

# FRANCHISE DISCLOSURE DOCUMENT



WCH SERVICE BUREAU FRANCHISING, LLC  
3047 Avenue U, Brooklyn, NY 11229  
(718) 934-6714  
[www.wchsb.com](http://www.wchsb.com)

WCH Service Bureau Franchising, LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a revenue cycle management business that offers and provides billing, credentialing, audit and MIPS support services («RCM») to medical professionals under the “WCH” marks (“WCH Center”).

The total investment necessary to begin operation of a WCH Center ranges from \$54,599 to \$75,299. This amount includes \$24,999 that must be paid to the franchisor or to its affiliates prior to opening.

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 convenient for you. To discuss the availability of disclosures in different formats, contact Aleksandr Romanychev at 3047 Avenue U, Brooklyn, NY 11229, or by email [alexr@wchsb.com](mailto:alexr@wchsb.com), or by phone (718) 934-6714.

The terms of your contract will govern your franchise relationships. Do not rely on 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 an 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 to understand how to use this disclosure document, is available by 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.

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: July 3, 2024**

**NEW YORK STATE FILE NO: 471900**

## STATE COVER PAGE

### 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.
<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 Exhibit C 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 WCH 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 WCH franchisee?</b>	Item 20 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 Franchising 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 designates. These items may be more expensive than similar items you could buy on your 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 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 that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit B** for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following SPECIAL RISK FACTORS before you buy franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US LITIGATION OR ARBITRATION ONLY IN NEW YORK. OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE OR ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT PROVIDES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE WITH A LONGER OPERATIONAL HISTORY.
4. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL

STATEMENTS (SEE ITEM 21), CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT YOU.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

**EFFECTIVE DATE: See the next page for state effective dates.**

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**ITEM 1**

**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language, this disclosure document uses “we, “us,” “Franchisor” or “WCH” to mean WCH Service Bureau Franchising, LLC, the Franchisor. “You” means the person, corporation, partnership or other entity that buys the franchise. Terms not defined in this disclosure document (including various capitalized terms) are defined in the Franchise Agreement attached as **Exhibit A** to this disclosure document (the “Franchise Agreement”).

**Franchisor**

We do business under the name WCH Service Bureau Franchising, LLC, or in some cases, simply as “WCH.” We do not do business under any other name. Our principal business is located at 3047 Avenue U, Brooklyn, NY 11229 and our business phone number is (718) 934-6714. We are a New York Limited Liability Company formed on May 12, 2017. **We did not have any predecessors during the ten (10) year period immediately before the close of the franchisor’s most recent fiscal year.**

Except as provided in this Item, we do not offer franchises in any other line of business, and we are not otherwise involved in any substantive business activity. We do not currently directly own or operate any WCH Centers, but there is one full-time Center that is owned and operated by the founder of the WCH brand, Aleksandr Romanychev. We expect this Center to remain separate and apart from the franchises to be operated by Franchisor.

**Parent**

Franchisor is wholly owned by our founder, Aleksandr Romanychev.

**Affiliates**

Our affiliate, WCH Service Bureau, Inc. (“WCHSB”), a New York corporation with a principal business address of 3047 Avenue U, Brooklyn, NY 11229, provides billing, credentialing, audit and MIPS support services to medical professionals. WCHSB has never operated, nor offered franchises for a similar type of business as the Franchised Business. WCHSB is the developer and owner of its owner and developer of PMBOS© and iSmart EHR© and CredyApp© which shall be inclusive as part of the Franchised Business to you.

PMBOS© is up-to-date, comprehensive billing and practice management software system that you will use to support your day-to-day operations.

iSmart EHR© is a completed and fully certified EHR (Electronic Health Records) software that was designed to maintain a patient healthcare data, improve patient care and coordination of care through transparency and customized reporting systems.

CredyApp© is a single solution system servicing credentialing needs of all licensed professionals and healthcare facilities. Functions of the system include: maintains credentials of licensed professionals, monitors government and commercial payers processes, client web based access to view and order new credentialing process, automated notifications to external users and provides administrative functions to control work performed by credentialing specialists.

Except as disclosed above, we currently have no parents, predecessors or affiliates required to be disclosed in this Item.

### **Agent for Service of Process**

Our agents for service of process are disclosed in **Exhibit B**.

### **The Franchised Business We Offer**

We offer for sale a franchise to operate a distinctive WCH Center (each, a “Franchised Business”), which is operated pursuant to terms of our franchise agreement attached to this disclosure document as **Exhibit A** (the “Franchise Agreement”). We expect that a WCH Center will typically be located in a commercial space that will be at least 1,000 square feet in size. Under the Franchise Agreement, we will also grant you the right to operate your Franchised Business within a designated geographical area wherein you will also be able to actively promote the Franchised Business and solicit new clientele (the “Designated Territory”). If you own an existing revenue cycle management business and meet our other qualifications, you may convert your existing business to a WCH Center. A converted WCH Center will likely encounter lower investment requirements than those of a start-up WCH Center.

