRANCHISEE agrees to promptly notify ATFC of any claim, demand, or suit based upon or arising from any attempt by anyone else to use the Marks, any challenge to the validity of the Marks or any challenge to the ownership by ATFC of the Marks, or FRANCHISEE's right to use the Marks. ATFC shall have the sole discretion to take such actions as it deems appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising out of any such apparent infringement, challenge or claim or otherwise relating to any Mark including settlement thereof. FRANCHISEE shall execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of ATFC's, be necessary or advisable to protect and maintain

the interest of ATFC in such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding and to otherwise protect and maintain the interests of ATFC in the Marks. Notwithstanding anything herein to the contrary, ATFC will not be required to defend FRANCHISEE against such claim or challenge if said claim or challenge arises out of FRANCHISEE's unauthorized use or misuse of the Marks.

C. Prohibition on Use of Name. FRANCHISEE will not use any of the Marks or the name "All Team", "Med Team Support Staffing", "Food Team", "All Team Staffing" or "Resources in Food" as part of its corporate name. FRANCHISEE shall, however, identify itself as a franchisee of ATFC. FRANCHISEE shall not incur any obligations or indebtedness except in FRANCHISEE's name. Further, FRANCHISEE shall not use the Marks (or any marks or names confusingly similar thereto) as an Internet domain name or in the content of any website, directory or listing.

D. Change of Marks. ATFC shall have the right to change the Marks to be used by FRANCHISEE at any time and for any reason it deems appropriate. FRANCHISEE shall pay the costs associated with such change and shall make such necessary changes promptly. Notwithstanding the foregoing, in the event of a change to the Marks, FRANCHISEE will be allowed to continue to use up any supplies with the old Marks for a reasonable time so long as FRANCHISEE's use does not violate any laws, court or administrative orders or rights of third parties to said Marks.

E. Use of Marks on the Internet. FRANCHISEE acknowledges that ATFC or its affiliates, are the lawful, rightful and sole owner of the Internet address (URL) for the Links, and unconditionally disclaims any ownership interest in that or any similar Internet address. FRANCHISEE agrees not to register any Internet address name under any Internet domain, class or category, listing or directory that contains any of the Marks or any abbreviation, acronym or variation of that word. ATFC shall have the sole right to advertise on the Internet and create a Web site using any of the Marks or any variation of the Marks. ATFC retains the right to pre-approve FRANCHISEE's use of linking and framing between FRANCHISEE's Web pages and all other Web sites. FRANCHISEE shall, within five (5) days after a request by ATFC, dismantle any frames and links between FRANCHISEE's Web pages and any other Web sites.

## **X. TRADE SECRETS**

FRANCHISEE shall not, during the term of this Agreement, or after termination, expiration of the Agreement or Transfer, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, clients, rates, fees and terms and other information or material which ATFC may designate as confidential, including the Confidential Operations Manual, nor shall FRANCHISEE disclose or divulge in whole or in part any trade secrets or operating procedures of ATFC or its affiliates, customer lists, sales and promotional information, employee lists, financial information furnished or disclosed to FRANCHISEE by ATFC and any other information with respect of ATFC, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Agency ("Confidential Information"). All employees of FRANCHISEE will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of this Agreement, and shall require all supervisory personnel to execute a Confidentiality and Non-Compete Agreement in a form acceptable to ATFC.

## **XI. NON-COMPETITION**

A. Competing Business During the Term of This Agreement. FRANCHISEE acknowledges that ATFC is making its knowledge, know-how, and expertise available to it for the purpose of operating

the Agency strictly and solely within the Area. FRANCHISEE agrees that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate any of the knowledge, know-how and expertise received by FRANCHISEE for any reason other than for the operation of the Agency under this Agreement. FRANCHISEE further recognizes the importance of devoting substantial time and energy to Agency. FRANCHISEE, therefore, warrants that during the term of this Agreement, unless FRANCHISEE has the prior written consent of ATFC, FRANCHISEE shall not directly or indirectly, through itself or through corporations, partnerships, trusts, associations, joint ventures, unincorporated businesses, limited liability companies, or otherwise perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, loan money to, lease property to, or have any interest based on profits or revenues of any business which is similar or competing with the business franchised hereunder (“Similar Business”), except as a duly licensed franchisee of ATFC. This section does not limit FRANCHISEE’s obligation under Section XI.B. of this Agreement.

At the time that this Agreement is signed, a “Similar Business” is one which provides temporary and permanent staffing in the following areas: healthcare and environmental, hospitality and food service, management recruiting, labor and light industrial and administrative and clerical. However, as noted in Section XV, the business of the Agency is subject to change, and a “Similar Business” shall be interpreted at the time that the applicable provision is effective.

**B. Non-Competition After Termination.** For two (2) years after the termination, expiration or Transfer of this Agreement for any reason, unless FRANCHISEE has the prior written consent of ATFC:

FRANCHISEE will not directly or indirectly, through itself or through corporations, partnerships, trusts, associations, joint ventures, limited liability companies, or other entities or otherwise, perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, lease property to, or have any interest based on profits or revenues of any Similar Business. The geographical scope of this restriction shall cover the Area of the Agency and the area of any other ATFC agency, whether such agency is operated by ATFC, an affiliate of ATFC, a licensee of ATFC, or a franchisee of ATFC.

FRANCHISEE will not, directly or indirectly, on its own behalf or on the behalf of others, solicit or service for, or divert or appropriate to any Similar Business, or attempt to solicit, divert or appropriate to or from any Similar Business, any person or entity which is or was at any time during the preceding two (2) year period a customer of FRANCHISEE, ATFC or any affiliate or licensee or franchisee of ATFC.

FRANCHISEE will not, either directly or indirectly, on its own behalf or on the behalf of others, solicit, divert or hire away, or attempt to solicit, divert or hire away, to any Similar Business any person employed by ATFC or its affiliates or licensees, nor will FRANCHISEE solicit, divert or hire away or attempt to solicit, divert or hire away to the Agency or any Similar Business any such employee of any licensee or franchisee of ATFC without the prior written consent of such licensee or franchisee of ATFC.

**C. Reasonableness of Restrictions.** ATFC intends to restrict the activities of the FRANCHISEE under Sections XI.A. and B. of this Agreement only to the extent necessary for the protection of ATFC’s legitimate business interests. Each of the foregoing covenants shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. ATFC shall have the right to reduce the scope of any covenant contained in this Section XI, without FRANCHISEE’s consent, effective immediately upon receipt by FRANCHISEE of written notice thereof; and FRANCHISEE shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, ATFC shall have the right to injunctive relief for a violation or threatened

violation of the foregoing. FRANCHISEE acknowledges that the restrictions imposed in this Section are reasonable and their enforcement will not cause an undue burden upon FRANCHISEE's ability to earn a livelihood. The terms of this non-compete are assignable by ATFC and shall inure to the benefit of ATFC, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of ATFC, the resulting entity shall step into the place of ATFC, without any additional consent of or notice to the FRANCHISEE, as if the term ATFC were defined in this Agreement to include such entity.

## **XII. DEFAULT AND TERMINATION**

### **A. Termination By ATFC.**

1. 30 Day Opportunity to Cure. ATFC may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause". Without limitation as to other situations, good cause for termination also exists if FRANCHISEE or any guarantor of this Agreement:

- (1) Does not substantially perform any and all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory requirements under the Confidential Operations Manual; or
- (2) Loses possession of the premises at which the Agency is located and fails to secure a suitable site for relocation which ATFC consents to within three (3) months thereafter; or defaults under the terms of its lease for the premises; or
- (3) Misrepresents any of the billings upon which the Fees are calculated that FRANCHISEE is required to report to ATFC; or
- (4) Loses any permit or license which is a prerequisite to the operation of the Agency for a period of five (5) days; or
- (5) Misuses any of the Marks or confidential information, or engages in conduct which reflects unfavorably, in ATFC's opinion upon the operation, maintenance, goodwill and/or reputation of the franchise Systems; or
- (6) Is adjudged bankrupt, becomes insolvent, or makes a general assignment for the benefit of creditors (subject to Section XII.A.3.(d) below); or
- (7) Commits any other act which constitutes good cause under applicable state law or court decisions; or
- (8) Fails to provide ATFC with the timely reports of sales and other statistical and business information as required under this Agreement; or
- (9) Engages in any illegal, fraudulent, unfair or deceptive business practice, which, in ATFC's opinion, adversely affects the operation, maintenance, or goodwill of the franchise; or
- (10) Fails to keep the Agency open for a period of seven (7) consecutive days without justifiable cause; or

- (11) Fails to pay its lawful debts and any and all taxes when same become due; or
- (12) Fails to properly service customers in accordance with ATFC's standards and within the spirit and intent of this Agreement. (By way of illustration and not limitation, a failure to properly service customers, will occur if at least three unresolved customer complaints are made regarding the services rendered by the Agency within any consecutive ninety (90) day period because of dissatisfaction with services provided by the Agency.); or
- (13) Makes any material misrepresentations in any information or documents FRANCHISEE provides ATFC in order to purchase the franchise; or
- (14) Makes an assignment or Transfer in violation of this Agreement; or
- (15) Diverts or collects any fees from customers in violation of Section VII.F, above, which provide that customer billings are to be done by ATFC; or
- (16) Defaults under the terms of the Funding Agreement and/or Processing Agreement.

Subject to applicable law and except as otherwise provided in this Agreement, ATFC will give the FRANCHISEE at least thirty (30) days' prior written notice of termination, [unless a longer period of time is required or shorter period of time is permitted by applicable state law]. The notice shall state the reason(s) for termination and shall provide that the FRANCHISEE has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, ATFC may terminate this Agreement by giving written notice to FRANCHISEE of said termination.

2. 10 Day Opportunity to Cure. ATFC may also terminate this Agreement for non-payment of sums due to ATFC or ATFC's affiliates or suppliers; failure of FRANCHISEE to open the Agency for business within four (4) months after ATFC's acceptance of this Agreement or failure of FRANCHISEE to operate both the Permanent Placement Business and Temporary Service Business within four (4) months after FRANCHISEE signed this Agreement. If termination is based on the foregoing, the FRANCHISEE shall be entitled to written notice of default, but ATFC shall [if permitted by applicable law] be required to grant FRANCHISEE only ten (10) days to remedy such default. ATFC has the right to termination this Agreement upon providing FRANCHISEE written notice of said termination.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, ATFC shall be permitted to terminate the franchise immediately and without notice when the basis or grounds for cancellation is: (a) conviction of a felony or any other criminal misconduct which, in ATFC's opinion materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (b) fraudulent activity which, in ATFC's opinion, materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (c) abandonment of the franchise; (d) bankruptcy or insolvency of the FRANCHISEE; (e) the termination of any other agreement between FRANCHISEE and ATFC or its affiliates; (f) repeated failure or refusal to comply with the lawful provisions of this Agreement, (i.e., three (3) or more times in any twelve (12) month period) whether or not such failures or refusals are corrected after notice; or (g) any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination By FRANCHISEE. FRANCHISEE may terminate this Agreement if ATFC shall materially default in performance of any terms and conditions in this Agreement, after giving ATFC written notice within thirty (30) days thereof, and if the default has not been corrected within thirty (30) days after such notice, or if such default is incapable of being cured within thirty (30) days, such longer period of time as is necessary to cure such default, provided that ATFC has commenced curing such default within said thirty (30) day period and diligently pursues a cure.

C. Consequences of Termination. Upon termination or expiration of this Agreement, for any reason whatsoever, all of FRANCHISEE's rights hereunder shall terminate. FRANCHISEE shall immediately thereafter discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of ATFC's business and return any copyrighted materials which have been provided to FRANCHISEE by ATFC, and if ATFC requests, shall assign its telephone numbers to ATFC, clients, candidates, customers and the employee roster and execute any and all documents necessary to do so. FRANCHISEE will immediately cease providing services to all customers and candidates and forfeit any rights it may have to the customers, candidates and any customer accounts. Upon request of ATFC, FRANCHISEE will assign to ATFC any or all of FRANCHISEE'S customer contracts and candidates and ATFC will have the right to either service the accounts or assign the servicing of the accounts to others. Further, FRANCHISEE shall pay all amounts due to ATFC, ATFC's affiliates, and suppliers. Further, FRANCHISEE agrees to return any and all materials which contain Confidential Information in whatever form, including but not limited to the Confidential Operating Manual, to ATFC immediately. FRANCHISEE shall cancel any assumed name registration or equivalent registration obtained by FRANCHISEE which contains the Marks and FRANCHISEE shall furnish ATFC with evidence satisfactory to ATFC of compliance with this obligation within 5 days of the termination, expiration or Transfer. ATFC reserves the right to conduct a post termination audit to confirm the accuracy of financial reporting, receivables, and compliance with client requirements. In addition, ATFC will withhold up to \$10,000 in customer payments pending the result of the audit, or for up to 12 months after termination, as a reserve for unpaid receivables and customer chargebacks.

Upon ATFC's request, FRANCHISEE shall assign to ATFC any interest that FRANCHISEE may have in any lease or sublease for the Agency. ATFC may exercise the option at or within thirty (30) days after either termination or expiration of this Agreement or within thirty (30) days of notice by FRANCHISEE's landlord of its intent to terminate the lease or sublease. In such event ATFC, in its sole discretion, shall have the right and is hereby empowered to take possession of the premises demised by the lease or sublease, expel FRANCHISEE therefrom, and, in such event, FRANCHISEE shall have no further right, title or interest in the lease or sublease. In the event that ATFC does not elect to exercise its option to acquire the lease or sublease for the premises, FRANCHISEE shall make such modifications or alterations to the premises of the Agency operated hereunder immediately upon termination or expiration as may be necessary to distinguish the appearance of such premises from that of other All Team agencies under the System and shall make such specific additional changes thereto as ATFC may reasonably request for that purpose. In the event FRANCHISEE fails or refuses to comply with the requirements of this paragraph, ATFC shall have the right to enter upon the premises without being guilty of trespass or any other tort for the purposes of making or causing to be made such changes as may be required as the expense of FRANCHISEE which expense FRANCHISEE agrees to pay upon demand.

FRANCHISEE irrevocably appoints ATFC or ATFC's nominee to be FRANCHISEE's attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for FRANCHISEE any relevant document to accomplish the acts contemplated in this Section XII.C. ATFC has the right to file an original counterpart or a copy of this Agreement with the telephone company, landlord or any court, agency or person as written evidence of the appointment by FRANCHISEE of ATFC or ATFC's nominee to be FRANCHISEE's attorney-in-fact.

The expiration or termination of this Agreement shall not relieve FRANCHISEE of any of FRANCHISEE's obligations to ATFC existing at the time of such expiration or termination, or terminate FRANCHISEE's obligations that, by their nature, survive the expiration or termination of this Agreement, including but not limited to the provisions regarding trade secrets, non-competition, non-solicitation and indemnification. Furthermore, the expiration or termination of this Agreement shall be without prejudice to ATFC's rights against FRANCHISEE; and in the event of a termination which is the result of FRANCHISEE's material breach or default under this Agreement, ATFC shall, in addition to its rights set forth above, also be entitled to all rights and remedies available at law or in equity.

D. ATFC's Right to Purchase Personal Property. After the termination or expiration of this Agreement, but not upon an approved Transfer, ATFC shall have the right, but not the obligation, to purchase all of FRANCHISEE's equipment, inventory, supplies and other personal property used in connection with the operation of the business. Notwithstanding the foregoing, FRANCHISEE has the right to keep any and all personal effects and furnishings of sentimental value to FRANCHISEE, which FRANCHISEE elects to exclude. The purchase price shall be at fair market value (less the amount of any liens on the property), which shall be established (if the parties are unable to agree) by the average of two independent appraisals. FRANCHISEE and ATFC shall each select an independent appraiser within thirty (30) days after termination or expiration of this Agreement. If either party fails to select an appraiser within such time period, the appraised value shall be determined by the one appraiser selected. ATFC shall have thirty (30) days after the fair market value is determined as above, to exercise the rights granted hereunder, and shall thereafter have an additional thirty (30) days to pay for the property it desires to purchase.

E. Operation of Franchise Because of FRANCHISEE's Inability. In order to prevent any interruption of the franchise business which would cause harm to the business, if FRANCHISEE is unable to operate the business for any reason whatsoever, FRANCHISEE authorizes ATFC and its agents and affiliates to operate the business for so long as ATFC deems necessary and practical. All income from the operation of the business shall be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of ATFC and its agents, shall be charged to said account. Nothing contained herein shall be construed to require ATFC to operate the business in the case of FRANCHISEE's inability to operate same, and the rights set forth herein may be exercised in the sole and absolute discretion of ATFC.

### **XIII. SOURCES OF PRODUCTS**

FRANCHISEE shall purchase and/or lease all products, services, supplies, computer software and hardware, equipment and materials required for the operation of the business from manufacturers, suppliers, or distributors designated by ATFC, or from other suppliers who meet ATFC's specifications and are able to provide products and equipment in accordance with the standards as to quality, appearance and service, and who adequately demonstrate their ability to supply the franchise needs in a timely and reliable manner. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contributions, or other consideration to ATFC or its affiliates, any advertising fund and/or otherwise, and may be temporary, in each case in ATFC's reasonable discretion. ATFC may, from time-to-time withhold, condition and/or revoke ATFC's approval of particular items or suppliers in its reasonable discretion. ATFC or its affiliates may receive rebates, commissions, promotional allowances and other benefits from suppliers in relation to items purchased by FRANCHISEE and other franchisees. ATFC has the right to condition or revoke Franchisee's right to participate in any supplier programs if FRANCHISEE is in default under this Agreement. Some of the approved suppliers may be affiliated with ATFC.

ATFC may require that samples from other suppliers of any products to be used by FRANCHISEE be delivered to ATFC for testing prior to approval and use. A charge not to exceed the actual cost of the

test may be made by ATFC or by an independent testing laboratory designated by ATFC and shall be paid by FRANCHISEE. ATFC shall advise FRANCHISEE within a reasonable period of time of its approval or disapproval of alternate sources of products, services, supplies, suppliers, materials and equipment. The foregoing shall not be construed as an attempt to unreasonably limit the sources from which FRANCHISEE may procure its products, services, supplies and materials. Rather, it is the intention of ATFC that such items conform to ATFC's strict standards and strict specifications as to consistent quality, uniformity and reliability. Further, ATFC shall not be required to approve an inordinate number of suppliers of a given item which in the reasonable judgment of ATFC would prevent effective supervision of suppliers by ATFC.

Currently ATFC is the only approved supplier of payroll and billing processing services, payroll funding, and sublicensing the Software to FRANCHISEE. FRANCHISEE acknowledges that its agreement to comply with the foregoing is a material condition upon which this franchise is granted. In the event that ATFC or its affiliates are unable to offer any of these services to FRANCHISEE, ATFC may designate an approved supplier or suppliers for these services upon written notice to FRANCHISEE.