Each WCH Center is established and operated under a comprehensive and unique system of methods, formats, standards, procedures, training protocols and techniques, course instructions and manuals; advertising and promotional programs and materials, as well as original medical billing software systems: (i) PMBOS©; (ii) iSmart EHR©; and (iii) CredyApp© and (iv) Time Management (the "System"). We will continue to improve and develop the System and will provide you with new information and techniques, as it will be developing. The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "WCH Service Bureau".

Each WCH Center will offer and provide: (i) a comprehensive revenue cycle management solution utilizing the System; and (ii) any other services that we develop, designate and/or otherwise authorize (collectively, the “Approved Services”). Typically, all Approved Services will be paid for pursuant to an end user client contract, which form and substance shall be suggested as part of the System.

Prior to offering any Approved Services, we expect and intend (i) each of your employees engaged in offering Approved Services shall review the System and attend and complete all designated System required training (“WCH University”); and (ii) you are otherwise in compliance with your obligations under your Franchise Agreement. The Franchise Agreement is signed by us, by you, and by those of your principals whom we designate as the principal franchisee-operator(s) (the “Designated Operator(s)”) of your Franchised Business. The Designated Operator(s) (there may be up to two such individuals, but only one address to which we communicate in regards to the franchise) named has the authority to act for you in all matters relating to the WCH Franchise. By signing the Franchise Agreement, you and the Designated Operator(s) agree to be individually bound by certain obligations in the Franchise Agreement, including

covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities, which must be fully disclosed prior to signing this document, in which you or your Designated Operator(s) may be involved, we may require you or your Designated Operator(s) to sign additional confidentiality and non-competition agreements.

## **Market and Competition**

The market for RCM services is busy. You will face competition for clientele. More than 65% of all medical billing and coding companies is concentrated in these 21 US states: Florida, Georgia, North Carolina, Tennessee, Texas, California, New York, Arizona, Nevada, New Mexico, Louisiana, South Carolina, Alabama, Mississippi, Kentucky, Illinois, West Virginia, Missouri, Massachusetts, Ohio and New Jersey. Your Billing Company will offer RCM services to public and compete with other Billing company (local, regional, and national).

## **Applicable Regulations**

Some states, commercial payors or federal or state payors require that medical billing companies adhere to certain compliance standards and operating procedures. At a minimum, your WCH Center will be subject to various federal, state and local laws, and regulations affecting the business, including your right to bill certain federal, state and commercial payors. You may need local, state or federal agency permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements. You should examine these and other laws before purchasing a franchise. Each WCH Center shall likely qualify as a "Business Associate", as such is defined by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"); you should adhere to any and all applicable HIPAA requirements in the operation of a WCH Center.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Aleksandr Romanychev: Chief Executive Officer**

Mr. Romanychev has served as Chief Executive Officer of WCH Service Bureau Franchising LLC since May 12, 2017. Aleksandr Romanychev has also served as Chief Executive Officer of WCH Service Bureau Inc. located at 3047 Avenue U, Brooklyn, NY 11229, from 2001 to the current date.

#### **Olga Khabinskay: Chief Operating Officer**

Olga Khabinskay has served as Chief Operating Officer of WCH Service Bureau Franchising LLC since May 12, 2017. Olga Khabinskay has served as Chief Operating Officer of WCH Service Bureau Inc., located at 3047 Avenue U, Brooklyn, NY 11229, from 2007 to the current date.

## **ITEM 3**

### **LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4**

### **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item. No bankruptcy petition has filed to be disclosed.



**ITEM 5**

**INITIAL FEES**

Initial Franchise Fee

You must pay to us a lump sum initial franchise fee of \$24,999 (the “Initial Franchise Fee”) for the experience of operating, training, recruiting, and the right to use the WCH Service Bureau brand name, any trademarks and operating systems are providing by WCH Service Bureau, before you open your business. Paid Franchise Fee upon receipt is non-refundable under no circumstances. We uniformly impose the Initial Franchise Fee on all parties that are purchasing a single Franchised Business. There are no fees payable to Franchisor Affiliates. **Fees are Uniform.** The initial franchise fee of \$24,999 is the total transaction price. This fee shall be applied to several performance obligation units/services being performed by the Franchisor during the term of the Franchise Agreement.

**ITEM 6**

**OTHER FEES**

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	7-10% <sup>2</sup>	Payable Monthly based on Gross Revenue <sup>3</sup> of your Franchised Revenue during the preceding month	
Technology Fee	While we do not currently charge a Technology Fee to cover certain costs as described under “Remarks” column, we reserve the right to charge our then-current technology fee in the future (the “Technology Fee”)	Payable monthly in the same manner as Royalty Fee	We reserve the right to collect a Technology Fee in connection with any costs we incur in establishing and maintaining an intranet, extranet, online portal, website, online advertising tools, mobile application and/or any other technology for use in connection with the Franchised Business. This amount is subject to increase based upon vendor pricing.

Advertising Royalty Fee	5% of monthly Marketing Budget of Franchisor	Payable monthly	Advertising Royalty Fee is a monthly fee paid by the franchisee to the franchisor for the expenditure incurred in corporate advertising. Corporate advertising expenses include advertising and other marketing programs for the franchised business.
Indemnification	All costs including attorneys' fees	Upon settlement of conclusion of claim or action	You will defend suits at your own cost and hold us harmless against failure/lack of success or revenue in a franchised business, suits involving damages resulting from your operation of the Franchised Business.
Late Fees	10%	Upon demand	Applies to all amounts not paid when due, until paid in full.
Transfer Fee	2 times the Royalty Fee for the prior annual period of this Agreement	Upon Transfer	An Approved Transfer is one made with WCH's prior written consent.
Liquidated Damages	Monthly aggregate fee paid to WCH over previous 2 years, multiplied by 12.	Upon breach	

You must pay each fee to WCH Service Bureau Franchising, LLC. All fees are non-refundable.

<sup>2</sup> Royalty Fee percentage shall be measured on a monthly basis and calculated for each month as follows:

- Ten Percent (10%) of Gross Revenue for each month in which Gross Revenue is less than \$20,000; or
- Nine Percent (9%) of Gross Revenue for each month in which Gross Revenue is at least \$20,000 but not more than \$40,000; or
- Eight Percent (8%) of Gross Revenue for each month in which Gross Revenue is at least \$40,000 but not more than \$70,000; or
- Seven Percent (7%) of Gross Revenue for each month in which Gross Revenue is at least \$70,000.

<sup>3</sup> Gross Revenue means the gross amount of revenue, whether for cash, by redemption for credit, regardless of collection, earned or received by you from any source in connection with the operation of the Business or with any similar or related activity, whether on or off your business premises, arising directly or indirectly from whatever source.

<sup>4</sup> The current fees from the table above are imposed and collected based on due dates, frequency, and occasions specified.

## ITEM 7

### YOUR ESTIMATED INITIAL INVESTMENT

Type of	Expenditure	Expenditure	Method	When Due	To Whom
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<b>Expenditure</b>	<b>Estimate - Low Amount</b>	<b>Estimate - High Amount</b>	<b>of Payment</b>		<b>Payment Is to be Made</b>
Initial Fee <sup>1</sup>	\$24,999	\$24,999	Lump sum	Upon Execution of Franchise Application	WCH Service Bureau Franchising, LLC.
Equipment <sup>2</sup>	\$7,000	\$8,500	Lump Sum	As incurred	Third Party Vendor
Furniture	\$300	\$400	As arranged	As incurred	Third Party Vendor
License <sup>3</sup>	\$300	\$400	Lump sum	Prior to training	Local, State, or Federal Government
Insurance <sup>4</sup>	\$1,000	\$2,000	As arranged	Before Opening	Third Party Vendor
Rent	\$4,000	\$8,000	As arranged	As incurred	Landlord
Employee Salaries	\$10,000	\$15,000	As arranged	As incurred	Employees
Accountant consultation	\$1,000	\$2,000	As arranged	As incurred	Accountant
Advertising Fee	\$1,000	\$2,000	As arranged	As incurred	WCH Service Bureau Franchising, LLC.
Marketing <sup>5</sup>	\$1,000	\$2,000	As arranged	As incurred	Third Party Vendors
<b>Additional Funds- First 3 Months<sup>6</sup></b>	\$2,000	\$5,000	As arranged	As incurred	Third Party vendors
Costs and attorneys' fees	\$2,000	\$5,000	As arranged	As incurred	Attorneys
<b>TOTAL<sup>7</sup></b>	<b>\$54,599</b>	<b>\$75,299</b>			

**Notes to Item 7:**

<sup>1</sup> Initial Franchise Fee. The initial Franchise Fee is non-refundable. The Initial Franchise Fee is \$24,999. **We do not provide**

**financing for the any portion of the Franchise Fee.**

<sup>2</sup> Equipment Computer System. You must obtain a Computer System that meets our specifications and requirements. These amounts include Complex (computer), Microsoft office, Antivirus, Windows Server, Setup, installation of Windows Server, Sql Server (for PMBOS), Internet connection, Multifunction fax/printer/copier and a telephone system. This fee cannot be determined by us as refundable or non-refundable sine shall be paid to Third Party (if needed) not to WCH.

<sup>3</sup> Licenses. You must obtain business licenses as dictated by local regulations. This fee cannot be determined by us as refundable or non-refundable sine shall be paid to Third Party (if needed) not to WCH.