#### **XIV. CONFIDENTIAL OPERATIONS MANUAL**

ATFC will provide FRANCHISEE, for the duration of this Agreement and any renewal, access to the Confidential Operations Manual in a format determined by ATFC (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.). All other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System are considered part of the Confidential Operations Manual. FRANCHISEE will comply with the mandatory requirements in the Confidential Operations Manual and said compliance is an essential part of its obligations under this Agreement. FRANCHISEE shall at all times be responsible for ensuring that its employees and all other persons under its control comply with the mandatory provisions of the Manual in all respects. The Confidential Operations Manual will constitute Confidential Information of ATFC and shall remain the property of ATFC. The Confidential Operations Manual cannot be photocopied, reproduced, or disseminated without ATFC'S written consent. The Confidential Operations Manual may be modified from time to time by ATFC in its discretion, and FRANCHISEE agrees that from time to time ATFC may reasonably change the System. FRANCHISEE expressly agrees to comply with each modification, addition or deletion of the System or Confidential Operations Manual at its sole cost and expense. FRANCHISEE acknowledges that such changes may be necessary and may involve the expenditure of substantial sums of money by FRANCHISEE. ATFC agrees to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. FRANCHISEE shall at all time insure that its copy of the Confidential Operations Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Confidential Operations Manual, the terms of the master copy of the Confidential Operations Manual maintained by ATFC shall be controlling.

#### **XV. CHANGES TO MANUAL AND SYSTEMS**

FRANCHISEE understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the Systems may need to undergo changes in order that it best serve the interests of the FRANCHISEE, ATFC and the franchise system. Accordingly, the FRANCHISEE expressly understands and agrees that ATFC may from time to time change the components of the Systems, including, but not limited to, altering the computer system including software and hardware, services, methods, standards, form, policies and procedures of the Systems; adding to, deleting from, or modifying those products and services which the Agency is authorized to offer; and, changing, improving or modifying the Marks and making changes to the Manual. Such changes may be sent to FRANCHISEE by supplemental bulletins, notices or by e-mail (the "Supplements"), all of which are a part of the Manual. Subject to the other provisions of this Agreement, FRANCHISEE expressly agrees to abide by any such modifications, changes, additions,

deletions and alterations and acknowledge that such modifications, changes, additions, deletions and alterations will require further expenditures by FRANCHISEE. Further, FRANCHISEE agrees to execute any and all documents necessary to effectuate changes including but not limited to computer purchase and leases and software license agreements and maintenance agreements. Changes in software programs or other changes in the System will require FRANCHISEE to upgrade its computer system and incur costs in obtaining other or additional computer hardware, equipment, and software. ATFC agrees to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees.

## **XVI. TRANSFERABILITY OF INTEREST**

A. By ATFC. ATFC is free to assign all of its rights and obligations under this Agreement, and upon such assignment ATFC shall be relieved of all liability under this Agreement, and all rights and obligations shall accrue to the successor or assignee.

B. By FRANCHISEE. ATFC has the right to reasonably disapprove any person or entity that would have actual, legal or effective control over the Agency and shall have the right to approve any Transfer. Consent to a Transfer shall not be deemed a waiver of ATFC's right to consent to any subsequent Transfers. ATFC will approve a sale, Transfer or change in ownership under the following conditions:

1. Governmental Compliance. The Transfer is conducted in compliance with applicable laws and regulations and the transferee has all permits and licenses necessary to operate the Agency;

2. Prior Compliance. The FRANCHISEE has performed its obligations and duties under this Agreement and FRANCHISEE is not in default under this Agreement, or any other agreement with ATFC;

3. Payments. The transferee has satisfied all of its obligations to ATFC, ATFC's affiliates and suppliers under this Agreement and all other agreements it has with ATFC;

4. Release. The FRANCHISEE, including all officers, directors and shareholders (as well as all guarantors under this Agreement) must execute a general release, in the form which ATFC approve, of any and all claims against ATFC, ATFC's affiliates, and their respective officers, directors employees and agents, to the extent permitted by law;

5. Requirements of Transferee. The transferee meets the established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute a new Franchise Agreement which may contain different terms and conditions than this Agreement and a Guaranty and Assumption of Obligations;

6. Transfer Fee. The transferee pays a transfer fee of 50% of the then current Franchise Fee in lieu of the Franchise Fee;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Agency, including the lease and complies with other reasonable requirements ATFC may impose;

8. Completion of Training. The transferee and/or transferee's management team, including a designated manager, successfully complete the initial training program;

9. Update and Remodel Agency. The transferee updates and remodels the Agency to comply with the then current standards;

10. Continuing Liability. If ATFC approves an assignment, ATFC shall have the discretion to require FRANCHISEE and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee; and

11. Economically Reasonable Terms. Although ATFC will not be required to determine the value of business upon a Transfer, if in ATFC's reasonable judgment, the purchase price or terms of the sale are not economically feasible to the proposed assignee, ATFC can withhold its consent to such an assignment or Transfer. Further, ATFC may, in good faith, notify FRANCHISEE, stating the reasons thereof, which ATFC has elected to withhold approval of the proposed Transfer. Notwithstanding the foregoing, ATFC's approval of the Transfer shall not be deemed to imply or warrant that the purchase price or terms of sale are economically feasible, and ATFC hereby disclaims any responsibility for making any such determination.

C. Death or Incapacity of FRANCHISEE. FRANCHISEE, by will or other written instrument, may appoint a designated heir to continue operation of the Agency, upon FRANCHISEE's death. Said designated heir must meet the qualifications of Section XVI.B. No fee will be charged on a Transfer pursuant to this Section. The Transfer of the FRANCHISEE's Interest in this Agreement and in the Agency to the FRANCHISEE's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of the FRANCHISEE, shall not give rise to ATFC's right of first refusal as set forth in Section XVII.E below, provided that the heirs, personal representatives or conservators, as applicable, meet ATFC's standards for new franchisees; execute the then-current form of Franchise Agreement; and, that a manager has, or within thirty days, shall have satisfactorily completed ATFC's Initial Training Program.

D. Transfer to a Corporation or Limited Liability Company. If FRANCHISEE is an individual or partnership, ATFC will consent to an assignment if FRANCHISEE transfers the business and rights under this Agreement to a corporation or limited liability company which is wholly owned by the FRANCHISEE (or all the partners of a partnership FRANCHISEE), provided that the corporation assumes all liabilities and obligations under this Agreement and pays a transfer fee of Two Thousand Dollars (\$2,000.00) to ATFC, to defray the transfer costs and expenses. FRANCHISEE and FRANCHISEE's spouse (and, if a partnership, all partners and their spouses) shall be required to execute a personal guaranty and assumption of obligations and covenant to ensure the compliance by the corporation or limited liability company with the terms and obligations of this Agreement as well as personally supervise the operation of the Agency. The Transfer is not effective until an assignment form is signed by all transferors, the transferee, and ATFC. If FRANCHISEE is incorporated prior to purchase of the franchise, no transfer fee is required, but personal guarantees must be signed by the owners of the business and their spouses.

E. Right of First Refusal. Notwithstanding the foregoing, if FRANCHISEE receives a bona fide, executed, written offer to acquire the franchise (or any stock in a corporate FRANCHISEE, or interest in a partnership or limited liability FRANCHISEE) from a responsible, fully disclosed purchaser, FRANCHISEE must submit a copy of the offer to ATFC. FRANCHISEE must also provide ATFC with any other information it requests to evaluate the offer. ATFC has the right, exercisable by delivering written notice to the FRANCHISEE within thirty (30) days from the date of last delivery to ATFC of the offer and any other documents requested by ATFC, to acquire the Interest for the price and on the terms and conditions contained in the offer. Regardless of the terms of the offer, however, ATFC may, in its discretion: substitute cash for any form of payment proposed in the offer; require the FRANCHISEE to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase", rather than a "stock purchase". ATFC will not be obligated to pay any "finder's"

or broker's fees that are a part of the proposed sale and shall not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the Interest proposed to be transferred.

If ATFC declines to exercise its rights of first refusal, FRANCHISEE will have ninety (90) days after ATFC declines or the right expires, whichever first occurs, to sell the Interest upon terms no more favorable than those offered to ATFC, subject to the compliance with and satisfaction of the conditions set forth in Section XVI.B. After said ninety (90) days, or if the prospective purchaser does not acquire the franchise, FRANCHISEE must again comply with this Section and Section XVI.B and give ATFC the first right to acquire FRANCHISEE's Interest prior to sale.

## **XVII. INDEPENDENT CONTRACTOR/INDEMNIFICATION**

A. Independent Contractor. ATFC and FRANCHISEE are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between them. FRANCHISEE shall conspicuously identify itself, at its Agency and in all dealings with the public as an independently owned business, and as an ATFC franchisee as required under this Agreement. Neither ATFC nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other that their relationship is other than ATFC and franchisee.

B. Indemnification. Under no circumstances shall ATFC be liable for any act, omission, debt, or other obligation of FRANCHISEE. FRANCHISEE will indemnify, defend and save harmless ATFC and its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including without limitation legal fees and expenses) of any kind and nature whatsoever, including without limitation damages or injuries suffered by Indemnitees, which may be imposed on, incurred by or asserted against the Indemnitees in any way arising out of the acts or omissions of FRANCHISEE or its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") pursuant to or in connection with the operation of the Agency regardless of whether the Indemnities were negligent or that said negligence was a contributing factor in the liability (to the extent permitted by law).

## **XVIII. DISPUTE RESOLUTION**

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between ATFC and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in Tampa, Florida unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. ATFC and FRANCHISEE will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the FRANCHISEE. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or

arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, ATFC and FRANCHISEE agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by ATFC and relating to ATFC's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between ATFC and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in Tampa, FL when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims ATFC has relating to its trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Tampa, FL. Both parties agree to submit to the jurisdiction of the state and federal court in Tampa, FL.

C. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Tampa, FL (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes ATFC, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator

will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, ATFC may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not ATFC was a party) will not be binding on ATFC in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, ATFC and FRANCHISEE will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Dispute Resolution Fee. In the event that the FRANCHISEE or its guarantors have not complied with the provisions in this Section on Dispute Resolution, FRANCHISEE shall reimburse ATFC for all of its expenses incurred in curing the FRANCHISEE's breach (including, without limitation, ATFC's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the ATFC a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). FRANCHISEE acknowledges and agrees that the ATFC will be damaged by such breach. FRANCHISEE agrees that a precise calculation of the full extent of the damages that ATFC will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. ATFC has the right to collect these amounts in addition to exercising any and all other rights ATFC may have for non-compliance under this Agreement.

## **XIX. MISCELLANEOUS PROVISIONS**

A. Waiver. No waiver by ATFC of performance of any obligation or this Agreement shall be construed as a waiver of any other or future default or performance obligation. Further, ATFC's forbearance, delay, failure to exercise or waiver of a right or ATFC's decision to take some other action regarding breach by any other franchise owner(s) shall not be evidence of a practice, custom or policy of ATFC and shall not waive or impair ATFC's ability to exercise any right, power or option it has under this Agreement in the event of the same, similar or different breach by FRANCHISEE. FRANCHISEE also acknowledges that agreements entered into at different times with other franchise owners may contain different terms than this Agreement, and that this shall not waive or impair ATFC's rights and FRANCHISEE's obligations under this Agreement. In addition, ATFC's acceptance of any payments due from FRANCHISEE after any breach by FRANCHISEE shall not constitute a waiver of FRANCHISEE's breach nor limit ATFC's ability to fully exercise its rights under this Agreement as a result of FRANCHISEE's breach.

B. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement.

C. Injunctive Relief. In the event of any breach or threatened breach of this Agreement by any party, the other party shall immediately be entitled to injunctive relief, in addition to any other remedies available to it, (including a temporary restraining order, preliminary injunction and specific performance) without showing or proving any actual damage sustained and shall not thereby be deemed to have elected its only remedy to the exclusion of others.

D. Entire Agreement. This Agreement and all other written agreements related to this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement shall be of any force and effect; provided, however, that nothing in this or any related agreement is intended to disclaim ATFC's representations made in the Franchise Disclosure Document that was furnished to FRANCHISEE in connection with the offering to operate an Agency. No amendment to this Agreement is binding unless executed in writing by both parties.

E. Representative Capacity. In all of their dealings with FRANCHISEE, the officers, directors, employees and agents of ATFC act only in their representative capacity for ATFC, and not in any individual capacity or on behalf of ATFC or any of ATFC's affiliates or agents.

F. Notice. Whenever notice is required under the terms of this Agreement, it shall be given in writing and sent by registered or certified mail, or by personal delivery to FRANCHISEE's Agency address and to ATFC's office, or at such other address as designated in accordance with this Section. Receipt shall be deemed to have been made three (3) days after mailing or upon personal delivery, whichever first occurs.

G. Gender. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender.

H. Governing Law and Jurisdiction. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Florida, without regard to the laws of conflict. However, any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between a franchisor and a franchisee or any similar relationship (including the Florida Sales of Business Opportunities Act and the Florida Deceptive and Unfair Trade Practices Act), will not apply unless its jurisdictional requirements are met independently without reference to this Section XIX.H. If, however any provision of this Agreement would not be enforceable under the laws of Florida, and if the Agency is located outside of Florida and the provision would be enforceable under the laws of the State in which the Agency is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the Agency is located. ATFC may institute any action arising out of or relating to this Agreement in any state or federal court of general

jurisdiction in the State of Florida, and FRANCHISEE and guarantors irrevocably submit to their jurisdiction and waive any objection to the application of Florida law or to the jurisdiction or venue in those Florida courts. If any valid applicable law or regulation [in effect at the time this Agreement is executed] of a governmental authority having jurisdiction over this Agreement limits ATFC's rights, including but not limited to the rights of rescission or termination or require longer notice periods than set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws or regulations. The provisions of this Agreement which conflict with the applicable law shall (only to the extent not in accordance with applicable law) be ineffective, and in their stead, ATFC shall comply with applicable law respecting each of said matters. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto in a State Law Addendum as Exhibit II. ATFC shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.

I. Headings. Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof.

J. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and assigns.

K. Remedies. In addition to any other remedies to which it may be entitled, ATFC shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event FRANCHISEE actually or anticipatorily breaches this Agreement. If either party shall incur any attorney's fees or other expenses in seeking enforcement of this Agreement, court shall have the right to award the prevailing party reasonable expenses, including attorney's fees, costs and other expenses reasonably and necessarily incurred as the court deems appropriate under the circumstances. No right or remedy conferred upon either party is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

L. No Warranty. FRANCHISEE acknowledges that, except as otherwise specifically stated herein, ATFC has the absolute right to exercise its own judgment on various matters about this Agreement and the Manual, and has the absolute right to approve, disapprove, give its consent and refuse to consent to FRANCHISEE's requests in its sole and absolute discretion. FRANCHISEE agrees that ATFC's action, refusal to act, approval, disapproval, consent, or refusal of consent is not, and shall not be deemed, a representation, warranty, certification or guarantee by ATFC about that which is acted upon or refused consent, or about any appropriateness, legality, profitability, or success related thereto. No ATFC action, refusal to act, approval, disapproval, consent or refusal to consent is, or shall be deemed, a guarantee, warranty, or representation that the Agency complies with, or meets any local, municipal, state, federal, or other laws or regulations relating to the offer of services or otherwise. If it is found that ATFC wrongfully withheld any consent pursuant to this Agreement, FRANCHISEE's sole remedy for such failure shall be to require ATFC to grant such consent.

M. Receipt of Franchise Disclosure Document. FRANCHISEE acknowledges receipt of ATFC's franchise disclosure document along with this Agreement, at least fourteen (14) days before execution hereof or any payment to ATFC. If any unilateral modifications have been made to this Agreement, FRANCHISEE acknowledges that it had at least seven (7) days to review them.

N. Joint and Several Liability. If two (2) or more persons are the FRANCHISEE under this Agreement, their obligations and liabilities to ATFC shall be joint and several.

O. Time is of the Essence. Time is of the essence of this Agreement.

P. Survival. FRANCHISEE's obligations regarding trade secrets, non-competition, indemnification, accrued obligations of FRANCHISEE to ATFC, and any other provision which, by its nature should survive the termination, expiration, assignment or Transfer of this Agreement.

Q. Payments from FRANCHISEE. ATFC has the sole discretion to apply any payments by FRANCHISEE, or received on behalf of FRANCHISEE, to any past due indebtedness of FRANCHISEE for Continuing License Fees, Advertising Fee, Processing Fee, Funding Fee, Technology Fee, other expenses and purchases from ATFC or its affiliates, interest or any other indebtedness. Neither ATFC nor any of its affiliates are required to accept payments after same are due or extend credit or otherwise finance FRANCHISEE's operation of the franchise.

R. Limitation on Liens. FRANCHISEE shall not grant a security interest, pledge, or place a lien upon FRANCHISEE's Interest in this Agreement or in the Agency or in the assets used in the business, except that FRANCHISEE shall be permitted to grant a security interest in such furniture, fixtures, and equipment to secure FRANCHISEE's obligation to the seller of or lender for such furniture, fixtures, and equipment to secure any indebtedness relating to the business and FRANCHISEE shall be permitted to assign its accounts receivable in connection with any third party financing of employee payroll subject to prior written approval of ATFC.

S. Limitation of Legal Actions.

1. IN NO EVENT WILL ATFC BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF OR UNDER THIS AGREEMENT OR ATFC'S RELATIONSHIP WITH FRANCHISEE.

2. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

3. ANY DISAGREEMENT BETWEEN FRANCHISEE (AND ITS GUARANTORS AND OWNERS) AND ATFC (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE (AND ITS GUARANTORS AND OWNERS) WAIVE ANY RIGHT TO PROCEED AGAINST ATFC (AND ITS AFFILIATES, OWNERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

4. WITH RESPECT TO ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ATFC'S RELATIONSHIP WITH FRANCHISEE, FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

5. ATFC MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF ATFC'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE

RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO ATFC WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY ATFC.

T. Day-to-Day Control. FRANCHISEE has the sole right and responsibility for the manner and means by which the day-to-day operation of the Agency is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to ATFC, this right and responsibility includes the employment, supervision, setting the conditions of employment and discharge for its employees at the Agency, daily maintenance, safety concerns, and the achievement of conformity with the System.

U. Attorneys' Fees. If ATFC or any of the Affiliates are required to enforce or defend this Agreement in any judicial proceeding or appeal thereof, FRANCHISEE shall reimburse ATFC and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce or defend this Agreement.

**XX. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE**

A. FRANCHISEE HAS BEEN ADVISED TO MAKE AN INDEPENDENT INVESTIGATION OF ATFC'S OPERATIONS. ATFC HAS NOT AND DOES NOT REPRESENT THAT FRANCHISEE CAN EXPECT TO ATTAIN A SPECIFIC LEVEL OF SALES, PROFITS, OR EARNINGS. FRANCHISEE HAS BEEN ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THIS FRANCHISE. FRANCHISEE UNDERSTANDS THAT IT MAY SUSTAIN LOSSES AS A RESULT OF THE OPERATION OR THE CLOSING OF THE BUSINESS. FRANCHISEE UNDERSTANDS THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES A HIGH DEGREE OF FINANCIAL RISK AND DEPENDS TO A LARGE DEGREE ON FRANCHISEE'S SKILLS, ABILITIES, INITIATIVE, AND HARD WORK.

B. FRANCHISEE REPRESENTS TO ATFC THAT FRANCHISEE'S SIGNATURE ON AND PERFORMANCE OF THIS AGREEMENT DOES NOT VIOLATE OR CONSTITUTE A BREACH OF THE TERMS OF ANY OTHER AGREEMENT OR COMMITMENT TO WHICH FRANCHISEE, ITS GUARANTORS OR ANY OF ITS AFFILIATES ARE A PARTY.

C. UNDER APPLICABLE U.S. LAW, INCLUDING WITHOUT LIMITATION EXECUTIVE ORDER 1224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), ATFC IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGE IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN ACTS OF TERRORISM AS DEFINED IN THE ORDER. ACCORDINGLY, FRANCHISEE DOES NOT, AND HEREAFTER WILL NOT ENGAGE IN ANY TERRORIST ACTIVITY. IN ADDITION, FRANCHISEE IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY. FINALLY, FRANCHISEE IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FUTHER ANY TERRORIST ACTIVITY.

D. FRANCHISEE REPRESENTS AND WARRANTS THAT IT IS AWARE OF AND UNDERSTANDS ALL APPLICABLE LAWS RELATING TO THE LICENSING AND OPERATION

OF AN EMPLOYMENT AGENCY AND PLACEMENT FIRM OF THE AREA, AS WELL AS ALL APPLICABLE REQUIREMENTS RELATING TO THE EMPLOYMENT OF UNION MEMBERS IN THE AREA. FRANCHISEE WILL HAVE AND MAINTAIN ALL NECESSARY LICENSES FOR THE FRANCHISEE AND ITS EMPLOYEES AND WILL COMPLY WITH ALL APPLICABLE UNION REQUIREMENTS THROUGHOUT THE TERM OF THIS AGREEMENT.

**XXI. CAVEAT**

**THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. ATFC DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS EXHIBIT III.**

**FRANCHISEE UNDERSTANDS AND AGREES THAT ATFC HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL ATFC HAS SIGNED THIS AGREEMENT, FRANCHISEE IS NOT A FRANCHISEE OF ATFC AND MAY NOT RELY UPON BECOMING A FRANCHISEE OF ATFC.**

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

**ALL TEAM FRANCHISE CORPORATION**

**FRANCHISEE: \_\_\_\_\_**

By: \_\_\_\_\_  
Brian Hindman, Chief Executive Officer

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

**Address of FRANCHISEE:**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by ALL TEAM FRANCHISE CORPORATION ("ATFC") in favor of \_\_\_\_\_ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to ATFC, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement, including but not limited to, the restrictive covenants and non-disclosure provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks and Transfers to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guaranty and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incurs to ATFC, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from ATFC and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by ATFC or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this guaranty; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty shall be joint and several;
- (2) he or she shall render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;
- (3) such liability shall not be contingent upon or conditioned upon pursuit by ATFC or Affiliates of any remedies against the FRANCHISEE or any other person; and
- (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which ATFC or Affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance

or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If ATFC or any of the Affiliates are required to enforce this Guaranty and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS shall reimburse ATFC and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

The terms of this Guaranty and Assumption of Obligations shall be governed by and construed according to the laws of the State of Florida. ATFC may institute any action arising out of or relating to this Guaranty and Assumption of Obligations in any state or federal court of general jurisdiction in the State of Florida, and guarantors irrevocably submit to their jurisdiction and waive any objection to the application of Florida law or to the jurisdiction, governing law or venue in those Florida courts.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name \_\_\_\_\_  
Date \_\_\_\_\_  
Ownership % \_\_\_\_\_

Signature \_\_\_\_\_

Print Name \_\_\_\_\_  
Date \_\_\_\_\_  
Ownership % \_\_\_\_\_

Signature \_\_\_\_\_

Print Name \_\_\_\_\_  
Date \_\_\_\_\_  
Ownership % \_\_\_\_\_

Signature \_\_\_\_\_

**EXHIBIT I**  
**AREA AND LOCATION**

The following must be completed:

1. The following constitutes FRANCHISEE's Area ("Area"):

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2. Location of Agency:

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3. Number of Offices: \_\_\_\_\_

4. If more than 1 office is required, the timing of the opening of each additional office:

Number of Offices	Date Office is to be Opened
1	
2	
3	

**EXHIBIT II**

**STATE LAW ADDENDA**

## MINNESOTA STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
  - (i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
  - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, ADA and FDD shall remain in full force and effect, except to the extent specifically modified herein.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## NEW YORK STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the New York State Franchise Act shall apply to any franchise or franchisee located in the State of New York, which shall control to the extent of any inconsistency:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a

debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled

“**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled

“**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## VIRGINIA STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement, Area Development Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Virginia Retail Franchising Act shall apply to any franchise or franchisee located in the State of Virginia, which shall control to the extent of any inconsistency:

The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement and Area Development Agreement:

*Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.*

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT III**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, All Team Franchise Corporation (the “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of an All Team franchise. The purpose of this Questionnaire is to determine whether any statements of promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it?  
Yes \_\_\_ No \_\_\_
2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the “FDD”) that Franchisor provided to you?
3. Yes \_\_\_ No \_\_\_
4. Did you sign a receipt for the FDD indicating the date you received it?  
Yes \_\_\_ No \_\_\_
5. Date on which you received the FDD and related Exhibits explaining the All Team Franchise.  
\_\_\_\_\_, 20\_\_\_\_  
(month, day)
6. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.  
\_\_\_\_\_, 20\_\_\_\_  
(month, day)
7. Date on which you signed the Franchise Agreement.  
\_\_\_\_\_, 20\_\_\_\_  
(month, day)
8. Were you given the opportunity to discuss the benefits and risks of operating an All Team franchise with an attorney, accountant, or other professional advisor, and do you understand those risks?  
Yes \_\_\_ No \_\_\_
9. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?  
Yes \_\_\_ No \_\_\_
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of our Franchised

Restaurants earn in operating the business other than what is discussed in Item 19 of the FDD?

Yes \_\_\_\_ No \_\_\_\_

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business?

Yes \_\_\_\_ No \_\_\_\_

12. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_ No \_\_\_\_

13. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the 2020 COVID-19 outbreak and that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations?

Yes \_\_\_\_ No \_\_\_\_

\* \* \*

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. You are also representing that you have reviewed all of these questions and the answers with the other owners of the business and any of your representatives who had discussions with the Franchisor or any of its officers, agents, or employees. The responses from those people are also included by you above.

Dated on \_\_\_\_\_, 20\_\_\_\_

### **FRANCHISE APPLICANT**

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

**EXHIBIT B**  
**PROCESSING AGREEMENT**

## PROCESSING AGREEMENT

This **PROCESSING AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between ALL TEAM FRANCHISE CORPORATION, INC., a Florida corporation (“ATFC”), and \_\_\_\_\_ a \_\_\_\_\_ corporation, limited liability company or partnership (“USER”).

### WITNESSETH:

**WHEREAS**, USER has entered into a temporary service business pursuant to a Franchise Agreement with ATFC on even date herewith (“Franchise Agreement”); and

**WHEREAS**, at the option of ATFC, ATFC and USER will be entering into a Funding Agreement on even date herewith in order to allow ATFC to provide financing for USER’s temporary service businesses (“Funding Agreement”);

**WHEREAS**, ATFC is willing to provide certain processing services for USER’s temporary service businesses and USER desires to utilize these processing services in the operation of its temporary service and permanent placement businesses, according to the terms, covenants and conditions contained herein;

**NOW THEREFORE**, in consideration of the above premises and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, ATFC and USER agree as follows:

**I. Definitions.** As used in this Processing Agreement the words and terms listed below shall have the following meanings:

A. Capitalized terms used herein and defined in the Franchise Agreement shall have the meanings set forth in the Franchise Agreement when used herein unless otherwise defined herein or unless the context otherwise requires.

B. “Business” means the temporary personnel service and permanent placement businesses operated by USER pursuant to the Franchise Agreement.

C. “Business Location” means any location(s) at which USER conducts the Business.

D. “Customers” mean patrons of the Business who utilize USER’s temporary personnel services.

E. “Direct Payroll Costs” means the USER’s share of federal social security taxes, federal and state unemployment taxes and contributions, disability insurance premiums, any other direct or indirect taxes which are based on wages, sales or receipts that may be levied and which are the legal obligation of an employer or provider of temporary employment services to collect and/or remit, and any insurance premium based upon payrolls (other than worker’s compensation insurance premiums) which is a legal obligation of an employer to pay with respect to Wages on Temporary Employment Gross Billings derived from the placement of temporary personnel employees by USER in the operation of the Business except in the case of administrative personnel and in such case in accordance with information provided by USER.

F. “Temporary Employment Gross Billings” means the amount billed by ATFC or its affiliates to Customers on behalf of USER pursuant to this Processing Agreement, for services provided by USER’s temporary personnel employees.

G. “Software” means the computer program that ATFC will require USER to use together with any updates, modifications, revisions, new versions and substitution of any new product thereof, together with all documentation, training manuals, and supplemental computer hardware. ATFC will train USER to facilitate the use of the computer program. Said computer program is designed for “front office” operations in the temporary staffing business, including payroll processing and client billing.

H. “Wages” means the salaries or wages earned by USER’s temporary personnel employees for work performed for Customers.

## **II. Basic Agreement.**

A. **Services.** USER agrees to exclusively utilize ATFC for certain processing services, including billing to clients, and payroll for USER’s temporary personnel employees based on the information provided by USER which will be entered into the required Software by USER. Provided USER is not in default hereunder and under the Franchise Agreement, ATFC agrees to render the services set indicated below for USER’s Business in the manner specified in this Processing Agreement (“Services”).

1. **Paychecks.** ATFC will prepare weekly, the payroll run for each temporary personnel employee utilized by a Customer, from USER’s account, based on the Wages reported by USER after deducting and withholding thereof an amount equal to all income, social security and other taxes, disability payments and other deductions (except worker’s compensation insurance premiums) which may be required by applicable law to be deducted and withheld, as directed by USER. The use of Pay Cards is highly recommended where allowed by law. However, payroll checks may be either printed in USER’S office (on a printer approved by ATFC), or in ATFC’s office and sent overnight to USER at USER’s expense. In order for ATFC to provide this service, USER must submit timecards, or related reporting, to ATFC weekly no later than noon on Wednesday based on the prior week. These timecards will then be matched up with each invoice by USER, saved electronically in a location designated by ATFC for future reference, and included with the invoice which will be sent to the Customer, if applicable. Failure to timely provide all invoices and timecards will result in a fine of \$1,000 for the first violation, \$2,500 for the second violation, and \$5,000 for the third and each subsequent violation. Postage will be at the expense of USER.

2. **Direct Payroll Costs.** ATFC will prepare, on behalf of USER with respect to the Wages paid pursuant to this Processing Agreement, all Direct Payroll Costs, from USER’s account which payments shall be made directly to the entities entitled to the receipt thereof, including any penalties due to late filing or error in calculating tax due, except to the extent attributable to any action or inaction of ATFC.

3. **Garnishment or Wage Withholding.** ATFC will provide a report of any amounts required in relation to a garnishment or wage withholding on any temporary personnel employee utilized by USER (or any administrative personnel if USER has chosen to have ATFC provide payroll services to them); USER shall be responsible for entering any such garnishments into the software program before payroll is processed. Further, USER will be responsible to make the required payments to the proper authority as required in the withholding order.

4. **Payroll Taxes and Reports.** USER will execute IRS Form 2848 to grant ATFC the authority to file state and federal payroll taxes on USER’s behalf. ATFC will prepare payroll tax deposits and quarterly tax reports for all federal and state jurisdictions on behalf of USER. ATFC will also

file the payroll tax deposits and quarterly tax reports on behalf of USER with the appropriate taxing authority. Notwithstanding anything herein to the contrary, USER is solely responsible for payroll taxes and must have adequate funds available in USER's account for ATFC to make the payments. Any shortage of funds in USER's account will be deemed a material default under this Agreement.

Annually, ATFC will send to USER for each temporary personnel employee (and if USER elects to utilize the services of USER's administrative employees, each administrative employee) processed by ATFC, a statement of Wages earned during the preceding calendar year, as well as a statement of the taxes and other amounts withheld and deducted therefrom. USER shall pay ATFC's costs and expenses in providing this service. The W2's will be prepared and sent in bulk to USER for distribution to their employees.

5. **Administrative Payroll.** If USER elects, at no additional charge to USER, ATFC will process the payroll for USER's administrative employees from USER'S account, based on the Wages as prescribed by USER after deducting and withholding there from an amount equal to all income, social security and other taxes, disability payments and deductions (except worker's compensation insurance premiums) which may be required by applicable law to be deducted and withheld as directed by USER. Further, ATFC will pay on behalf of USER, from USER'S account, based on Wages processed by ATFC pursuant to this Processing Agreement, all Direct Payroll Costs, which payments shall be made directly to the entities entitled to the receipt thereof, including any penalties due to late filing or error in calculating tax due, except to the extent attributable to any action or inaction of USER. The use of Pay Cards is highly recommended where allowed by law. However, payroll checks may be either printed in USER'S office (on printer approved by ATFC) or in ATFC's office and sent overnight to USER at USER's expense. ATFC will advise USER of the administrative payroll costs via electronic mail after payroll has been processed.

B. **Computer Hardware and Software.** USER agrees to obtain and maintain the computer hardware and software ATFC will require, from time to time, that is necessary in order for ATFC to provide Services. USER agrees that it will permit ATFC to access data and statistical information and reports stored in or processed by USER. ATFC will keep all such data and statistical information and reports confidential unless there is a compelling and legitimate reason such as a subpoena or government requirement to do so. In such event, ATFC will attempt to notify USER in advance of any disclosure.

C. **Fees.** USER must pay ATFC a "Processing Fee" no later than Friday for the prior week. The Processing Fee is 1.65% of Temporary Employment Gross Billings from the prior week. The Processing Fee can be increased written notice to User, however ATFC will not change it more often than once a year.

ATFC will withhold the Technology Fees, Continuing License Fees, Advertising Fees, Processing Fees, and Funding Fees from the Temporary Employment Gross Billings (as defined in the Franchise Agreement) they collect on behalf of User. ATFC will remit the balance due to User. Such payments cannot be withheld on grounds of non-performance by ATFC of any of its obligations hereunder.

On all amounts which User owes to ATFC that are not paid when due, ATFC shall have the right to charge interest on late payments equal to the lesser of one and one-half percent (1-1/2%) per month or the maximum legal rate in the jurisdiction where the Agency is located. User acknowledges that this paragraph does not constitute ATFC's agreement to accept payments after same are due or a commitment by ATFC to extend credit to, or otherwise finance User's operation of the Agency. Further, User acknowledges that User's failure to pay all amounts when due constitutes grounds for termination of this Agreement.

**III. Term.** This Agreement shall commence upon execution of this Agreement and shall continue for a term of three (3) years, unless terminated sooner in accordance with the terms of this Agreement, and shall automatically be renewed for successive one (1) year periods thereafter unless ATFC gives USER written notice of termination at least sixty (60) but not more than one hundred twenty (120) days before the end of the then current term. ATFC has the right to terminate this Agreement immediately upon the expiration or termination of the Franchise Agreement or upon the expiration or termination of the Funding Agreement. ATFC shall have the right to increase any and all fees under this Agreement for any renewal period.

**IV. Warranties and Representations.** USER warrants and represents that (a)USER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and agrees that it shall not change such state or jurisdiction of incorporation without giving ATFC sixty (60) days prior written notice of such change, (b)USER is duly qualified to do business and in good standing in each other jurisdiction where its ownership of property or the conduct of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to have a material adverse effect on USER's business or assets, and (c)USER operates its Business in material compliance with all applicable local, state and federal laws, including without limitation the Fair Labor Standards Act and all applicable tax withholding laws and regulations.

**V. Termination.**

A. **Default by USER.** In the event of a breach of any of the terms of this Processing Agreement by USER, if the breach is not cured within ten (10) days of written notice to USER specifying the nature of such breach, ATFC may, in addition to pursuing any other remedies it may have, at its election, suspend its performance hereunder until the breach is cured or terminate this Processing Agreement. The occurrence of the same or a similar breach by USER, even if subsequently cured, twice within any twelve (12) month period shall give ATFC the right to terminate this Processing Agreement immediately upon giving written notice to USER specifying the nature of such breach, without any opportunity to cure. Upon the termination or expiration of the Franchise Agreement, for any reason, ATFC shall have the right to terminate this Processing Agreement immediately upon written notice to USER.

B. **Default by ATFC.** In the event of a breach of any of the terms hereof by ATFC, which breach is not cured within ten (10) days of written notice to ATFC specifying the nature of such breach, USER may, at its election, terminate this Processing Agreement and such termination shall be effective upon the expiration of the ten (10) day cure period. Notwithstanding the foregoing, at no time during or after the term of this Agreement shall USER exercise any right of set-off, defense or counterclaim against any amounts owing to ATFC hereunder.

C. **Post-Termination Obligations.** Upon the termination or expiration of this Processing Agreement for any reason, ATFC will require USER to discontinue use of the Software on ATFC's servers.

**VI. Miscellaneous.**

A. **Compliance with Laws and Franchise Agreement.** USER shall operate the Business in full compliance with all applicable governmental laws, rules and regulations and in full compliance with the Franchise Agreement. In addition, USER shall carry worker's compensation insurance for all employees and comply with all laws and regulations related thereto, and shall provide proof of such insurance, together with proof of payment for such insurance, to ATFC as requested from time to time.

**B. Books and Records.**

1. USER shall keep at its offices, for a period of seven years after their creation, all payroll and personnel records for its temporary personnel employees and all other books of account and business records customary for the industry, which shall be available for inspection by ATFC and its representatives during normal business hours.

2. USER shall maintain such records as ATFC may reasonably request from time to time, on forms approved in writing by ATFC. USER shall promptly furnish to ATFC in writing, all necessary payroll information regarding USER's temporary employees, including without limitation Wages, rates, names of payees, Direct Payroll Costs, billing information regarding USER's Customers and all information required to be compliant with National/Regional Accounts in the form required by ATFC.

3. USER shall promptly deliver to ATFC copies of every summons, subpoena, process or notice of or order for appearance in any suit or proceeding in which ATFC may be involved and to cooperate with ATFC's attorneys and insurance carriers in the defense of the same.

4. USER shall make all required reports in a timely manner to the appropriate agencies or entities, all worker's compensation insurance premiums with respect to USER's temporary employees to whom wages have been paid, all such reports shall be prepared, and the cost of the premiums are to be borne by USER. USER shall provide prompt written notice to ATFC at any time that required worker's compensation insurance coverage is not in effect.

**C. Independent Contractor.** Nothing in this Processing Agreement shall be construed to constitute either party as the employee, representative or, except to the extent expressly provided herein, the agent of the other, or to constitute ATFC and USER as partners or joint venturers. USER shall not have the power and shall not represent or imply that it has the power, to obligate ATFC for any liabilities or expenses, except as otherwise expressly agreed to in writing by ATFC. Neither USER nor any individual whose compensation for services is paid by USER in any way, directly or indirectly, expressly or by implication, shall be construed to be an employee of ATFC for any purpose, including, without limitation any tax or withholding requirements levied or fixed by any governmental law, rule or regulation is solely responsible for the day-to-day operations of the Business.

**D. Indemnification.** Under no circumstances shall ATFC be liable for any act, omission, debt, or other obligation of USER. USER will indemnify, defend and save harmless ATFC and its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including without limitation legal fees and expenses) of any kind and nature whatsoever, including without limitation damages or injuries suffered by Indemnitees, which may be imposed on, incurred by or asserted against the Indemnitees in any way arising out of the acts or omissions of USER or its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") pursuant to or relating to this Agreement or the transactions or relationships contemplated hereby or a breach or default by USER under this Agreement regardless of whether the Indemnities were negligent or that said negligence was a contributing factor in the liability.