<sup>4</sup> Insurance. Throughout the Term, you shall acquire and maintain the expenses related to insurance. Best's Insurance Guide: (i) commercial general liability coverage, coverage for operations, personal injury liability, advertising liability, contractual liability, contractor's protective liability, property damage liability, terrorism and products liability coverage; (ii) data breach insurance; (iii) workers' compensation insurance with statutory limits of coverage and employers' liability insurance; (iv) comprehensive vehicle liability insurance covering the use and maintenance of owned, not-owned, hired and rented vehicles (v) umbrella liability insurance in excess of the policies described in clauses (a) (i), (ii) and (iv) of this Section; (vi) "all risk" property insurance, including coverage with respect to damages resulting from earthquake, flood, named windstorm or terrorism; (vii) business interruption insurance; (viii) unemployment compensation insurance coverage; (ix) cyber liability insurance; (x) crime coverage; and (xi) Fair Debt Collections Practices Act insurance. This fee cannot be determined by us as refundable or non-refundable sine shall be paid to Third Party (if needed) not to WCH.

<sup>5</sup> Marketing. Franchisee shall budget and allocate expenditures devoted to marketing in an amount not less than one-half of one percent (0.5%) of monthly Gross Revenue of Franchisee including marketing materials. This fee cannot be determined by us as refundable or non-refundable sine shall be paid to Third Party (if needed) not to WCH.

<sup>6</sup> Additional Costs. This item estimates your expenses during the initial period (first three months) of operation of your Billing Company. This estimate includes payroll costs, Accountant consultation, Franchisee Marketing Allocation, Advertising, other monthly expenses (Clearinghouses, for a fax (service), phone line, stationery, office supplies and internet package). These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: your management skill, experience, and business experience; local economic conditions; the local market for your services; the prevailing wage rate; competition, labor rates, minimum wage laws and other economic factors. This amount does not end your initial investment obligation. You are warned about inflation, discretionary expenditures, flexible interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. This fee cannot be determined by us as refundable or non-refundable sine shall be paid to Third Party (if needed) not to WCH.

<sup>7</sup> Total Cost. All range of costs were analyzed and calculated on reliance of over 15 years of experience of Franchisor's CEO, Aleksandr Romanychev. You should carefully review these figures with your business advisor before making any decision to purchase a franchise.

<sup>8</sup> Except Initial Franchise Fee (which is non-refundable), all other fees types and amounts are being given to simplify the calculation of projected investments. However, the numbers were analyzed based on Franchisor's experience and it actual amounts can differ based on Franchisee's financial capacity and the local area.

<sup>9</sup> If the Franchisor or an affiliate finances part of the investment, and if so, the amount it will finance, the down payment required, the annual interest rate, rate factors, and estimated loan repayments, not merely the Initial Franchise Fee. You may refer to Item 10 for additional details.

**ITEM 8**

**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate all aspects of your Franchised Business in strict conformity with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and writings that we prepare for your use in connection with the Franchised Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

**Approved Products and Services**

You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that Franchisor authorizes for sale in conjunction with the Approved Services (the “Approved Products”) at your Franchised Business in a manner that meets our System standards and specifications. We will provide you with a list of our then-current Approved Products and Services, along with their standards and specifications, as part of the Manuals or otherwise in writing prior to the opening of your Franchised Business. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Franchised Business other than our Approved Products and Services, or use any item in connection with your Franchised Business that does not meet our System standards and specifications, then you must obtain our prior written approval as described more fully in this Item.

### **Approved Suppliers**

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an “Approved Supplier”), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manuals or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the System, which is included in the Initial Franchise Fee. The System includes the following: (i) PMBOS©; (ii) iSmart EHR©; (iii) CredyApp©; and (iv) Time Management Software. Currently, we and our affiliate, WCH Service Bureau, Inc., are the only Approved Supplier for the System. Aleksandr Romanychev has an ownership interest in the Franchisor’s affiliate, WCH Service Bureau, Inc.

Except as provided above in this Item: (i) neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Franchised Business; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us.

We reserve the right to designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your Franchised Business in the future.

### **Required Purchases and Right to Derive Revenue**

The products or services we require you to purchase or lease from an Approved Supplier or purchase or lease in accordance with our standards and specifications, are referred to collectively as your “Required Purchases.” We estimate that your required purchases and purchases that must meet our specifications in total will be about 60% - 70% of your total purchases to establish your Franchised Business and about 15% - 50% of your purchases to continue the operation of the Franchised Business. Please be advised that these percentages do not include the lease payments that you make in connection with your premises.

We and our affiliates reserve the right to derive revenue, by charging a flat fee or a percentage – to be determined depending on the products or services offered - from any of the purchases (items or services) that our System franchisees are required to make in connection with the Franchised Business.

### **Non-Approved Product/Service and Alternate Supplier Approval**

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Franchised Business that are not Approved Products and Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Franchised Business; or (ii) purchasing from a non-approved supplier. You must pay our then-current supplier or non-approved product evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier

meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (although are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

### **Purchasing Cooperatives and Right to Receive Compensation**

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Franchised Business in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of approved suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Franchised Businesses in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

While we do not currently have any purchasing cooperatives now, we reserve the right to create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Franchised Business.