**E. Assignment.** This Processing Agreement is personal to USER and shall not be assignable or transferable by USER, in whole or in part, either voluntarily or by operation of law, except with the prior written consent of ATFC, which consent shall not unreasonably be withheld. For all purposes of this Processing Agreement, the transfer of the majority of the equity of USER to persons other than the present

owners thereof, or of any substantial portion of the Business in one or more transactions, shall be deemed an assignment of this Processing Agreement requiring such consent. Any assignment must be in conjunction with a corresponding assignment under the Franchise Agreement. This Processing Agreement is fully assignable by ATFC.

F. **Successors and Assigns.** This Processing Agreement shall be binding upon and shall inure to the benefit of ATFC and USER, and their permitted successors and assigns.

G. **Notices.** All notices, consents, request, demands and other communications hereunder are to be in writing, and are deemed to have been duly given or made: (i) when delivered in person, (ii) two days after deposited in the United States mail, first class postage prepaid or (iii) in the case of telegraph or overnight courier services, one business day after delivery to the telegraph company or overnight courier service with payment provided for, in each case addressed as set forth on the signature page of this Agreement, or such other address as either party may designate by notice to the other in accordance with the notice provisions of this Processing Agreement.

H. **Severability.** The provisions of this Processing Agreement are severable, it being the intention of the parties that should any provision is found invalid, and such invalidity shall not affect the remaining provisions, which shall remain in full force and effect as though such invalid provision had not been contained herein.

I. **No Waiver.** No failure or delay on the part of ATFC in exercising any right, power or privilege hereunder, and no course of dealing between ATFC and USER shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the simultaneous or later exercise of any similar or different right, power or privilege. The remedies of ATFC hereunder shall be deemed to be cumulative and not exclusive.

J. **Entire Agreement.** This Processing Agreement and all of the documents referenced herein contain the entire agreement between ATFC and USER regarding this matter, and there are no representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those herein contained. Any changes or modifications to this Agreement must be in writing and signed by all parties. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

K. **Governing Law.** This Processing Agreement is made and accepted and shall be governed by, construed and enforced in accordance with, the laws of the State of Florida, without reference to any conflicts of law principles. USER irrevocably consents and submits to the jurisdiction of the state courts of, and federal courts in, the State of Florida for the purpose of any suit, action or proceeding relating hereto.

L. **Force Majeure.** ATFC shall not be liable or responsible in any manner to USER for ATFC's failure to perform or delay in performance under this Processing Agreement when such failure or delay is due directly or indirectly to strike or other labor trouble, fire, flood, material or labor shortage, equipment failure, embargo, transit or delivery stoppage or delay, governmental act, regulation or order, war sabotage, civil insurrection, act of God or the public enemy, or any other cause beyond the reasonable control of ATFC.

M. **Consequential Damages.** In no event shall ATFC be liable to USER for any lost profits, lost savings or other consequential, incidental or special damages resulting from or arising out of or in connection with this Processing Agreement, the transaction or relationships contemplated hereby or ATFC's performance or failure to perform hereunder, even if ATFC shall have been advised of the possibility of such damages.

N. **Further Action.** Each party agrees to execute all documents and take such further action as may be necessary to carry out the intent and purposes of this Processing Agreement.

O. **Dispute Resolution.**

1. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between ATFC and USER arising from this Agreement or the franchise relationship, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Tampa, Florida unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. ATFC and USER will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator’s fee and expenses, shall be paid by the USER. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, ATFC and USER agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by ATFC and relating to ATFC’s trademarks, service marks, patents, or copyrights; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

2. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between ATFC and USER arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in Tampa, FL when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims ATFC has relating to its trademarks, service marks, patents, or copyrights; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state

courts in Tampa, FL. Both parties agree to submit to the jurisdiction of the state and federal court in Tampa, FL.

3. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Tampa, FL (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association (“AAA Rules”), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes ATFC, it respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys’ fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator’s award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, ATFC may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not ATFC was a party) will not be binding on ATFC in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, ATFC and USER will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. The arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

4. Dispute Resolution Fee. In the event that the USER or its guarantors have not complied with the provisions in this Section on Dispute Resolution, USER shall reimburse ATFC for all of its expenses incurred in curing the USER’s breach (including, without limitation, ATFC’s attorneys’ fees

and costs related to dismissing and responding to any improperly filed claim) and pay the ATFC a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). USER acknowledges and agrees that the ATFC will be damaged by such breach. USER agrees that a precise calculation of the full extent of the damages that ATFC will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. ATFC has the right to collect these amounts in addition to exercising any and all other rights ATFC may have for non-compliance under this Agreement.

P. **Maximum Liability.** ATFC MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF ATFC'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT USER PAID TO ATFC WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY ATFC.

**IN WITNESS WHEREOF**, the parties have executed this Processing Agreement as of the day and year first above written.

**ATFC:**

**USER**

**ALL TEAM FRANCHISE CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
Brian Hindman, Chief Executive Officer

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

500 N. Westshore Blvd., Suite 300  
Tampa, FL 33609  
Attn.: Brian Hindman, Chief Executive Officer

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT C**  
**FUNDING AGREEMENT**

## FUNDING AGREEMENT

This **FUNDING AGREEMENT** is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between ALL TEAM FRANCHISE CORPORATION, INC., a Florida corporation (“ATFC”), and \_\_\_\_\_ a \_\_\_\_\_ corporation, limited liability company or partnership (“USER”).

### WITNESSETH:

**WHEREAS**, USER has entered into a temporary service business pursuant to a Franchise Agreement with ATFC on \_\_\_\_\_ 20\_\_\_\_ (“Franchise Agreement”); and

**WHEREAS**, ATFC and USER are entering into a Processing Agreement on even date herewith in order to allow ATFC to provide certain billing and payroll processing to USER for their temporary employees and possibly their administrative staff (“Processing Agreement”);

**WHEREAS**, ATFC is willing to provide financing for USER’s temporary service businesses and USER desires to utilize the funding for the operation of its temporary service businesses, according to the terms, covenants and conditions contained herein; and

**NOW THEREFORE**, in consideration of the above premises and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, ATFC and USER agree as follows:

**I. Definitions.** As used in this Funding Agreement the words and terms listed below shall have the following meanings:

A. Capitalized terms used herein and defined in the Franchise Agreement shall have the meanings set forth in the Franchise Agreement when used herein unless otherwise defined herein or unless the context otherwise requires.

B. “Centennial Agreement” means the funding agreement between Centennial Bank, or any successor or assign (“Centennial”) and ATFC, which is incorporated herein by reference.

C. “Business” means the temporary personnel service business operated by USER pursuant to the Franchise Agreement.

D. “Business Location” means any location(s) at which USER conducts the Business.

E. “Customers” mean patrons of the Business who utilize USER’s temporary personnel services.

F. “Dispute” means any dispute or claim by the Customer in whole or in part as to price, terms, offsets, count claims, contra accounts or any other defense of any other kind and character, real or claimed which are not shown on the face of the invoice.

G. “Software” means the computer program that ATFC will require USER to use together with any updates, modifications, revisions, new versions and substitution of any new product thereof, together with all documentation, training manuals, and supplemental computer hardware. ATFC will train USER to facilitate the use of the computer program. Said computer program is designed for “front office”

operations in the temporary staffing business, including payroll processing and client billing among other functions.

H. “Wages” means the salaries or wages earned by USER’s temporary personnel employees for work performed for Customers.

## **II. Basic Agreement.**

A. **Services.** USER agrees to exclusively utilize ATFC for the financing of the payroll for temporary personnel employees placed by USER during the term of this Funding Agreement (“Services”). Provided USER is not in default hereunder or under the Franchise Agreement or Processing Agreement, ATFC agrees to render the Services for USER’s Business in the manner specified in this Funding Agreement. USER hereby appoints ATFC as its true and lawful attorney-in-fact to perform all Services as specified in this Funding Agreement.

B. **Computer Hardware and Software.** USER agrees to obtain and maintain the computer hardware and software ATFC will require, from time to time, that is necessary in order for ATFC to provide Services. USER agrees that it will permit ATFC to access data and statistical information and reports stored in or processed by USER. ATFC will keep all such data and statistical information and reports confidential unless there is a compelling and legitimate reason such as a subpoena or government requirement to do so. In such event, ATFC will attempt to notify USER in advance of any disclosure.

C. **Sale and Purchase of Customer Invoices.** Subject to the provisions of Section VII.A. below, USER hereby sells and assigns to ATFC and ATFC hereby purchases from USER, all of USER’s customer invoices arising from USER’s Business (“Customer Invoices”). USER’s sale and assignment of Customer Invoices to ATFC grants ATFC all of USER’s rights, securities, guaranties and liens with respect to each Customer Invoice and all of USER’s defenses and rights of offset with respect to any payments received by ATFC. These Customer Invoices, as a result of the sale to ATFC, become the accounts receivable of ATFC (“Accounts Receivable”) and therefore ATFC shall not be obligated to, and shall not be liable for, exercising or refusing to exercise any rights granted to ATFC hereby. USER shall execute and deliver to ATFC assignments of the Customer Invoices, which will include, without limitation, copies of all original invoices, copies of the bills of lading, proofs of delivery, contracts or purchase orders, and/or purchase order numbers which correspond with such Customer Invoices, and time tickets or other proofs of service as may be required by ATFC. USER shall send the foregoing documentation to ATFC no later than noon Wednesday following the previous week.

D. **Purchase Price.** The purchase price of each purchased Customer Invoice (the “Purchase Price”) shall be Eighty percent (80%) of such Customer Invoice, less: (i) Funding Fee (as defined below); (ii) out-of-pocket expenses incurred by ATFC on behalf of USER; (iii) any adjustments for Late Accounts or Delinquent Accounts; (iv) any discounts made available or extended to the Customer; and (v) Continuing License Fee, Advertising Fund Fee, Technology Fees, Processing Fees and any other amounts due to ATFC as required under the Franchise Agreement and the Processing Agreement. The Purchase Price is guided by the Centennial Agreement referred to herein. Notwithstanding the foregoing, in the event that the Centennial Agreement is reduced, the 80% can be reduced accordingly. ATFC shall send USER the Purchase Price no later than the Friday of each week following the Sunday close of the preceding week. USER must deposit these funds in its account in order to have adequate funds to cover the checks ATFC will prepare in accordance with the Processing Agreement. The difference between the Account Receivable and the Purchase Price percentage is called the “Deferred Share”. For example, if the percentage of the Purchase Price percentage is 80% of the Customer Invoice, then the Deferred Share is 20%.

As ATFC receives payment in full from the Customer on each Account Receivable, the Deferred Share will be remitted to USER no later than Friday of the following week after ATFC receives said payment.

E. **Right of Setoff.** If any Account Receivable or any other financial obligation of USER to ATFC becomes past due for more than 90 days, ATFC may set off the amount of the past due amount from any amounts owed to USER hereunder.

III. **Term.** This Funding Agreement shall commence upon execution of this Agreement and shall continue for a term of three (3) years, unless terminated sooner in accordance with the terms of this Funding Agreement, and shall automatically be renewed for successive one (1) year periods thereafter unless ATFC gives USER written notice of termination at least sixty (60) but not more than one hundred twenty (120) days before the end of the then current term. ATFC has the right to terminate this Funding Agreement immediately upon the expiration or termination of the Franchise Agreement or upon the expiration or termination of the Centennial Agreement. ATFC shall have the right to increase any and all fees under this Agreement for any renewal period.

#### IV. **Fees.**

A. **Funding Fee.** In consideration of the Services to be performed by ATFC under this Funding Agreement. USER shall pay ATFC a Funding Fee by Friday of each week. The Funding Fee is 1.5% of the total value of the Customer Invoices purchased by ATFC during the prior week. The Funding Fee is subject to change upon written notification to USER, however ATFC will not change it more often than once a year.

B. **Accounts Receivable Service Charge.** USER will be charged at the rate of 0.05% per day on the unpaid amounts for each delinquent Customer Invoice, beginning 30 days after the date of the Customer Invoice (“Accounts Receivable Service Charge”). Customer Invoices that are unpaid after 90 days of the date of the Customer Invoice will be charged back to the USER as set forth in Section VII.B below. This Accounts Receivable Service Charge will be assessed after the Customer Invoice amount has been delinquent for a period of 30 days.

V. **Deductions from Purchase Price.** USER agrees that ATFC will deduct the Continuing License Fees, Advertising Fees, Technology Fees, Processing Fees and any other amounts due under the Franchise Agreement, the Processing Agreement and this Agreement from the weekly Purchase Price. In addition, USER agrees that ATFC is permitted to deduct any other amounts due to ATFC or its affiliates.

VI. **Collection of Accounts Receivable.** USER hereby appoints ATFC as its lawful agent and attorney-in-fact with full authority to do any and all lawful things necessary for the fulfillment of this Funding Agreement, including the following in order to collect the Accounts Receivable:

A. **Invoicing Customers.** Pursuant to the Processing Agreement and the Franchise Agreement, ATFC will generate and mail or email invoices to Customers from information provided by USER with instructions to the Customer to remit payment to All Team Franchise Corporation, 500 N. West Shore Boulevard, Suite 300, Tampa, FL 33609 or such other address as ATFC may designate in writing. All invoices for services rendered shall be transmitted to the Customer and each such invoice shall bear a notice that they have been sold and assigned to, are owned by and are payable directly and only to ATFC. With regard to each invoice, USER agrees that ATFC shall have access to all such information or documents as ATFC in its discretion may request from time to time. In the event USER fails to cause ATFC to be provided with copies of any invoices or other documentation when requested by ATFC, such Account Receivable reflected by such invoice shall automatically revert back to USER (regardless of any prior approval) and ATFC shall have no credit risk with respect to such Account Receivable. Each invoice shall

bear the terms of sale and no change from the original terms of sale shall be made without ATFC's prior written consent.

B. Apply Remittances. ATFC will receive, retain and apply all remittances tendered in payment of Accounts Receivable pursuant to the provisions of this Agreement. ATFC shall credit as paid all payments by Customers of purchased Accounts Receivable and other payments on behalf of USER promptly after crediting such payment to the Customer's Invoice. No check, draft or other instrument received by ATFC shall constitute final payment unless and until such check; draft or other instrument shall have been actually collected on behalf of ATFC in immediately available funds.

C. ATFC's Collection Efforts. ATFC shall have the right, but not the obligation, to contact and deal with Customers for the collection of Accounts Receivable in such manner, as it deems necessary, including without limitation, the right to advise Customers of ATFC's interest in and ownership of the Accounts Receivable of USER and to collect such amounts. Although ATFC provides as a service to USER a credit investigation of the client through a third party, the final decision on whether or not to extend credit shall rest with USER and ATFC is not responsible for non-payment by Customer or the creditworthiness of the Customer, nor is ATFC responsible for the accuracy of information provided by third parties. Any charge for credit reports may be passed on to USER

As owner of the purchased Accounts Receivable, ATFC shall have the right to (a) bring suit, or otherwise enforce collection of the purchased Account Receivable in the name of USER or ATFC, (b) modify the terms of payment, settle, compromise or release, in whole or in part, any amounts owing, on terms ATFC may deem advisable, and (c) issue credits in the name of USER or ATFC. Any payments made to either USER or ATFC from, or credits issued to a Customer shall be applied first to the Accounts Receivable owing by such Customer, irrespective of instructions of the Customer or the invoice dates of such Accounts Receivable or the manner in which payment is made, and ATFC shall have recourse to USER to the extent any such payment is made directly to USER.

D. Restriction of Receipt of Customer Payments. Except as USER is specifically permitted hereunder, USER shall not (i) render bills or statements to its Customers, (ii) take possession of, receive, endorse or collect any sum or other consideration in payment of any Accounts Receivables, or (iii) take or omit to take any other step or act which might reasonably be assumed to interfere with or delay Customers' payment and ATFC's collection of any Accounts Receivable. If payment of any bill or statement, whether rendered by ATFC or USER, is made to or received by USER, such payment shall be deemed to have been received by USER on behalf of and in trust for ATFC, and USER shall immediately forward the same, properly endorsed, if necessary, to ATFC. Failure to immediately remit to ATFC any customer payments that may come into USER's possession shall constitute a conversion of ATFC's funds for which this Funding Agreement and any other agreement with ATFC may, without prejudice to any of ATFC's other rights, be immediately terminated at ATFC's election. In the event of such a termination, ATFC is entitled to all remedies at law or in equity and for which USER may be subject to civil remedies, including reimbursement of its attorney's fees in connection with such a proceeding.

## **VII. Collections From Customers/Late and Delinquent Accounts.**

A. Unacceptable Customers. USER shall not accept any orders from or provide any services to any Customer, without ATFC's express prior written consent or after ATFC's express written refusal in any case where the Customer's creditworthiness is not acceptable to ATFC or the Customer's payment policies or practices violate ATFC's rules and requirements with regard to the payment of invoices, as established by ATFC from time to time. The decision to accept any orders shall at all times be in ATFC's sole discretion, and ATFC shall not be liable to USER for damages or otherwise because of any such credit

decisions. Any order accepted by USER without ATFC's prior written consent shall not be subject to the terms of this Agreement.

B. **Delinquent Account.** The balance of any Accounts Receivable remaining unpaid in whole or in part for more than ninety days (90) days from the Customer Invoice date and the balance of any Accounts Receivable owing by any Customer who is bankrupt or insolvent or who voluntarily seeks protection under the federal bankruptcy laws or against whom involuntary relief in bankruptcy is sought, or who has filed an assignment for the benefit of creditors prior to the expiration of such ninety days (90) day period, or as to whom ATFC has a reasonable basis for believing that such Customer is about to become subject to one of the foregoing conditions or events shall be deemed a "Delinquent Account." The full amount of each Delinquent Account shall be deducted from the Purchase Price or, at ATFC's election, be paid by USER to ATFC upon demand. Payment received by ATFC in the form of a check shall be deemed to have been received by ATFC when the funds represented thereby have been collected. Notwithstanding the payment to or deduction by ATFC of any Delinquent Account or any termination of this Funding Agreement, so long as any amounts owing to ATFC under this Funding Agreement remain unpaid, any payments on Delinquent Accounts shall continue to be collected by ATFC as collection agent for USER. Any Delinquent Account that is subsequently collected by ATFC, shall be added to the next payment of USER'S Purchase Price (less any other amounts due to ATFC, including without limitation any interest, deductions or offsets permitted hereunder). Under no circumstances shall ATFC have an obligation to commence any efforts to effect the collection of any Accounts Receivable against any Customer, but may, at its option, commence any efforts it deems appropriate to effect the collection hereof. Any costs of collection shall be borne by USER.

C. **Customer Disputes and Claims.** USER agrees to notify ATFC immediately of all returns and allowances and of all disputes made by Customers and to adjust all Disputes at its own expense, issuing credit memoranda promptly. ATFC's practice is to allow a reasonable time for the settlement of Disputes between USER and USER's Customers without waiving ATFC's right at any time to adjust any Disputes on Accounts Receivable directly with the Customer and to charge back to USER at any time the full uncollected amount of the purchased Account Receivable involved. ATFC may at any time charge or offset against any funds due to USER which are held or received by ATFC the full uncollected amount of: (a) any Customer deduction or offset; (b) any Account Receivable which is not paid in full when due for any reason (real or alleged); (c) any purchased Account Receivable with respect to which USER breaches any of the warranties or representations set forth in this Agreement; (d) any anticipation deducted by a Customer on any purchased Account Receivable; and (e) payments received by ATFC on Accounts Receivable which ATFC is required at any time or for any reason to turnover or return (including, without limitation, payments made by ATFC in connection with preference claims asserted in a bankruptcy or other insolvency proceeding). Any such charge back shall not be deemed to constitute a reassignment of the purchased Account Receivable, and ATFC shall retain a security interest therein. In the event that ATFC is required to make any payment of the type described in clause (e) above after the termination of this Agreement, USER shall, on demand, reimburse ATFC the full amount of any such payment. Such reimbursement obligation shall survive the termination of this Agreement.

**VIII. Security Interest in USER.** In connection with the execution of this Funding Agreement, USER agrees to enter into a Security Agreement in the form attached hereto as Exhibit A, which grants to ATFC a security interest in collateral described therein (the "Security Agreement"). USER acknowledges and agrees that ATFC is relying on the representations, warranties and covenants contained in this Section and in the Security Agreement, and any misrepresentation or breach or failure of any thereof shall entitle ATFC to immediately terminate this Funding Agreement.

**IX. Warranties and Representations.** USER warrants and represents that (a) USER is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation and

agrees that it shall not change such state or jurisdiction of incorporation without giving ATFC sixty (60) days prior written notice of such change, (b)USER is duly qualified to do business and in good standing in each other jurisdiction where its ownership of property or the conduct of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to have a material adverse effect on USER's business or assets, (c)USER operates its Business in material compliance with all applicable local, state and federal laws, including without limitation the Fair Labor Standards Act and all applicable tax withholding laws and regulations, and (d) each purchased Account Receivable: (i) is genuine and valid and represents a completed delivery or performance in fulfillment in every respect of the terms, conditions and specifications of a bona fide, un-canceled and unexpired sale or service in the ordinary course of business to a Customer which is not affiliated with USER in full compliance with the specifications of such Customer; (ii) is enforceable for the full amount thereof and shall at the time submitted to ATFC be subject to no Dispute; (iii) is free of all security interests, liens and encumbrances except for the lien granted to ATFC under this Funding Agreement or the Security Agreement; and (iv) is payable in United States Dollars and has been invoiced to the Customer by an invoice that bears notice of the sale and assignment to ATFC in compliance with the terms of this Funding Agreement.

## **X. Termination.**

A. **Default by USER.** In the event of a breach of any of the terms of this Funding Agreement by USER, if the breach is not cured within ten (10) days of written notice to USER specifying the nature of such breach, ATFC may, in addition to pursuing any other remedies it may have, at its election, suspend its performance hereunder until the breach is cured or terminate this Agreement. The occurrence of the same or a similar breach by USER, even if subsequently cured, twice within any twelve (12) month period shall give ATFC the right to terminate this Agreement immediately upon giving written notice to USER specifying the nature of such breach, without any opportunity to cure. Upon the termination or expiration of the Franchise Agreement or the termination of the Processing Agreement, for any reason, ATFC shall have the right to terminate this Agreement immediately upon written notice to USER.

B. **Default by ATFC.** In the event of a breach of any of the terms hereof by ATFC, which breach is not cured within ten (10) days of written notice to ATFC and Centennial specifying the nature of such breach, USER may, at its election, terminate this Funding Agreement and such termination shall be effective upon the expiration of the ten (10) day cure period. Notwithstanding the foregoing, at no time during or after the term of this Funding Agreement shall USER exercise any right of set-off, defense or counterclaim against any amounts owing to ATFC hereunder.

C. **Post-Termination Obligations.** USER shall, upon termination or expiration of this Funding Agreement for any reason, pay in full upon demand, by certified or bank cashier's check, all Accounts Receivable remaining unpaid as of the date of such termination. Upon receipt of such payment and subject to ATFC's right to offset any damages or losses for which USER is liable to indemnify or reimburse ATFC hereunder, ATFC shall reassign to USER any security interest or other interest which ATFC may have in USER's collateral. Notwithstanding any termination of this Funding Agreement, until such time as full payment is made by USER to ATFC of all sums due to ATFC under this Funding Agreement, USER shall continue to perform all of its obligations pursuant to the terms of this Funding Agreement with regard to such Accounts Receivable. No termination of this Funding Agreement, under any circumstances, shall release or discharge USER from its continuing obligations hereunder. Upon the termination or expiration of this Funding Agreement for any reason other than as a result of USER's termination right, ATFC will require USER to discontinue use of the Software on ATFC's servers. ATFC reserves the right to conduct a post termination audit to confirm the accuracy of receivables and compliance with client requirements. In addition, ATFC will withhold up to \$10,000 in customer payments pending the result of the audit, or for up to 12 months after termination, as a reserve for unpaid receivables or customer chargebacks.

## **XI. Miscellaneous.**

A. **Compliance with Laws, Processing Agreement and Franchise Agreement.** USER shall operate the Business in full compliance with all applicable governmental laws, rules and regulations and in full compliance with the Franchise Agreement, the Processing Agreement and this Agreement. In addition, USER shall carry worker's compensation insurance for all employees and comply with all laws and regulations related thereto, and shall provide proof of such insurance, together with proof of payment for such insurance, to ATFC and Centennial as requested from time to time.

### **B. Books and Records.**

1. USER shall keep at its offices, for a period of seven years after their creation, all payroll and personnel records for its temporary personnel employees and all other books of account and business records customary for the industry, which shall be available for inspection by ATFC and its representatives during normal business hours.

2. USER shall maintain such records as ATFC may reasonably request from time to time, on forms approved in writing by ATFC. USER shall promptly furnish to ATFC in writing, all necessary payroll information regarding USER's temporary employees, including without limitation Wages, rates, names of payees, direct payroll costs and billing information regarding USER's Customers in the form required by ATFC pursuant to the Processing Agreement or Franchise Agreement.

3. USER shall promptly deliver to ATFC copies of every summons, subpoena, process or notice of or order for appearance in any suit or proceeding in which ATFC may be involved and to cooperate with ATFC's attorneys and insurance carriers in the defense of the same.

4. USER shall make all required reports in a timely manner to the appropriate agencies or entities all worker's compensation insurance premiums with respect to USER's temporary employees to whom Wages have been paid. All such reports shall be prepared and the cost of the premiums are to be borne by USER. USER shall provide prompt written notice to ATFC at any time that required worker's compensation insurance coverage is not in effect.

C. **Independent Contractor.** Nothing in this Funding Agreement shall be construed to constitute either party as the employee, representative or, except to the extent expressly provided herein, the agent of the other, or to constitute ATFC and USER as partners or joint venturers. USER shall not have the power, and shall not represent or imply that it has the power, to obligate ATFC for any liabilities or expenses, except as otherwise expressly agreed to in writing by ATFC. Neither USER nor any individual whose compensation for services is paid by USER in any way, directly or indirectly, expressly or by implication, shall be construed to be an employee of ATFC for any purpose, including, without limitation any tax or withholding requirements levied or fixed by any governmental law, rule or regulation is solely responsible for the day-to-operations of the Business.

D. **Indemnification.** USER shall indemnify, defend and hold ATFC harmless from (i) any and all manner of suits, claims or demands resulting from or arising out of USER's acts or omissions or those of its employees or agents, including those under or related to this Funding Agreement or the transactions or relationships contemplated hereby, and (ii) any breach or default by USER under this Funding Agreement. USER shall reimburse ATFC for any and all costs, damages, liabilities, losses, deficiencies, assessments and expenses, including reasonable attorney's fees and court costs that ATFC may suffer or incur or to which ATFC may be subject by reason of any of the foregoing.

E. **Assignment.** This Funding Agreement is personal to USER and shall not be assignable or transferable by USER, in whole or in part, either voluntarily or by operation of law, except with the prior written consent of ATFC with a copy to Centennial, which consent shall not unreasonably be withheld. For all purposes of this Funding Agreement, the transfer of the majority of the equity of USER to persons other than the present owners thereof, or of any substantial portion of the Business in one or more transactions, shall be deemed an assignment of this Funding Agreement requiring such consent. Any assignment must be in conjunction with a corresponding assignment under the Franchise Agreement and the Processing Agreement. This Funding Agreement is fully assignable by ATFC.

F. **Successors and Assigns.** This Funding Agreement shall be binding upon and shall inure to the benefit of ATFC and USER, and their permitted successors and assigns.

G. **Notices.** All notices, consents, request, demands and other communications hereunder are to be in writing, and are deemed to have been duly given or made: (i) when delivered in person, (ii) two days after deposited in the United States mail, first class postage prepaid or (iii) in the case of telegraph or overnight courier services, one business day after delivery to the telegraph company or overnight courier service with payment provided for, in each case addressed as follows, or such other address as either party may designate by notice to the other in accordance with the notice provisions of this Funding Agreement:

**If to ATFC:**

All Team Franchise Corporation  
500 N. Westshore Blvd., Suite 300  
Tampa, FL 33609  
Attn.: Brian Hindman, Chief Executive Officer

**With a copy to:**

Centennial Bank  
1907 James L Redman Parkway  
Plant City, FL 33563  
Attn.: Melissa Overton

**If to USER**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

H. **Severability.** The provisions of this Funding Agreement are severable, it being the intention of the parties that should any provision is found invalid, and such invalidity shall not affect the remaining provisions, which shall remain in full force and effect as though such invalid provision had not been contained herein. Notwithstanding any provisions in this Agreement to the contrary, no interest, charges, or other payments in excess of those permitted by law shall accrue or become payable hereunder and any excessive payments which may be made shall be applied to principal in reduction of the balance due under this Agreement.

I. **No Waiver.** No failure to delay on the part of ATFC in exercising any right, power or privilege hereunder, and no course of dealing between ATFC and USER shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the simultaneous or later exercise of any similar or different right, power or privilege. The remedies of ATFC hereunder shall be deemed to be cumulative and not exclusive.

J. **Entire Agreement.** This Funding Agreement and all of the documents referenced herein contain the entire agreement between ATFC and USER regarding this matter, and there are no

representations, inducements, arrangements, promises or agreements outstanding between them, either oral or in writing, other than those herein contained. Any changes or modifications to this Agreement must be in writing and signed by all parties. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

K. **Governing Law.** This Funding Agreement is made and accepted and shall be governed by, construed and enforced in accordance with, the laws of the State of Florida, without reference to any conflicts of law principles. However, any law regulating the amount of interest that can be charged including Florida Statute, Title 39, Section 687, will not apply unless its jurisdictional requirements are met independently without reference to this Section XI.K. If any provision of this Agreement would not be enforceable under the laws of Florida, and if the USER is located outside of Florida and the provision would be enforceable under the laws of the State in which the USER is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the State where the USER is located. USER irrevocably consents and submits to the jurisdiction of the state courts of, and federal courts in, the State of Florida for the purpose of any suit, action or proceeding relating hereto.

L. **Dispute Resolution.**

1. **Mediation.** Before any party may bring an action in court for any controversy, dispute or claim between ATFC and USER arising from this Agreement or the franchise relationship, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Tampa, Florida unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. ATFC and USER will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator’s fee and expenses, shall be paid by the USER. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, ATFC and USER agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by ATFC and relating to ATFC’s trademarks, service marks, patents, or copyrights; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

2. **Litigation.** Except as otherwise provided in this Agreement, all controversies, disputes or claims between ATFC and USER arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in Tampa, FL when the grounds set forth

in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims ATFC has relating to its trademarks, service marks, patents, or copyrights; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by ATFC for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in Tampa, FL. Both parties agree to submit to the jurisdiction of the state and federal court in Tampa, FL.

3. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in Tampa, FL (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes ATFC, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, ATFC may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not ATFC was a party) will not be binding on ATFC in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, ATFC and USER will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or

filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. The arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

A. **Dispute Resolution Fee.** In the event that the USER or its guarantors have not complied with the provisions in this Section on Dispute Resolution, USER shall reimburse ATFC for all of its expenses incurred in curing the USER's breach (including, without limitation, ATFC's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the ATFC a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). USER acknowledges and agrees that the ATFC will be damaged by such breach. USER agrees that a precise calculation of the full extent of the damages that ATFC will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. ATFC has the right to collect these amounts in addition to exercising any and all other rights ATFC may have for non-compliance under this Agreement.

M. **Force Majeure.** ATFC shall not be liable or responsible in any manner to USER for ATFC's failure to perform or delay in performance under this Funding Agreement when such failure or delay is due directly or indirectly to strike or other labor trouble, fire, flood, material or labor shortage, equipment failure, embargo, transit or delivery stoppage or delay, governmental act, regulation or order, war sabotage, civil insurrection, act of God or the public enemy, or any other cause beyond the reasonable control of ATFC.

N. **Consequential Damages.** In no event shall ATFC be liable to USER for any lost profits, lost savings or other consequential, incidental or special damages resulting from or arising out of or in connection with this Funding Agreement, the transaction or relationships contemplated hereby or ATFC's performance or failure to perform hereunder, even if ATFC shall have been advised of the possibility of such damages.

O. **Further Action.** Each party agrees to execute all documents and take such further action as may be necessary to carry out the intent and purposes of this Funding Agreement.

P. **Centennial Agreement.** If there is any conflict between this Funding Agreement and the Centennial Agreement, the Centennial Agreement shall control to the extent of any inconsistency. Centennial shall have no liability or obligation to USER of any kind whatsoever.

Q. **Maximum Liability.** ATFC MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF ATFC'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT USER PAID TO ATFC WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY ATFC.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed this Funding Agreement as of the day and year first above written.

**ATFC:**

**USER**

**ALL TEAM FRANCHISE CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
Brian Hindman, Chief Executive Officer

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me appeared Brian Hindman, personally known, who, being by me duly sworn, did say that he is the Chief Executive Officer of All Team Franchise Corporation, a corporation of the State of Florida, and that said instrument was signed on behalf of said corporation by authority of its board of directors, and said President acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

\_\_\_\_\_  
**Notary Public**

My commission expires:

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me appeared \_\_\_\_\_, personally known, who, being by me duly sworn, did say that he/she is the \_\_\_\_\_ (title) of \_\_\_\_\_ (USER) an entity of the State of \_\_\_\_\_, and that said instrument was signed on behalf of said entity and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said entity.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

\_\_\_\_\_  
**Notary Public**

My commission expires:

## FUNDING AGREEMENT GUARANTEE

I, THE UNDERSIGNED, in order to induce ALL TEAM FRANCHISE CORPORATION (“ATFC”) to enter into that certain Funding Agreement (the “Agreement”) with \_\_\_\_\_ (“USER”), hereby personally and unconditionally guarantees the performance and payment by USER of any and all obligations and indebtedness arising under said Agreement, without limitation as to time or amount. This is a continuing guarantee and shall remain in effect notwithstanding any renewal, extension, modification, or amendment of, or change or fluctuation in the amount of principal or amount or rate of interest under said Agreement, any provision of or recourse against security for obligations or indebtedness under said Agreement or this guarantee, or the release, substitution, or addition of one or more guarantors.

We hereby waive all presentments, demands, notices of nonperformance, protests, notices of acceptance of our guarantee or USER’s incurring of new or additional indebtedness, and any other formality that might otherwise be a condition to our absolute liability hereunder. This is a guarantee of payment and not of collection. We also waive any right to consent to or be notified of any indulgence, extension, waiver or other concession that may be granted USER and agree that any such action shall not affect our liability hereunder.

As to each guarantor, this guarantee shall continue in effect until ATFC has received written notice of revocation, notwithstanding the death of such guarantor (whose estate shall be bound until receipt of such notice), the release of any other guarantor, or the dissolution, liquidation, termination of business, bankruptcy, acquisition, merger, reorganization, or any other change in the nature or form of the business of USER, until all of USER’s obligations and indebtedness under said Agreement shall have been fully performed and paid. No revocation or termination hereof shall affect rights or obligations under this guarantee with respect to obligations or indebtedness arising or contracted for prior to ATFC’s receipt of written notice thereof, and any revocation or termination shall exclude from this guarantee only liabilities arising after such receipt that are unconnected with liabilities theretofore arising and transactions theretofore entered into.

In the event of a breach or termination of, or default under, said Agreement by USER, or any occurrence that would allow ATFC to terminate said Agreement without notice, all of the indebtedness of USER and of our obligations and liabilities to ATFC shall, at the option of ATFC, become immediately due and payable and shall be paid and performed forthwith by us.

We acknowledge that we are liable hereunder to the same extent and under the same conditions as is USER under said Funding Agreement and that no prior action by ATFC is necessary to invoke our liability upon the occurrence of any of the foregoing events. We agree to pay ATFC’s reasonable attorneys’ fees and expenses incurred by ATFC in seeking to enforce our obligations hereunder.

We acknowledge that this Guaranty may be assigned by ATFC to Centennial Bank (“Centennial”), as collateral for ATFC’s obligations to Centennial, and we specifically consent to such assignment.

IN WITNESS WHEREOF AND INTENDING TO BE BOUND, we have executed this guarantee this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
**Guarantor**

By: \_\_\_\_\_  
**Guarantor**

**EXHIBIT A**  
**SECURITY AGREEMENT**

## **SECURITY AGREEMENT**

This is a Security Agreement (“Agreement”) dated as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ a \_\_\_\_\_, with its principal place of business and chief executive office at \_\_\_\_\_ (hereinafter called the “**Debtor**”) and **ALL TEAM FRANCHISE CORPORATION**, a Florida corporation, with its chief executive office at 500 N. Westshore Boulevard, Suite 300, Tampa, Florida 33609 (hereinafter called the “**Secured Party**”).

### **Background**

Secured Party has agreed to make advances and other financial accommodations to Debtor according to the terms and conditions of a Funding Agreement executed on the same date as this Agreement, but only if Debtor delivers to Secured Party the Guaranty Agreement (as defined below) and grants Secured Party a security interest in all property currently owned or later acquired by Debtor to secure the prompt payment and performance of all liabilities, obligations, and indebtedness of Debtor owing to Secured Party. Accordingly, Debtor and Secured Party execute this Agreement to record their understanding.

### **Operative Terms**

Debtor acknowledges the facts and agrees to the understandings described in the background section of this Agreement, and Debtor agrees as follows:

**1. Definitions.** As used in this Agreement, the capitalized terms defined below have the respective meanings ascribed to them:

(a) “Account” or “Accounts” means any right to payment for goods sold or leased or for services rendered and includes accounts receivable and the right to payment under any contract right.

(b) “Agreement” means this Agreement as originally executed and as subsequently amended, modified, or supplemented in accordance with its terms.

(c) “Business Day” means any day that is not a Saturday, Sunday or holiday observed by financial institutions in Tampa, Florida.

(d) “Chattel Paper” means any writing or writings evidencing both a monetary obligation and a security interest or lease.

(e) “Collateral” means the Accounts, Chattel Paper, Documents, Fixtures, Goods (including Equipment, Inventory, farm products, and consumer goods), General Intangibles, Instruments, money and all other personal property now owned or later acquired by Debtor and all Proceeds and products thereof.

(f) “Default” means the occurrence of any event of default described in this Agreement.

(g) “Document” means any paper that is treated in the regular course of business as adequate evidence that the person in possession of the paper is entitled to receive, hold, and dispose of the Goods and the paper covers and includes warehouse receipts and bills of lading.