### **Franchisee Compliance**

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

### **Insurance**

You are obligated to obtain and maintain, at your sole expense, all of the insurance coverages that we require. Your policy or policies must be written by an insurance company licensed in the state in which you operate the Franchised Business. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide, in accordance with standards and specifications set forth in the Manual. The standards may vary depending on the size of your Franchised Business and/or other factors, such as what is customary for businesses of your type in your area, but we typically require: the following insurance in the following amounts:

**Coverage Minimum Limits of Coverage**

General Aggregate \$5,000,000  
 Products/Completed Operations Aggregate \$5,000,000  
 Personal and Advertising Injury \$1,000,000  
 Each Occurrence \$1,000,000  
 Participant Legal Liability \$1,000,000  
 Professional Liability \$1,000,000  
 Employee Benefits Liability (per employee) \$1,000,000  
 Employee Benefits Liability (aggregate) \$2,000,000  
 Damage to Rented Premises (per occurrence) \$1,000,000  
 Medical Expense (any one person) \$5,000

Other current insurance requirements include: (i) “ALL RISK” or special form property coverage of no less than current replacement cost of the Franchised Business’ equipment, fixtures and leasehold improvements (tenant improvements) sufficient in the amount to restore the Franchised Business to full operations (with glass coverage no less than a limit of \$25,000 and sign coverage no less than a limit of \$10,000 in addition to equipment, fixtures and leasehold improvements); (ii) Business interruption insurance with coverage for at least twelve (12) months for actual losses; (iii) if you are using a vehicle in connection with your operations, Auto Liability (Hired and Non-owned autos) with a \$1,000,000 Combined Single Limit Each Accident for Bodily Injury and Property Damage; and (iv) Employment Practices Liability with a limit no less than \$1,000,000 per claim and \$1,000,000 aggregate per location (and the retention may not exceed \$1,000).

All insurance policies must name us and any of our affiliates as additional insured parties.

**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 DISCLOSURE DOCUMENT.

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
a) Site selection and acquisition/lease	Not Applicable	Items 11
b) Pre-opening purchases/leases	Not Applicable	Items 5
c) Site development and other pre-opening requirements	Not Applicable	Items 11, 12
d) Initial and ongoing training	Article 7.03	Items 11
e) Opening	Article 3.03	Items 5, 8, 11
f) Fees	Article 4.01, 4.02	Item 5, 6 and 7
g) Compliance with standards and policies/Operating Manual	Article 7.02	Items 11
h) Trademarks and proprietary information	Article 8.01-8.05	Item 13, 14
i) Restrictions on products/services offered	Not Applicable	Item 8,16

j) Warranty and customer service requirements	Article 13.01	Item 8, 11, 14
k) Territorial development and sales quotas	Not Applicable	Item 12
l) Ongoing product/service purchases	Not Applicable	Item 1
m) Maintenance, appearance and remodeling requirements	Article 5.06	Item 16
n) Insurance	Article 6.08	Item 6, 7 and 8
o) Advertising	Article 6.04	Item 11
p) Indemnification	Article 11.01-11.04	Item 17
q) Owner's participation/management/staffing	Article 6.03, 9.02	Item 15
r) Records and reports	Article 4.02	Item 15
s) Inspections and audits	Article 4.02	Item 15
t) Transfer	Article 15.02	Item 17
u) Renewal	Article 3.02	Item 17
v) Post-termination obligations	Article 16.06	Item 15, 17
w) Non-competition covenants	Article 9.02	Item 17
x) Dispute resolution	Article 19.01-19.04	Item 17

## ITEM 10

### FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

## ITEM 11

### FRANCHISOR'S OBLIGATIONS

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

#### A. **Pre-Opening Assistance Franchise Agreement**

Before you open the Franchised Business:

1. We will provide you (or, if you are an entity, your Designated Operator), as well as your Designated Manager (if appointed) with the respective initial training that such individuals are required to attend and complete prior to opening your Franchised Business. We will typically provide the Initial Training Program to you and your designated trainees within the 30 days preceding your opening, but that timing will be subject to the availability and schedules of our training personnel. We will provide this Initial Training Program at our corporate headquarters or other training facility we designate, and this initial training (as well as other training provided by us in connection with your Franchised Business) is



described more fully below in this Item below.

2. Prior to you attending your required initial training, we will loan you one copies of the Manuals, which contains mandatory and suggested specifications, standards and procedures. The Manuals is confidential and remains our property. We may modify the Manual. The Table of Contents of the Manuals is attached to this Disclosure Document as **Exhibit E**. The total number of pages in the Operating Manuals (Business Book, Employee Handbook and Billing Manual) is 279.