(h) "Equipment" means all property used or bought for Debtor's business, together with all increases, parts, fittings, accessories, equipment, and special tools now or hereafter affixed to or used in connection therewith and all replacements, additions and accessories thereto.

(i) "Fixtures" means all property that is or becomes so related to real property that an interest in it arises under real estate law.

(j) "General Intangibles" means any personal property (including things in action) other than Goods, Accounts, Chattel Paper, Documents, Instruments, and money.

(k) "Goods" means all personal property that is moveable or can be severed from realty.

(l) "Guaranty Agreement" means the guaranty agreement executed the same day as this Agreement by which Debtor guarantees to Secured Party the prompt payment and performance of all the liabilities and obligations of \_\_\_\_\_ the owing to Secured Party.

(m) "Inventory" means any Goods held by Debtor for sale or lease, Goods furnished or to be furnished under a contract for service, and Goods that are raw materials, work in process, or materials used or consumed in Debtor's business.

(n) "Instrument" means any negotiable instrument or certificated security, or any writing that evidences a right to payment of money that is not a security agreement or lease and that is transferred in the ordinary course of business by delivery with any necessary endorsement or assignment.

(o) "Liabilities" means all current and future liabilities, obligations, and indebtedness (including interest thereon and each renewal, extension, or modification) of \_\_\_\_\_ or Debtor owing to Secured Party whether direct, indirect, primary, secondary, contingent, sole, joint, or several, whether now due or to become due, and whether now existing or later created, advanced, or contracted, and includes the liabilities arising from the Funding Agreement, the Guaranty Agreement and this Agreement.

(p) "Lien" or "Liens" means any restriction on the use or transferability of property and a claim or charge on any interest in property securing an obligation owed to, or claimed by, a person other than the owner of the property, whether the claim or charge exists by reason of statute (including any federal, state, or local tax statute or ordinance), contract, or common law, and includes a lien or security interest arising from a mortgage, indenture, security agreement, encumbrance, pledge, hypothecation, conditional sale, trust receipt, or collateral assignment and a lease, bailment, or consignment for security purposes.

(q) "Funding Agreement" means the Funding Agreement executed on the same date as this Agreement, between \_\_\_\_\_ and Secured Party as originally executed and as amended, modified, or supplemented in accordance with its terms.

(r) "Proceeds" means whatever is received upon the sale, exchange, collection or other disposition of any property in which Debtor grants Secured Party a security interest and includes insurance payments.

(s) In addition, this Agreement incorporates by reference the provisions of the Uniform Commercial Code in effect in the State of Florida as of the date of this Agreement, except in the case of irreconcilable inconsistencies in which case this Agreement controls. As used in this Agreement, the word "including" is without limitation, and the word "person" includes a trust, corporation, partnership, joint venture, association, unincorporated organization, government, public body, and a governmental body, agency, authority, or department, as well as a natural person. Words of the masculine gender are to be construed to include the correlative words of the feminine and neuter genders, and words of the neuter

gender are to be construed to include the correlative words of the feminine and masculine genders. Words in the singular number include words in the plural number, and words in the plural number include words in the singular number.

**2. Grant of Security Interest.** To secure the prompt payment and performance of the Liabilities, Debtor grants to Secured Party a security interest in the Collateral upon the terms and conditions described in this Agreement.

**3. Perfection of Security Interest.** Debtor, from time to time at the request of Secured Party, shall execute such financing statements and other documents (and pay the cost of filing or recording them in all places deemed necessary by Secured Party), and do such other acts and things as Secured Party may request, to establish, create, perfect, and preserve a valid security interest in the Collateral, free from all other Liens, except as expressly allowed in writing by Secured Party, to secure payment of the Liabilities. Debtor authorizes Secured Party to file, in jurisdictions where this authorization will be given effect, a financing statement signed only by Secured Party and describing the Collateral in substantially the same manner as it is described in this Agreement. In addition, Debtor appoints Secured Party as Debtor's attorney-in-fact with full power and authority to sign any financing statement, including, without limitation, UCC-1s and UCC-3s, covering the Collateral on behalf of Debtor.

**4. Representations, Warranties, and Covenants.** Debtor represents, warrants, and covenants to Secured Party the following:

(a) Security Interests. Debtor has not filed, nor has Debtor permitted any other third party to file, and Debtor will not file or permit any third party to file, any financing statements in any public office covering the Collateral except those allowed by Secured Party in writing. Debtor covenants that it will not pledge the Collateral to any Person other than Secured Party, that the Collateral will remain free of all Liens except those permitted by Secured Party, and that Debtor will defend the Collateral against the claims and demands of all Persons at any time claiming an interest in the Collateral.

(b) Use and Sale of Collateral. Debtor shall use the Collateral only in the ordinary course of business and shall not sell, lease, or otherwise dispose of the Collateral without the prior written approval of Secured Party, except that Debtor may dispose of Inventory in the ordinary course of business at fair market value prices. Debtor shall accept and hold as trustee for Secured Party all money, checks, notes, and drafts that constitute Proceeds of the Collateral and, upon default, deliver all those items to Secured Party with any endorsement requested by Secured Party. Debtor shall not use the Collateral in violation of any law, insurance policy, or other agreement; and shall not allow the Collateral to become an accession to other Goods or allow the Collateral (except Collateral, if any, that currently is a Fixture) to become affixed to real property.

(c) Condition of Collateral. Debtor shall keep the Collateral in good repair, condition and working order, and shall not waste or destroy the Collateral.

(d) Payment of Costs. Debtor shall pay all costs incurred by Secured Party in obtaining, perfecting, and enforcing the security interest created by this Agreement and in collecting the Liabilities and preserving the Collateral, including: attorneys' fees, costs, and expenses; costs and expenses of collection efforts by Debtor's employees; taxes, assessments, insurance premiums, and indebtedness secured by a Lien on the Collateral; and the cost of repossessing, taking, removing, storing, repairing, altering, renovating, registering, and selling any of the Collateral and any property to which the Collateral is affixed or attached. In this Agreement, the term "costs" includes all internal expenses as well as expenses and attorneys' fees incurred in all matters of interpretation and enforcement, before, during, and after demand, suit, proceeding,

trial, appeal, and post-judgment efforts as well as efforts in bankruptcy, reorganization, or similar proceedings.

(e) Notifications. Debtor shall promptly, within no longer than twenty-four (24) hours, notify Secured Party of any change with respect to the Collateral, of the occurrence of any Default, of learning of any litigation or proceeding affecting the Collateral, and of any change in Debtor's name, address of its chief executive office, state of formation, ownership, or business structure.

(f) Accounts and Chattel Paper Collateral. If the Collateral includes either Accounts or Chattel Paper, Debtor shall, upon Secured Party's request, from time to time and as often as requested: (i) assign to Secured Party all documents and paper (if any) evidencing every Account and Chattel Paper Collateral and mark the paper evidencing the Collateral in a manner satisfactory to Secured Party so as to show that the Collateral has been assigned to Secured Party; (ii) deliver to Secured Party an endorsement or assignment, in form and content acceptable to Secured Party, of all Chattel Paper and instruments representing every Account; (iii) furnish to Secured Party a copy of the invoice applicable to every Account and Chattel Paper bearing a statement that each Account and Chattel Paper has been assigned to Secured Party; (iv) furnish Secured Party with a schedule that describes Debtor's Accounts and Chattel Paper, in such form as Secured Party may from time to time specify or require, together with such other information relating thereto as Secured Party may specify or require; (v) make no change in any Account or Chattel Paper assigned to Secured Party; and (vi) furnish Secured Party all information received by Debtor affecting the financial standing of any account debtor.

## **5. Secured Party's Rights.**

(a) Right to Protect or Release Collateral. Secured Party, at any time, at its option (i) may discharge any Lien levied or placed at any time on the Collateral and pay the costs of insuring, maintaining, and preserving the Collateral and Debtor shall reimburse Secured Party immediately for any such costs and expenses paid or incurred by Secured Party; (ii) may apply any proceeds of insurance that it receives with respect to any of the Collateral toward payment of the Liabilities, whether or not due, in such order of application as Secured Party determines in its sole discretion; (iii) may take or release other security for payment of any of the Liabilities; (iv) may release any party primarily or secondarily liable for payment of any of the Liabilities; and (v) may apply any other security held by it to the satisfaction of the Liabilities, in each case without prejudice to any of its rights under this Agreement.

(b) Special Collection Rights For Accounts and Chattel Paper. Secured Party may, at any time, without notice to Debtor: (i) notify account debtors or obligors under any Account or Chattel Paper to make payments directly to Secured Party; (ii) collect Accounts or Chattel paper in Debtor's name and take control of any proceeds of Accounts or Chattel Paper and of any returned or repossessed Goods; and (iii) compromise, extend or renew any Account or Chattel paper or deal with the same as Secured Party may deem advisable.

(c) Power of Attorney. Debtor appoints Secured Party as Debtor's attorney-in-fact with full power and authority, to endorse and collect all drafts, checks, or other instruments or items that are payable to Debtor that come into the possession of Secured Party and apply all amounts collected to the Liabilities. Debtor also appoints Secured Party as Debtor's attorney-in-fact with full power and authority, upon Default, to enter Debtor's premises and at Secured Party's option, take possession, remove, and sell the Collateral and to demand, collect, receive, and apply all payments or monies due or to become due to Debtor for the sale or lease of Collateral.

(d) Right of Setoff. Debtor authorizes Secured Party to set off any amount owed by Secured Party to Debtor against any Liability. In addition, to secure the prompt payment and performance of all

Liabilities, Debtor grants to Secured Party a continuing lien upon any and all money, securities, or other property of Debtor and the proceeds thereof, now or later held or received by or which are in transit to Secured Party from or for Debtor, and also upon any current or future deposits (general or special) or credits of Debtor held by Secured Party and amounts owing to Debtor by Secured Party now or hereafter. Upon the occurrence of any default under any agreement between Debtor and Secured Party, Secured Party is authorized at any time, without notice to Debtor, to set off, off-set, appropriate, and apply any and all of the property described above against the Liabilities.

## **6. Default.**

(a) Events of Default. Debtor agrees that the occurrence of any of the following events shall constitute a Default hereunder: (i) subject to any applicable notice or cure periods, the failure of Debtor to pay at maturity, or at any accelerated maturity, any of the Liabilities to Secured Party; (ii) the breach or failure to perform by Debtor any obligation, covenant, promise or agreement contained in this Agreement, and Debtor's failure to cure such breach or failure within fifteen (15) days after written notice thereof from Secured Party, or the breach or failure to perform by Debtor of any obligation, covenant, promise or agreement contained in any other agreement or contract to which Debtor and Secured Party are parties, subject to any applicable cure or grace periods, including the Funding Agreement and the Guaranty Agreement; (iii) any tax levy, attachment, garnishment, levy of execution or other process issued against Debtor or the Collateral; (iv) any Lien or security interest filed or created against the Collateral which is not expressly permitted by Secured Party; (v) the insolvency of Debtor, any bankruptcy or insolvency proceedings, or any assignment for the benefit of creditors commenced by or against Debtor or any accommodation party, surety or guarantor of any of the Liabilities; (vi) the dissolution, merger, consolidation or reorganization of Debtor; or (vii) the assignment by Debtor of any equity in any of the Collateral without the prior written consent of Secured Party.

(b) Remedies. Upon the occurrence of a Default and at any time thereafter (i) Secured Party may declare all Liabilities secured by this Agreement or any of them (notwithstanding any provisions of them) to be immediately due and payable, and the same thereupon will be due and payable without further notice to Debtor; (ii) Secured Party may exercise from time to time the rights and remedies described in the Uniform Commercial Code in effect for the State of Florida and any other rights and remedies available to it under any other applicable law, and (iii) Debtor, at its expense, shall assemble the Collateral and make it available to Secured Party at a convenient place acceptable to Secured Party. Any notice of sale, disposition, or other intended action by Secured Party that is given to Debtor at the address listed in this Agreement (or, if no address is listed for Debtor, at its principal place of business) at least 10 Business Days before the action is taken will constitute reasonable notice of disposition to Debtor. Secured Party may apply any proceeds from a disposition of any of the Collateral toward payment of such of the Liabilities and in such order of application as Secured Party elects in its sole discretion, and Debtor is liable to Secured Party for any deficiency between the proceeds realized upon any disposition of the Collateral and the amount of Liabilities remaining unpaid. Secured Party may exercise its right to collect the Liabilities and to enforce any other security, before or after taking any action under the Liabilities.

**7. Termination.** This Agreement will terminate when (a) any commitment or offer of Secured Party to extend credit to Debtor expires (without renewal by Secured Party) or is terminated by Secured Party and (b) all the Liabilities have been fully paid. An affidavit or written statement of Secured Party or any agent, officer, or attorney for Secured Party showing or asserting that either any portion of the Liabilities remains unpaid constitutes conclusive evidence of the continuing effectiveness of this Agreement and any interested person is authorized to rely on it. Upon termination of this Agreement and the request of Debtor, Secured Party shall terminate all effective financing statements in its favor that are then on file with respect to the Collateral.

**8. Concerning Revised Article 9 of the Uniform Commercial Code.** The parties acknowledge and agree to the following provisions of this Agreement in anticipation of the possible application, in one or more jurisdictions to the transactions contemplated hereby, of the revised Article 9 of the Uniform Commercial Code in the form or substantially in the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Law and contained in the 1999 Official Text of the Uniform Commercial Code (*“Revised Article 9”*).

(a) Attachment. In applying the law of any jurisdiction in which Revised Article 9 is in effect, the Collateral is all assets of the Debtor, whether or not within the scope of Revised Article 9. The Collateral shall include, without limitation, the following categories of assets as defined in Revised Article 9: goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including payment intangibles and software), supporting obligations and any and an proceeds of any thereof, wherever located, whether now owned and hereafter acquired. If the Debtor shall at any time, whether or not Revised Article 9 is in effect in any particular jurisdiction, acquire a commercial tort claim, as defined in Revised Article 9, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

(b) Perfection by Filing. The Secured Party may at any time and from time to time, pursuant to the provisions of Section 3, file financing statements, continuation statements and amendments thereto that describe the Collateral as all assets of the Debtor or words of similar effect and which contain any other information required by Part 5 of Revised Article 9 for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether the Debtor is an organization, the type of organization and any organization identification number issued to the Debtor. The Debtor agrees to furnish any such information to the Secured Party promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the Secured Party on behalf of the Debtor, as provided in Section 3, and may be filed at any time in any jurisdiction whether or not Revised Article 9 is then in effect in that jurisdiction.

(c) Other Perfection, etc. The Debtor shall at any time and from time to time, whether or not Revised Article 9 is in effect in any particular jurisdiction, take such steps as the Secured Party may reasonably request for the Secured Party (a) to obtain an acknowledgment, in form and substance satisfactory to the Secured Party, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Secured Party, (b) to obtain “control” of any investment property, deposit accounts, letter-of-credit rights or electronic chattel paper (as such terms are defined in Revised Article 9 with corresponding provisions in Revised sections 9-104, 9-105, 9-106 and 9-107 relating to what constitutes “control” for such items of Collateral), with any agreements establishing control to be in form and substance satisfactory to the Secured Party, and (c) otherwise to insure the continued perfection and priority of the Secured Party’s security interest in any of the Collateral and of the preservation of its rights therein, whether in anticipation and following the effectiveness of Revised Article 9 in any jurisdiction.

(d) Savings Clause. Nothing contained in this section 8 shall be construed to narrow the scope of the Secured Party’s security interest in any of the Collateral or the perfection or priority thereof or to impair or otherwise limit any of the rights, powers, privileges or remedies of the Secured Party hereunder except (and then only to the extent) mandated by Revised Article 9 to the extent then applicable.

## **9. Miscellaneous.**

(a) The validity, interpretation, construction, and enforceability of this Agreement are governed by the laws of the State of Florida. Wherever possible, each provision of this Agreement is to be construed and interpreted so that it is valid and enforceable under applicable law. However, if a provision of this Agreement is held by a court to be invalid or unenforceable under applicable law, that provision will be deemed separable from the remaining provisions of this Agreement and will not affect the validity, interpretation, or effect of the other provisions of this Agreement or the application of that provision to other circumstances in which it is valid and enforceable.

(b) When any provision of this Agreement requires or prohibits action to be taken by a person, the provision applies regardless of whether the action is taken directly or indirectly by the person.

(c) Time is of the essence of this Agreement. This Agreement will become effective as of its stated date of execution or earlier if an earlier effective date is given in this Agreement.

(d) Secured Party's exercise or failure to exercise any right, power, or remedy does not constitute a waiver of any Default under this Agreement. A waiver, amendment, modification, or termination of this Agreement will be valid and effective only if it is in writing and signed by each party. In addition, a written waiver by Secured Party of a Default of this Agreement will not operate as a waiver of any other Default or of a succeeding Default under the same provision or as a waiver of the provision itself. A delay, omission, or course of dealing on the part of Secured Party in exercising any right, power, or remedy will not operate as a waiver of it, except if this Agreement expressly requires the right, power, or remedy to be exercised within a specified time, and a single or partial exercise by Secured Party of any right, power, or remedy does not preclude any further exercise of it or the exercise of any other right, power, or remedy.

(e) Each notice, consent, or approval required or permitted under this Agreement will be valid only if it is given in writing (or sent by telex, telegram, or telecopy and promptly confirmed in writing) and addressed by the sender to the recipient's address that is listed in this Agreement or to such other address as either party may designate by written notice to the other party. A validly given notice, consent, or approval will be effective on the earlier of its receipt, if hand delivered, to the recipient, or the third day after it (or the written confirmation of it) is postmarked for dispatch by first class, postage prepaid, certified or registered United States mail with return receipt requested (whether or not the return receipt is received by the sender).

(f) The Funding Agreement, Guaranty Agreement, this Agreement and any other documents executed in connection herewith or therewith express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated except in a writing signed by the party against whom enforcement is sought. The provisions of this Agreement shall be in addition to those of the Funding Agreement and the Guaranty Agreement, and each and every other document delivered pursuant hereto and thereto, all of which shall be construed as complimentary to each other.

(g) From time to time, Debtor will execute and deliver to Secured Party such additional documents and will provide such additional information as Secured Party may reasonably require to carry out the terms of this Agreement and be informed of Debtor's status and affairs. The provisions of this Agreement are severable, and if any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid, illegal or unenforceable in any respect, the remainder of this Agreement or the application of such term, covenant or condition, to persons or circumstances other than those as to which it is invalid, illegal or unenforceable, shall not be affected or impaired thereby, and each term, covenant and condition of this Agreement shall be valid and enforceable to the fullest extent permitted

by law. In addition, if any provision hereof is found to be partially enforceable, then it shall be enforced to that extent.

(h) If at any time or times hereafter Secured Party employs counsel after an event of Default to enforce any rights of Secured Party against Debtor or any other person which may be obligated to Secured Party by virtue of this Agreement, then the reasonable costs, fees and expenses incurred by Secured Party in any manner or way with respect to the foregoing shall be payable by Debtor to Secured Party on demand and shall be secured by all of the Collateral. In addition to the foregoing, in the event that the rights and responsibilities of the parties under this Agreement are interpreted and enforced in court or by arbitration, the prevailing party shall be entitled to recover all its costs and expenses of the proceeding, including but not limited to, attorneys' fees and costs.