## **B. Site Selection Assistance and Time to Open**

### *Site Selection Assistance*

**You must assume** all costs, liabilities, expenses and responsibility in connection with: (i) **locating, obtaining and developing premises for your Franchised Business**; and (ii) constructing, equipping, remodeling and/or building out the Premises for use as a Franchised Business, all in accordance with our System standards and specifications. We generally do not own and lease any premises to Franchisee. We also do not provide any assistance with obtaining equipment, signs, fixtures, opening inventory, and supplies.

Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. Ideally, the Authorized Location of your Franchised Business will be a major, national-tenant, anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site. You are solely responsible for obtaining all required construction/build-out licenses and ensuring the Premises comply with all local ordinances and building codes.

If you locate a site, we will approve or disapprove of the site within 30 days after we receive any and all reasonably-requested information regarding your proposed site from you. We use a software program to evaluate the demographics of a market area for site selection approval. If we cannot agree on a site, we may extend the time for you to obtain a site, or we may terminate the Franchise Agreement.

We must also have the opportunity to review and approve/reject any lease or purchase agreement for a proposed location before you enter into such an agreement. We may condition our approval on a number of conditions, including: (i) the inclusion of the terms outlined in the Franchise Agreement and (ii) receiving a written representation from the landlord of the Premises that you will have the right to operate the Franchised Business, including offering and selling the Approved Services, throughout the term of your Franchise Agreement.

### *Time to Open: Franchise Agreement*

The Typical length of time between the signing of the Franchise Agreement and the time you open Franchised Business is approximately thirty (30) to sixty (60) days. Your total timeframe may be shorter or longer depending on the time necessary to obtain an Authorized Location, to obtain financing, to obtain permits and licenses for operation of the Franchised Business, purchasing and installing fixtures, delivery schedules, equipment and signs.

## **C. Our Obligations During the Operation of the Franchised Business**

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

During the operation of the franchised business:

1. We will specify or approve certain equipment and suppliers to be used in the Franchised Business.
2. We will provide additional training to you and any of your personnel at your request, subject to the availability of suitable trainers, including (a) ongoing WCH University Training for new and replacement instructors of your Franchised Business so they can provide that Approved Services as an Authorized WCH Instructor, and/or (b)

any Master Training you request and we determine appropriate to provide to one (1) of your Authorized WCH Instructors that has demonstrated a high proficiency in providing the Approved Services. You are responsible for any and all fees and costs associated with such additional training, including the Master Trainer's hourly rate and expenses.

3. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf and pass the cost onto you.

4. We may institute various programs for auditing customer satisfaction and/or other quality control measures.

5. We will maintain and administer the marketing fund (the "Marketing Fund") as described more fully under the "Advertising and Marketing" heading below.

#### **D. Advertising and Marketing**

##### *Advertising Generally; Local Advertising Requirement; Co-Ops*

You are responsible for local marketing activities to attract members to your Franchised Business. We require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. You must first obtain our advanced written approval before employing any form of co-branding, or advertising with other brands, products or services.

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of Social Media by you pertaining to the Franchised Business must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with the Franchise Agreement or the Manual.

As part of your material obligations under your Franchise Agreement, you must expend at least 5% of Gross Revenue per month on marketing and advertising materials that we approve in connection with the promotion of your Franchised Business (your "Local Advertising Requirement"). Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the minimum amount you must expend each month, and we encourage you to expend additional amounts on the local promotion of your Franchised Business. We are not required to spend any amount on advertising within your local area. You can use your own advertisement materials with advance approval from the franchisor. No material should contradict company goodwill, integrity, and reputation.

As of the Issue Date, we have not yet established a local or regional advertising cooperative and we have not created any advertising council composed of franchisees. We may, in the future, decide to form one or more associations and/or sub-associations of WCH Franchised Business to conduct various marketing-related Activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering your area, then you must join and actively participate. All Franchised Business in the designated area may be required to contribute such amounts as are determined from time to time by such Co-Op. Each participating Franchised Business will have one vote in making decisions of the Co-op, but in order to vote the Franchised Business must be in good standing, and all decisions will be subject to our approval. We have the right to establish reasonable procedures for calling and conducting meetings, notices to the participants, and other procedural matters, and will make any governing documents, if any exist, available to you upon request.

##### *The Marketing Fund*

We reserve the right and intend to establish a Marketing Fund as previously disclosed in Item 6 of this Disclosure Document to promote the brand, Proprietary Marks, System, Franchised Business and/or Approved Services how we determine appropriate in our discretion. When we establish such a Fund, we may require you to make a Fund Contribution each payment period amounting to up to five percent (5%) of monthly Marketing Budget of Franchisor.

Franchisor can spend any adequate budget/amount to marketing and advertising purposes. Franchisor will give Franchisee sixty (60) days' written notice before the Fund is established or with regards to any increase in your Fund Contribution.

The Marketing Fund will be administered by us once established as we deem appropriate. With that said, we may also establish a marketing fund committee (the "MFC") to help advise on matters related to the Marketing Fund. In the event we establish the MFC, the Marketing Fund will still be administered by us with the MFC serving in an advisory capacity only. The Marketing Fund will be maintained and operated by us to meet the costs of conducting regional and national advertising and promotional efforts, other brand development activities, as well as related technology used to implement the foregoing (i.e., digital marketing platform, System web portal) that we determine beneficial to the System. The Franchisor is not required to allocate any amount on advertising in franchisees' territory. The Franchisor can choose any source of advertisement including but not limited to in-house, national, and/or regional agency. The MFC, if established, will serve in an advisory capacity only. We will direct all public relations, advertising and promotions with sole discretion over the message, creative concepts, materials and media used in the programs and the placement and allocation thereof. We have the power to form, change or dissolve the Marketing Fund and/or MFC. We will pay for these activities from the Marketing Fund. The Marketing Fund contributions may be used for traditional and digital advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will raise awareness of the WCH brand.

We are not obligated to ensure that Marketing Fund activities or dollars are spent equally, on a pro rata basis, either on your Franchised Business, or all Franchised Business in an area. A brief statement regarding the availability of WCH franchises may be included in advertising and other items produced using the Marketing Fund, but we will not otherwise use the Marketing Fund to pay for franchise sales or solicitations.

Reasonable disbursements from the Marketing Fund will be made solely for the payment of expenses incurred in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising and promotional campaigns; and the reasonable costs of administering the Marketing Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Marketing Fund. We are not required to audit our Marketing Fund expenditures, but we reserve the right to do so and cover the costs associated with the audit from the Marketing Fund. Otherwise, we will prepare and make available to our franchisees, upon request, a basic accounting of the Marketing Fund for a given fiscal year after 120 days have passed since that year-end. Any company-owned or affiliate-owned Franchised Business we may open will contribute to the Marketing Fund at the rate provided in our Franchise Disclosure Document. Should the advertising contribution for the System decrease at any time, we have the right to reduce our contribution from company-owned or affiliate-owned Franchised Business to the rate specified for franchised locations.

We are not required to spend all Marketing Fund contributions in the fiscal year they are received. You agree to participate in all Marketing Fund programs. The Marketing Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials. The Marketing Fund was not in existence during the fiscal year ended on December 31, 2023 or on the issuance date of this Disclosure Document, and consequently no contributions or expenditures were made to disclose at this time.

#### **E. Computer System - Hardware and Software**

You must acquire a computer for use in the operation of the Franchised Business. The cost associated with the computer system is included in the subheading "Equipment" set forth in Item 7. You must record all of your receipts, expenses, invoices, member lists, employee schedules, and other business information promptly in the computer system and use the software that we specify or otherwise approve. At this time, we have approved no other compatible program but we reserve the right to do so at our sole discretion. If the approved supplier for the required software changes, you must migrate your operations to the new required software at our direction. The details of these standards and requirements will be described in the Manual or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology.

You must purchase or lease, and thereafter maintain, such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Franchised Business sales, and other functions that we require. You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your computer system, as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your computer system in compliance with certain security standards specified by us, which may be modified at our discretion from time to time. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our standards and specifications for all item(s) associated with your computer system, and will otherwise operate your computer system in accordance with our standards and specifications.

To ensure full operational efficiency and optimal communication capability between and among computer systems installed by you, us, and other WCH franchisees, you agree, at your expense, to keep your computer system in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

<p>Processor</p>	<p>Processor type:</p> <ul style="list-style-type: none"> <li>• Minimum: AMD Opteron, AMD Athlon 64, Intel Xeon with Intel EM64T support, Intel Pentium IV with EM64T support</li> </ul> <p>Processor speed:</p> <ul style="list-style-type: none"> <li>• Minimum: 1.4 GHz</li> <li>• Recommended: 2.0 GHz or faster</li> </ul>
<p>Operating Systems</p>	<p>You must maintain One of the following operating Systems:</p> <ul style="list-style-type: none"> <li>• Windows Server 2003 SP2 64-bit x64 Datacenter</li> <li>• Windows Server 2003 SP2 64-bit x64 Enterprise</li> <li>• Windows Server 2003 SP2 64-bit x64 Standard</li> <li>• Windows Server 2003 R2 SP2 64-bit x64 Datacenter</li> <li>• Windows Server 2003 R2 SP2 64-bit x64 Enterprise</li> <li>• Windows Server 2003 R2 SP2 64-bit x64 Standard</li> <li>• Windows Server 2008 SP2 64-bit x64 Datacenter</li> <li>• Windows Server 2008 SP2 64-bit x64 Datacenter without Hyper-V</li> <li>• Windows Server 2008 SP2 64-bit x64 Enterprise,</li> <li>• Windows Server 2008 SP2 64-bit x64 Enterprise without Hyper-V</li> <li>• Windows Server 2008 SP2 64-bit x64 Standard</li> <li>• Windows Server 2008 SP2 64-bit x64 Standard without Hyper-V</li> <li>• Windows Server 2008 SP2 64-bit x64 Web</li> <li>• Windows 2008 R2 64-bit x64 Datacenter</li> <li>• Windows 2008 R2 64-bit x64 Enterprise</li> <li>• Windows 2008 R2 64-bit x64 Standard</li> <li>• Windows 2008 R2 64-bit x64 Web</li> <li>• Windows Server 2008 R2 x64 for Windows Essential Server Solutions</li> <li>• Windows Server 2012 64-bit Datacenter</li> <li>• Windows Server 2012 64-bit Standard</li> <li>• Windows Server 2012 64-bit Essentials</li> <li>• Windows Server 2012 64-bit Foundation</li> <li>• Windows Server 2012 R2 64-bit Datacenter</li> </ul>