(i) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, employees, agents, officers, successors and permitted assigns and any entity into which any party may be incorporated, liquidated, merged, or consolidated. Debtor may not sell, assign or transfer any interest in this Agreement, or any portion thereof, including without limitation, Debtor's rights, title, interests, remedies, powers and duties hereunder or thereunder. Debtor hereby consents to Secured Party's participation, sale, assignment, transfer or other disposition, at any time or times hereafter, of this Agreement, or of any portion hereof or thereof, including, without limitation, Secured Party's rights, title, interests, remedies, powers and duties hereunder.

(j) Captions contained in this Agreement have been inserted herein only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provisions hereof.

(k) Each of the undersigned hereby represents and certifies that the parties signing below are authorized to do so.

(l) Unless the context of this Agreement clearly requires otherwise: (a) references to the plural include the singular and vice versa; (b) references to any person include such person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement; (c) references to one gender include all genders; (d) "including" is not limiting; (e) "or" has the inclusive meaning represented by the phrase "and/or"; (f) the words "hereof", "herein", "hereby", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (g) section and subsection references are to this Agreement unless otherwise specified; (h) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; and (i) references to any applicable law means such applicable law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time.

(m) No termination of this Agreement, the Funding Agreement or the Guaranty shall in any way affect or impair the powers, obligations, duties, rights and liabilities of Secured Party or Debtor in any way or respect relating to (a) any transaction or event occurring prior to such termination, (b) any of the Collateral and (c) any of the undertakings, agreements, covenants, warranties and representations of Debtor contained in this Agreement, the Funding Agreement or the Guaranty.

(n) All covenants, warranties and representations contained herein shall be true as of the date hereof and shall survive the execution and delivery of this Agreement.

(o) This Agreement may be executed by the parties hereto in one or more counterparts, each of which taken together shall be deemed to constitute one and the same instrument. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine or other electronic transmission is to be treated as an original document. The signature of any party thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

**SECURED PARTY**

ALL TEAM FRANCHISE CORPORATION

By: \_\_\_\_\_  
Brian Hindman, Chief Executive Officer

**DEBTOR**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT D**

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**EXHIBIT E**  
**LIST OF FRANCHISEES**

**ARIZONA**

SW & PW Inc.  
1414 West Broadway Road, Suite 149  
Tempe, Arizona 85282  
Phone: 480-968-9200

**FLORIDA**

RJLeib Staffing, Inc. (3 franchise agreements; all operate out of 1 office)  
111 183<sup>rd</sup> Street, Suite 106  
Miami, FL 33169  
Phone: 305-751-2242

**MINNESOTA**

CTS Enterprises, Inc.  
10 S. Fifth Street, Suite 105  
Minneapolis, Minnesota 55402  
Phone: 612-692-8030

**MISSOURI**

CTS Enterprises, Inc.  
2713 Cherry Street  
Kansas City, Missouri 64108  
Phone: 816-756-3233

Satellite office:  
218 South Kansas Avenue  
Olathe, KS 66061  
Phone: 913 -732 - 2604

**NEVADA**

S.A.W., LLC  
5600 W. Spring Mountain Rd., Suite 101  
Las Vegas, Nevada 89146  
Phone: 702-476-9699

**NEW YORK**

RJ Lieb Staffing, Inc.  
109 West 38<sup>th</sup> Street, Suite 900  
New York, NY 10018  
646-205-7622

Sunrise Recruiting, Inc.  
781 Merrick Road  
Valley Stream, NY 11580  
Phone: 516-837-0777

**OREGON**

SAW, LLC

1101 SE Salmon, Suite 202

Portland, OR 97214

Phone: 503-954-1430

**PENNSYLVANIA**

Staffing Link, LLC

1 International Plaza, Suite 550

Philadelphia, PA 19123

Phone: 484-285-8686

**VIRGINIA**

First Source Staffing LLC

1904 Byrd Avenue, Suite 207

Richmond, VA 23230

Phone: 516-837-0777

**LIST OF AFFILIATE-OWNED LOCATIONS**

All Team Colorado, LLC

2755 Locust Street, Suite 132

Denver, Colorado 80222

720-282-5773

All Team Illinois, LLC

1885 N. Farnsworth, Unit 2

Aurora, Illinois 60506

630-801-0441

All Team North Carolina, LLC

745 W. Johnson Street, Suite C

Raleigh, NC 27603

919-670-2229

All Team Tennessee, LLC

1451 Elm Hill Pike, Suite 210

Nashville, TN 37210

615-913-5104

All Team Franchise Operations Company of Texas, LLC

2211 I-35 South, Suite 409

Austin, TX 78714

512-448-1149

All Team Franchise Operations of Texas, LLC

800 Dolorosa, Suite 119

San Antonio, TX 78207

210-223-2900

## **LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

(The list of franchisees which have been terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Application Date.) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

JJAG Group, Inc.  
Michigan Heights, MI 48071  
Phone: 248-544-8300

Hospitality Staffing Services Inc.  
Philadelphia, PA 19153  
Phone: 484-493-7745

**EXHIBIT F**  
**AUDITED FINANCIAL STATEMENTS**

**ALL TEAM FRANCHISE  
CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2023 and 2022**

**ALL TEAM FRANCHISE  
CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2023 and 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholder of  
All Team Franchise Corporation

### **Opinion**

We have audited the accompanying financial statements of All Team Franchise Corporation (a Florida corporation) which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Team Franchise Corporation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of All Team Franchise Corporation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 All Team Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 procedure 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 All Team Franchise Corporation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Team Franchise Corporation'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.



Tampa, Florida  
May 30, 2024

**ALL TEAM FRANCHISE CORPORATION**  
**BALANCE SHEETS**

**AS OF DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,015,879	\$ 894,307
Accounts receivable-trade, pledged, less credit losses of \$57,416 and \$51,915, respectively	1,075,420	2,468,379
Advances to related parties	1,091,453	486,445
Prepaid expenses	20,368	4,098
Due from IRS	49,780	-
Total Current Assets	<u>3,252,900</u>	<u>3,853,229</u>
 <b>PROPERTY AND EQUIPMENT, net</b>	 -	 -
 <b>OTHER ASSETS</b>		
Operating lease right-of-use assets	143,935	192,816
Deposits	34,537	34,537
Intangible assets	61,329	61,329
Total Other Assets	<u>239,801</u>	<u>288,682</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 3,492,701</u></u>	 <u><u>\$ 4,141,911</u></u>
 <b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 3,528	\$ -
Due to stockholder	39,378	69,378
Current maturity of operating lease liability	53,626	48,881
Credit line payable	1,321,084	1,708,300
Accrued expenses	231,956	277,627
Other funding liabilities	919,887	1,246,428
Total Current Liabilities	<u>2,569,459</u>	<u>3,350,614</u>
 <b>LONG TERM LIABILITY</b>		
Operating lease liability, net of current maturity	90,309	143,935
Total Long-Term Liability	<u>90,309</u>	<u>143,935</u>
Total Liabilities	<u>2,659,768</u>	<u>3,494,549</u>
 <b>STOCKHOLDER'S EQUITY</b>		
Common stock - \$1 par value; 30,000 shares authorized, 1,000 shares issued, and 1,000 shares outstanding	1,000	1,000
Additional paid in capital	119,000	119,000
Retained earnings	712,933	527,362
Total Stockholder's Equity	<u>832,933</u>	<u>647,362</u>
 <b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	 <u><u>\$ 3,492,701</u></u>	 <u><u>\$ 4,141,911</u></u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>OPERATING REVENUES</b>		
Royalty and license fees - franchise	\$ 423,870	\$ 661,052
Funding and processing fees - franchise	606,672	802,969
Total Operating Revenues	<u>1,030,542</u>	<u>1,464,021</u>
<b>OPERATING EXPENSES</b>		
Advertising - franchise	446	1,186
Accounting services	20,281	18,370
Auto expense	30,168	29,327
Bank and credit card fees	668	654
Charitable contributions	1,122	100
Computer/ IT	63,258	55,597
Dues and subscriptions	7,317	5,182
Professional services	189,877	53,040
Insurance	28,025	38,303
Funding fees	98,019	258,432
Wages, salaries and payroll benefits	813,640	976,331
Rent	66,751	63,738
Office supplies and expense	15,351	11,220
Postage and delivery	713	2,527
Equipment lease	15,708	16,250
Telephone and utilities	12,609	17,975
Licenses, permits and taxes	242	1,717
Miscellaneous	1,850	233
Travel and entertainment	22,408	3,333
Total Operating Expenses	<u>1,388,453</u>	<u>1,553,515</u>
<b>LOSS FROM OPERATIONS</b>	<u>(357,911)</u>	<u>(89,494)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Provision for credit losses	(6,000)	(6,000)
Interest income	53,501	25,733
Employee retention credits	49,780	-
Miscellaneous income (expense)	462,574	293,938
Total Other Income (Expenses)	<u>559,855</u>	<u>313,671</u>
<b>NET INCOME</b>	<u><u>\$ 201,944</u></u>	<u><u>\$ 224,177</u></u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDER'S EQUITY
Balance at December 31, 2021	\$ 1,000	\$ 119,000	\$ 311,577	\$ 431,577
Net income			224,177	224,177
Stockholder distributions			(8,392)	(8,392)
Balance at December 31, 2022	<u>1,000</u>	<u>119,000</u>	<u>527,362</u>	<u>647,362</u>
Net income			201,944	201,944
Stockholder distributions			(16,373)	(16,373)
Balance at December 31, 2023	<u><u>\$ 1,000</u></u>	<u><u>\$ 119,000</u></u>	<u><u>\$ 712,933</u></u>	<u><u>\$ 832,933</u></u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 201,944	\$ 224,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Allowance for credit losses	5,501	6,000
Changes in account balances:		
Accounts receivable - trade	1,387,458	34,529
Prepaid expenses	(16,270)	35
Advances	(605,008)	(169,476)
Due from IRS	(49,780)	
Accounts payable-trade	3,528	-
Accrued expenses	(45,671)	51,228
Other funding liabilities	(326,541)	818,817
Total Adjustments	<u>353,217</u>	<u>741,133</u>
Total Cash Provided by Operating Activities	<u>555,161</u>	<u>965,310</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments on note receivable - franchises	<u>-</u>	<u>-</u>
Total Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from credit line payable	15,371,492	21,942,195
Principal payments on credit line payable	(15,758,708)	(22,540,407)
Principal payment on related party note	(30,000)	-
Stockholder distributions	<u>(16,373)</u>	<u>(8,392)</u>
Total Cash Used in Financing Activities	<u>(433,589)</u>	<u>(606,604)</u>
<b>NET INCREASE IN CASH</b>	121,572	358,706
<b>CASH, BEGINNING OF YEAR</b>	<u>894,307</u>	<u>535,601</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,015,879</u></u>	<u><u>\$ 894,307</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Right-of-use asset acquired under operating lease	<u><u>\$ -</u></u>	<u><u>\$ 192,816</u></u>

Read accompanying notes to the financial statements

# **ALL TEAM FRANCHISE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

### **NOTE 1 – BACKGROUND INFORMATION**

The Company is engaged in franchising businesses that provide temporary employment services and management placement throughout the United States.

The Company was formed June 18, 1986 in the State of Missouri and commenced activities on July 1, 1986.

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Revenue Recognition

The Company maintains its books and prepares its financial statements on the accrual basis of accounting wherein revenue is recognized when earned and invoiced and expenses are recognized when incurred. Furthermore, initial franchise fee income is earned upon execution of the franchise agreement, which is nonrefundable. The Company receives royalties based upon a percentage of annual sales volume of its affiliates and franchisees. Additionally, funding and processing fees are based on a percentage of gross billings.

In 2019, the Company adopted ASC 606, Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. Consequently, the Company recognizes revenue when the services are provided, persuasive evidence of an arrangement exists, the price is fixed and collection is reasonably assured in accordance with ASC 606.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Accounts Receivable/Allowance for Credit Losses

The Company extends credit to its customers and charges fees in accordance with the franchise agreement. The Company provides an allowance for credit losses on accounts receivable which is based on a review of the current status of existing receivables and management's evaluation of a periodic aging of accounts.

#### Advertising Expense

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022 were \$ 446 and \$1,186, respectively.

# **ALL TEAM FRANCHISE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Concentrations of Credit Risk

The Company maintains demand deposits with a financial institution located in Tampa, Florida. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 in total. Uninsured balances aggregated \$767,656 and \$644,306 at December 31, 2023 and 2022, respectively.

#### Intangible Assets

Intangible assets are recorded at cost. Prior to December 31, 2002, amortization was on a straight-line basis over 40 years. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS 142), which requires that intangibles with a definite useful life be amortized over that life. SFAS 142 is now referred to as Financial Accounting Standard Board Accounting Standards Codification (FASB ASC 360, Intangibles-Goodwill and Other) and requires that long-lived assets be evaluated to determine if the fair value of the asset exceeds the carrying value of the assets for the purposes of recognizing an impairment loss.

#### Fixed Assets

Fixed assets are carried at cost and depreciated over their estimated useful lives ranging from five to thirty-nine years using the straight-line method.

#### Leases

The Company adopted ASU 2016-02 and its related amendments (collectively known as “ASC 842”) on January 1, 2022 using the optional transition method in ASU 2018-11. The Company determines if an arrangement is a lease, or contains a lease, at inception. The lease term begins on the commencement date, which is the date the Company takes possession of the property and may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The lease term is used to determine lease classification as an operating or finance lease and is used to calculate straight-line expense for operating leases. The Company elected the package of practical expedients permitted under the transition guidance within ASU 2016-02 to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Since the Company’s leases do not typically provide an implicit rate, the Company uses its incremental borrowing rate based upon the information available at commencement date for both real estate and equipment leases. The Company elected the short-term lease recognition exemption for all leases that qualify. Therefore, leases with an initial term of 12 months or less are not recorded on the balance sheet; instead, lease payments are recognized as lease expense on a straight-line basis over the lease term.

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

**NOTE 3 – INTANGIBLE ASSETS**

Intangible assets consist of the following:

	<u>2023</u>	<u>2022</u>
Franchise registration costs	\$16,603	\$16,603
Trademark	<u>52,000</u>	<u>52,000</u>
	68,603	68,603
Less accumulated amortization	<u>(7,274)</u>	<u>(7,724)</u>
	<u>\$61,329</u>	<u>\$61,329</u>

Management has determined there has been no impairment of these assets in 2023 or 2022.

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following:

	<u>2023</u>	<u>2022</u>
Computer software	\$18,000	\$18,800
Furniture and fixtures	11,903	11,903
Office equipment	<u>8,529</u>	<u>8,529</u>
	38,432	38,432
Less accumulated depreciation	<u>(38,432)</u>	<u>(38,432)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

**NOTE 5 – INCOME TAXES**

Income taxes for federal purposes have not been provided because the shareholder elected to be treated as an S Corporation for income tax purposes as provided in Section 1362(a) of the Internal Revenue Code. As such, the Company's income is included in the shareholder's individual income tax return.

The Company has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company's evaluation on December 31, 2023 and 2022 revealed no uncertain tax positions that would have a material impact on the financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they filed. As of December 31, 2023, the following tax years are subject to examination:

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

**NOTE 5 – INCOME TAXES (Continued)**

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be filed in 2024</u>
Federal	2020 – 2022	2023
Various States	2020 – 2022	2023

**NOTE 6 – FRANCHISES**

The Company has 19 franchises/licensees in operation at the end of 2023. No new franchises/licenses were sold in 2023 and 2022.

**NOTE 8 – SHORT TERM NOTE PAYABLE**

Note payable consists of the following:

	<u>2023</u>	<u>2022</u>
Note payable to stockholder, due on demand, no stated interest rate, unsecured	<u>\$39,378</u>	<u>\$69,378</u>

**NOTE 9 – CREDIT LINE PAYABLE**

The Company has a “Capital Express Agreement” with Centennial Bank which operates as accounts receivable financing. The outstanding face amount of purchased receivables cannot exceed \$4,700,000. Fees are 0.95% of accounts receivable for the first 15 days after the posting date. Accounts unpaid after that period are charged a fee of 0.3% per day until payment is received. Line is secured by accounts receivable.

**NOTE 10 – OPERATING LEASES**

The Company currently has an operating lease in place (risk and return do not get transferred to lessee as they decide to lease the assets) with terms longer than 12 months. The lease is a real estate lease set to expire in 2026. The Company is also party to other operating leases with terms less than 12 month and these are not recorded on the balance sheet, instead the lease payments are recognized as rent expense as the lease payments are made. As of December 31, 2023, the right-of-use asset and lease liability related to the operating lease is as follows:

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

**NOTE 10 – OPERATING LEASES (Continued)**

	<u>2023</u>	<u>2022</u>
Operating lease ROU asset	<u>\$143,935</u>	<u>\$192,816</u>
Operating lease liability:		
Current maturity of operating lease liability	\$ 53,626	\$ 48,881
Operating lease liability, net of current maturity	<u>90,309</u>	<u>143,935</u>
	<u>\$143,935</u>	<u>\$192,816</u>

The future payments due under the operating lease as of December 31, 2023 is as follows:

2024	\$ 62,262
2025	64,128
2026	<u>32,540</u>
	158,930
Less effects of discounting	<u>(14,995)</u>
Lease liability recognized	<u>\$143,935</u>

The following rent expense is associated with this operating lease:

Fixed rent expense	<u>\$ 66,751</u>
--------------------	------------------

**NOTE 11 – RELATED PARTY TRANSACTIONS**

The Company advances working capital to companies owned primarily by the stockholder under formal agreements that include interest on the unpaid balance. There are no specific repayment terms and payments are made as the companies have excess cash. For the years ended December 31, 2023 and 2022, the advances outstanding were \$1,091,453 and \$486,445, respectively.

**NOTE 12 – GAIN CONTINGENCY – EMPLOYEE RETENSION CREDIT**

The Company applied for financial assistance through employee retention credits under the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES ACT”) in the amount of \$174,999. The employee retention credits were established in March 2020 to help businesses retain employees. If certain qualifications were met, businesses could receive quarterly refundable payroll tax credits. The Company met the qualifications and received \$49,780 after year end with the remaining credits pending approval.

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2023 and 2022**

**NOTE 13 - DATE OF MANAGEMENT'S REVIEW**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were available to be issued.

**ALL TEAM FRANCHISE  
CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2022 and 2021**

**ALL TEAM FRANCHISE  
CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2022 and 2021**

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**LaPlant &  
Rainey CPA, PA**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholder of  
All Team Franchise Corporation

### **Opinion**

We have audited the accompanying financial statements of All Team Franchise Corporation (a Florida corporation) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Team Franchise Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of All Team Franchise Corporation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 All Team Franchise Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 procedure 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 All Team Franchise Corporation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Team Franchise Corporation'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, reading "H. Michael Rainey, CPA". The signature is written in a cursive, flowing style.

Tampa, Florida  
May 25, 2023

**ALL TEAM FRANCHISE CORPORATION**  
**BALANCE SHEETS**

**AS OF DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 894,307	\$ 535,601
Accounts receivable-trade, pledged, less allowance of \$51,915 and \$45,916, respectively	2,468,379	2,508,908
Advances to related parties	486,445	316,969
Prepaid expenses	4,098	4,133
Total Current Assets	<u>3,853,229</u>	<u>3,365,611</u>
 <b>PROPERTY AND EQUIPMENT, net</b>		
 <b>OTHER ASSETS</b>		
Operating lease right-of-use assets	192,816	
Deposits	34,537	34,537
Intangible assets	61,329	61,329
Total Other Assets	<u>288,682</u>	<u>95,866</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 4,141,911</u></u>	 <u><u>\$ 3,461,477</u></u>
 <b>CURRENT LIABILITIES</b>		
Due to stockholder	\$ 69,378	\$ 69,378
Current maturity of operating lease liability	48,881	
Credit line payable	1,708,300	2,306,512
Accrued expenses	277,627	226,399
Other funding liabilities	1,246,428	427,611
Total Current Liabilities	<u>3,350,614</u>	<u>3,029,900</u>
 <b>LONG TERM LIABILITIES</b>		
Operating lease liability, net of current maturity	143,935	-
Total Long-Term Liability	<u>143,935</u>	<u>-</u>
Total Liabilities	<u>3,494,549</u>	<u>3,029,900</u>
 <b>STOCKHOLDER'S EQUITY</b>		
Common stock - \$1 par value; 30,000 shares authorized, 1,000 shares issued, and 1,000 shares outstanding	1,000	1,000
Additional paid in capital	119,000	119,000
Retained earnings	527,362	311,577
Total Stockholder's Equity	<u>647,362</u>	<u>431,577</u>
 <b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	 <u><u>\$ 4,141,911</u></u>	 <u><u>\$ 3,461,477</u></u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENTS OF OPERATIONS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>OPERATING REVENUES</b>		
Royalty and license fees - franchise	\$ 661,052	\$ 462,304
Funding and processing fees - franchise	802,969	570,932
Total Operating Revenues	<u>1,464,021</u>	<u>1,033,236</u>
<b>OPERATING EXPENSES</b>		
Advertising - franchise	1,186	3,044
Accounting services	18,370	18,730
Auto expense	29,327	31,683
Bank and credit card fees	654	352
Charitable contributions	100	693
Computer/ IT	55,597	65,761
Dues and subscriptions	5,182	4,957
Professional services	53,040	30,287
Insurance	38,303	25,456
Funding fees	258,432	182,530
Wages, salaries and payroll benefits	976,331	658,360
Rent	63,738	61,004
Office supplies and expense	11,220	8,294
Postage and delivery	2,527	1,065
Equipment lease	16,250	12,764
Telephone and utilities	17,975	20,740
Licenses, permits and taxes	1,717	519
Miscellaneous	233	
Travel and entertainment	3,333	2,368
Total Operating Expenses	<u>1,553,515</u>	<u>1,128,607</u>
<b>LOSS FROM OPERATIONS</b>	<u>(89,494)</u>	<u>(95,371)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Provision for bad debt	(6,000)	(6,000)
Interest income	25,733	39,166
Forgiveness of Paycheck Protection Program loans		144,216
Miscellaneous income (expense)	293,938	106,293
Total Other Income (Expenses)	<u>313,671</u>	<u>283,675</u>
<b>NET INCOME</b>	<u>\$ 224,177</u>	<u>\$ 188,304</u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDER'S EQUITY
Balance at December 31, 2020	\$ 1,000	\$ 119,000	\$ 144,347	\$ 264,347
Net income			188,304	188,304
Stockholder distributions			(21,074)	(21,074)
Balance at December 31, 2021	<u>1,000</u>	<u>119,000</u>	<u>311,577</u>	<u>431,577</u>
Net income			224,177	224,177
Stockholder distributions			(8,392)	(8,392)
Balance at December 31, 2022	<u>\$ 1,000</u>	<u>\$ 119,000</u>	<u>\$ 527,362</u>	<u>\$ 647,362</u>

**ALL TEAM FRANCHISE CORPORATION**  
**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 224,177	\$ 188,304
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Allowance for bad debts	6,000	6,000
Forgiveness of Paycheck Protection Program loans		(144,216)
Changes in account balances:		
Accounts receivable - trade	34,529	(1,778,450)
Prepaid expenses	35	1,349
Advances	(169,476)	352,818
Accounts payable-trade		(9,845)
Accrued expenses	51,228	26,229
Other funding assets		81,686
Other funding liabilities	818,817	427,611
Total Adjustments	<u>741,133</u>	<u>(1,036,818)</u>
Total Cash Provided by (Used in) Operating Activities	<u>965,310</u>	<u>(848,514)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments on note receivable - franchises	-	19,621
Total Cash Provided by Investing Activities	<u>-</u>	<u>19,621</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable borrowings		72,108
Proceeds from credit line payable	21,942,195	13,060,248
Principal payments on credit line payable	(22,540,407)	(11,986,763)
Stockholder distributions	(8,392)	(21,074)
Total Cash Provided by (Used in) Financing Activities	<u>(606,604)</u>	<u>1,124,519</u>
<b>NET INCREASE IN CASH</b>	<b>358,706</b>	<b>295,626</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>535,601</b></u>	<u><b>239,975</b></u>
<b>CASH, END OF YEAR</b>	<u><u><b>\$ 894,307</b></u></u>	<u><u><b>\$ 535,601</b></u></u>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Right-of-use asset acquired under operating lease	<u><u>\$ 192,816</u></u>	<u><u>\$ -</u></u>
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Read accompanying notes to the financial statements

# **ALL TEAM FRANCHISE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

### **NOTE 1 – BACKGROUND INFORMATION**

The Company is engaged in franchising businesses that provide temporary employment services and management placement throughout the United States.

The Company was formed June 18, 1986 in the State of Missouri and commenced activities on July 1, 1986.

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#### Revenue Recognition

The Company maintains its books and prepares its financial statements on the accrual basis of accounting wherein revenue is recognized when earned and invoiced and expenses are recognized when incurred. Furthermore, initial franchise fee income is earned upon execution of the franchise agreement, which is nonrefundable. The Company receives royalties based upon a percentage of annual sales volume of its affiliates and franchisees. Additionally, funding and processing fees are based on a percentage of gross billings.

In 2019, the Company adopted ASC 606, Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. Consequently, the Company recognizes revenue when the services are provided, persuasive evidence of an arrangement exists, the price is fixed and collection is reasonably assured in accordance with ASC 606.

#### Use of Estimates

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#### Accounts Receivable/Allowance for Doubtful Accounts

The Company extends credit to its customer and charges fees in accordance with the franchise agreement. The Company uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables.

#### Advertising Expense

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022 and 2021 were \$1,186 and \$3,044, respectively.

# **ALL TEAM FRANCHISE CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### Concentrations of Credit Risk

The Company maintains demand deposits with a financial institution located in Tampa, Florida. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 in total. Uninsured balances aggregated \$644,306 and \$285,600 at December 31, 2022 and 2021, respectively.

#### Intangible Assets

Intangible assets are recorded at cost. Prior to December 31, 2002, amortization was on a straight-line basis over 40 years. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS 142), which requires that intangibles with a definite useful life be amortized over that life. SFAS 142 is now referred to as Financial Accounting Standard Board Accounting Standards Codification (FASB ASC 360, Intangibles-Goodwill and Other) and requires that long-lived assets be evaluated to determine if the fair value of the asset exceeds the carrying value of the assets for the purposes of recognizing an impairment loss.

#### Fixed Assets

Fixed assets are carried at cost and depreciated over their estimated useful lives ranging from five to thirty-nine years using the straight-line method.

#### Leases

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**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

**NOTE 3 – INTANGIBLE ASSETS**

Intangible assets consist of the following:

	<u>2022</u>	<u>2021</u>
Franchise registration costs	\$16,603	\$16,603
Trademark	<u>52,000</u>	<u>52,000</u>
	68,603	68,603
Less accumulated amortization	<u>(7,274)</u>	<u>(7,724)</u>
	<u>\$61,329</u>	<u>\$61,329</u>

Management has determined there has been no impairment of these assets in 2022 or 2021.

**NOTE 4 – FIXED ASSETS**

Fixed assets consist of the following:

	<u>2022</u>	<u>2021</u>
Computer software	\$18,000	\$18,800
Furniture and fixtures	11,903	11,903
Office equipment	<u>8,529</u>	<u>8,529</u>
	38,432	38,432
Less accumulated depreciation	<u>(38,432)</u>	<u>(38,432)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

**NOTE 5 – INCOME TAXES**

Income taxes for federal purposes have not been provided because the shareholder elected to be treated as an S Corporation for income tax purposes as provided in Section 1362(a) of the Internal Revenue Code. As such, the Company's income is included in the shareholder's individual income tax return.

The Company has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Company will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Company's evaluation on December 31, 2022 and 2021 revealed no uncertain tax positions that would have a material impact on the financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they filed. As of December 31, 2022, the following tax years are subject to examination:

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

**NOTE 5 – INCOME TAXES (Continued)**

<u>Jurisdiction</u>	<u>Open Years for Filed Returns</u>	<u>Return to be filed in 2023</u>
Federal	2019 – 2021	2022
Various States	2019 – 2021	2022

**NOTE 6 – FRANCHISES**

The Company has 19 franchises/licensees in operation at the end of 2022. No new franchises/licenses were sold in 2022 and 2021.

**NOTE 8 – SHORT TERM NOTE PAYABLE**

Note payable consists of the following:

	<u>2022</u>	<u>2021</u>
Note payable to stockholder, due on demand, no stated interest rate, unsecured	<u>\$69,378</u>	<u>\$69,378</u>

In both 2020 and 2021, the Company received two loans funded under the Paycheck Protection Program of the SBA. Both loans were forgiven in 2021.

**NOTE 9 – CREDIT LINE PAYABLE**

The Company has a “Business Manager Agreement” with Centennial Bank which operates as accounts receivable financing. The outstanding face amount of purchased receivables cannot exceed \$4,700,000. Fees are 0.95% of accounts receivable for the first 15 days after the posting date. Accounts unpaid after that period are charged a fee of 0.3% per day until payment is received. Line is secured by accounts receivable.

**NOTE 10 – OPERATING LEASES**

The Company currently has an operating lease in place (risk and return do not get transferred to lessee as they decide to lease the assets) with terms longer than 12 months. The lease is a real estate lease set to expire in 2026. The Company is also party to other operating leases with terms less than 12 month and these are not recorded on the balance sheet, instead the lease payments are recognized as rent expense as the lease payments are made. As of December 31, 2022, the right-of-use asset and lease liability related to the operating lease is as follows:

**ALL TEAM FRANCHISE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the years ended December 31, 2022 and 2021**

**NOTE 10 – OPERATING LEASES (Continued)**

Operating lease ROU asset	<u>\$192,816</u>
Operating lease liability:	
Current maturity of operating lease liability	\$ 48,881
Operating lease liability, net of current maturity	<u>143,935</u>
	<u>\$192,816</u>

The future payments due under the operating lease as of December 31, 2022 is as follows:

2023	\$ 60,450
2024	62,262
2025	64,128
2026	<u>32,540</u>
	219,380
Less effects of discounting	<u>(26,564)</u>
Lease liability recognized	<u>\$192,816</u>

The following rent expense is associated with this operating lease:

Fixed rent expense	<u>\$ 58,686</u>
--------------------	------------------

Rent expense totaled \$73,768 for all leases for the year ended December 31, 2021, before adoption of ASU 2018-11.

**NOTE 11 – RELATED PARTY TRANSACTIONS**

The Company advances working capital to companies owned primarily by the stockholder under formal agreements that include interest on the unpaid balance. There are no specific repayment terms and payments are made as the companies have excess cash. For the years ended December 31, 2022 and 2021, the advances outstanding were \$486,445 and \$316,696, respectively.

**NOTE 12 - DATE OF MANAGEMENT'S REVIEW**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 25, 2023, which is the date the financial statements were available to be issued.

## **EXHIBIT G**

### **UNAUDITED FINANCIAL STATEMENTS**

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

**ALL TEAM FRANCHISE CORPORATION**  
**Balance Sheets**  
**Five Months Ended May 31**

	<u>2024</u>
<b>CURRENT ASSETS</b>	
Cash	\$752,946
Accounts Receivable - trade, pledged,	635,945
Advances to related parties	1,318,285
Prepaid Expenses	51,032
Total Current Assets	<u>2,758,208</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>0</u>
<b>OTHER ASSETS</b>	
Deposits	34,538
Operating lease right-of-use assets	192,816
Intangible assets	61,329
Total Other Assets	<u>288,683</u>
<b>TOTAL ASSETS</b>	<u><u>\$3,046,891</u></u>
<b><u>CURRENT LIABILITIES</u></b>	
Accounts payable - trade	(\$2,180)
Due to stockholder	31,378
Current maturity of operating lease liability	48,881
Credit line payable	888,750
Accrued expenses	276,803
Other funding liabilities	815,681
Total Current Liabilities	<u>\$2,059,313</u>
<b>LONG TERM LIABILITIES</b>	
Operating lease liability, net of current maturity	143,935
Total Long-Term Liability	<u>143,935</u>
<b>Total Liabilities</b>	<u><u>\$2,203,248</u></u>
<b>STOCKHOLDER'S EQUITY</b>	
Common stock, \$1 par value; 30,000 shares authorized, 1,000 shares issued and 1,000 shares outstanding	1,000
Additional paid in capital	119,000
Retained earnings	723,643
Total Stockholder's Equity	<u>843,643</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<u><u>\$3,046,891</u></u>

**ALL TEAM FRANCHISE CORPORATION**  
**Income Statement**  
**Five Months Ending May 31**

	<u>2024</u>
<b>OPERATING REVENUES</b>	
Royalties and license fees - franchise	\$152,740
Funding and processing fees - franchise	194,550
Total operating revenues	<u>347,290</u>
<b>OPERATING EXPENSES</b>	
Advertising - franchise	0
Accounting services	5,625
Auto Expenses	10,093
Bank and credit card fees	1,114
Computer/IT	22,339
Dues and subscriptions	2,860
Professional services	74,681
Insurance	12,429
Funding fees	29,748
Wages, salaries and payroll benefits	327,907
Rent	31,802
Office supplies and expense	3,156
Postage and delivery	459
Equipment lease	6,154
Telephone and utilities	5,229
Licences, permits and taxes	1,159
Miscellaneous	1,386
Travel and Entertainment	805
Total Operating Expenses	<u>536,946</u>
<b>LOSS FROM OPERATIONS</b>	(189,656)
<b>OTHER INCOME AND (EXPENSES)</b>	
Provision for credit losses	(2,500)
Interest income	39,934
Miscellaneous income (expense)	214,973
Total other income (expense)	<u>252,407</u>
<b>NET INCOME</b>	<u><u>\$62,751</u></u>

**EXHIBIT H**

**STATE SPECIFIC ADDENDA**

## ILLINOIS STATE LAW ADDENDUM

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

A National/Regional Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National/Regional Account customers. You may be offered the opportunity to service a National/Regional Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

### Franchisee Acknowledgment / Compliance Certification:

The representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

### Exhibit H, Additional Disclosure:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## MINNESOTA STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document ("FDD") to the contrary, the following provisions of the Minnesota Franchise Act shall apply to any franchise or franchisee located in the State of Minnesota, which shall control to the extent of any inconsistency:

1. MINN. STAT. SECTION 80C.21 and MINNESOTA RULES 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in MINN. STAT. CHAPTER 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with MINN. STAT. SECTION 80C.14 SUBD. 3-5, which require (except in certain specified cases)
  - (i) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
  - (ii) that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to MINN. STAT. SECTION 80C.12 SUBD. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. MINNESOTA RULES 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with MINN. STAT. SECTION 80C.17 SUBD. 5. Other Provisions Unaffected: All other terms and provisions contained in the Franchise Agreement, ADA and FDD shall remain in full force and effect, except to the extent specifically modified herein.
7. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## NEW YORK STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the New York State Franchise Act shall apply to any franchise or franchisee located in the State of New York, which shall control to the extent of any inconsistency:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a

debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled

“**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled

“**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## VIRGINIA STATE LAW ADDENDUM

Notwithstanding anything contained in the foregoing Franchise Agreement, Area Development Agreement and Franchise Disclosure Document (“FDD”) to the contrary, the following provisions of the Virginia Retail Franchising Act shall apply to any franchise or franchisee located in the State of Virginia, which shall control to the extent of any inconsistency:

The following is added to Item 17.h. of the FDD, and corresponding provisions in the Franchise Agreement and Area Development Agreement:

*Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.*

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated on the day of \_\_\_\_\_, 20 \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**FRANCHISOR:**

**ALL TEAM FRANCHISE CORPORATION**

By: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT I**  
**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

NOTE: SOME STATES REQUIRE THAT THE FRANCHISE BE REGISTERED WITH A STATE AGENCY. WE DO NOT OFFER OR SELL FRANCHISES IN ANY OF THOSE STATES UNLESS WE ARE REGISTERED, AND THE LISTING OF A STATE BELOW DOES NOT MEAN THAT WE ARE SO REGISTERED.

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner (Agent) North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

## **EXHIBIT J**

### **RELEASE**

**THIS GENERAL RELEASE** (the “**General Release**”) is made by the undersigned (hereinafter “**Releasor**”) for the benefit of All Team Franchise Corporation, a Florida corporation (hereinafter, “**Franchisor**”), on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

#### **RECITALS:**

**WHEREAS**, Releasor is an All Team franchisee and operates an All Team Agency (the “**Franchised Business**”) pursuant to that certain franchise agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”);

**WHEREAS**, Releasor desires to renew its franchise with Franchisor or desires Franchisor’s consent to \_\_\_\_\_ in connection with the Franchise Agreement; and

**WHEREAS**, certain states require certain changes be made to this General Release specific to such state.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys’ fees, accounting fees or experts’ fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term “**Releasor**” shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

**RELEASOR:**

\_\_\_\_\_

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

## **EXHIBIT K**

### **STATE EFFECTIVE DATES AND RECEIPT**

### **State Effective Dates**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
Illinois	Pending
Minnesota	Pending
New York	Pending
Virginia	Pending

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If All Team Franchise Corporations offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, if applicable, we must provide this disclosure document to you at your 1<sup>st</sup> personal meeting to discuss the franchise or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York, or Rhode Island law, if applicable, we must provide this disclosure document to you at the earliest of your 1<sup>st</sup> personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If All Team Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit I.

The name, principal business address and telephone number of each franchise seller offering the franchise: Joseph Edwards or Brian Hindman, All Team Franchise Corporation, 500 North West Shore Boulevard, Suite 300, Tampa, FL 33609, 813-440-4012.

Date of Issuance: July 10, 2024

See Exhibit I for our registered agents authorized to receive service of process. I have received a disclosure document dated July 10, 2024, that included the following Exhibits:

- |                                |                                                         |
|--------------------------------|---------------------------------------------------------|
| A. Franchise Agreement         | F. Audited Financial Statements                         |
| B. Processing Agreement        | G. Unaudited Financial Statements                       |
| C. Funding Agreement           | H. State Specific Addenda                               |
| D. Table of Contents of Manual | I. List of State Agencies/Agents for Service of Process |
| E. List of Franchisees         | J. Release                                              |
|                                | K. State Effective Dates and Receipt                    |

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

**Please sign this copy of the receipt, date your signature, and return it to All Team Franchise Corporation, 500 North West Shore Boulevard, Suite 300, Tampa, FL 33609, 813-440-4012.**

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_____ Date	_____ Signature	_____ Printed Name

**RETAIN FOR YOUR RECORDS**