	<ul style="list-style-type: none"> <li>• Windows Server 2012 R2 64-bit Standard</li> <li>• Windows Server 2012 R2 64-bit Essentials</li> <li>• Windows Server 2012 R2 64-bit Foundation</li> </ul>
Memory	<p>RAM:</p> <ul style="list-style-type: none"> <li>• Minimum:1 GB</li> <li>• Recommended: 4 GB or more</li> </ul> <p>2 TB ( SQL Server Enterprise Edition supports a maximum of 2 TB of RAM or operating system maximum, whichever is lower).</p>

WCH Service Bureau recommends settings for iSmart EHR©: No technical requirements except internet.

WCH Service Bureau recommends Hardware and Software Requirements for Installing Time Management:

As of the date of this Disclosure Document, the average costs of that equipment for Computer System (Windows Server, SQL Server (for PMBOS)) and software (Microsoft office, Antivirus):

Item	Cost
1. Microsoft Windows Server	\$2,450
2. SQL Server 2008 R2 (For PMBOS)	\$850
3. Microsoft Office	\$400
4. Antivirus	\$65 per year
5. Setup, installation of Windows Server	\$2,000

We cannot guarantee the prices because prices do not depend on WCH Service Bureau Franchising, LLC. This is not our warranty. The annual costs incurred by the franchisee or range of same for any optional or required maintenance updating, upgrading or support contracts for the point of sale or computer systems can vary from \$5,765 and higher based on vendors' prices.

You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the Computer System (with the exception of WCH Service Bureau software: PMBOS©, iSmart EHR©, CredyApp©, Time Management).

We reserve the right to update the software each year. All right, title and interest in the software will remain with the licensor of the software. We may independently access the Computer System and retrieve, analyze, download and use all software, data and files stored or used on the Computer System. We may access the Computer System through our internet. You must store all data and information that we designate and report data and information in the manner we specify, including through our internet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your Computer System and you may need to purchase software designated by us for this to occur. You also must have your Company connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email (@wchsbf.com) account. All emails used by you should be HIPAA compliant.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet

email account and all additional hardware and software needed to implement and maintain these services is at your cost. When Franchisee communicates with clients Franchisee is obliged to present themselves as WCH Service Bureau and provide their contacts as well as actual address.

WCH Service Bureau provides page on the WCH Service Bureau website (allocate a page for you). WCH Service Bureau has the right to monitor and approve your page. WCH Service Bureau can assist you in connection with securing your page on WCH Service Bureau website, but you will be responsible for creation and content for your page on WCH Service Bureau website. However, upon your submission of all required information, we will notify you whether or not we have any objections to the website you proposed. You may not proceed to develop a website unless we have provided you with our acceptance of the website.

**F. Training/Education**

Before operating your business, we will train you and your employees to operate in billing, credentialing, audit and MIPS support spheres. We will provide you with our training program within sixty (60) days from the date you entered into Franchise Agreement (the specific number of days can vary upon your opinion, experience and needs). You must attend the entire training program. The training program consist of 14 (fourteen) hours in total: eight (8) hours for billing service, three (3) hours for credentialing service and one (1) hour for audit service and two (2) hours for MIPS support service. You will be granted two options of trainings: at WCH Service Bureau office and online (note: trainings of four (4) hours a day at WCH Service Bureau office).

When Franchisee starts their business, we will teach and train all of Franchisee’s employees only on the first step of their business (free of charge). See item 11, subsection 1. By widening Franchisee’s business, we will not teach/train their subsequent new employees. They will be trained by Franchisee’s previous employees, which were trained by WCH Service Bureau or independently. You also must pay for all travel and living expenses that you and your employees incur and for your employees’ wages and workers’ compensation insurance while they attend our initial training program.

Training will occur after you sign the Franchise Agreement. You and your attendees must complete the entire training program to WCH Service Bureau satisfaction before you may operate under WCH Service Bureau name. If you or your attendees do not successfully graduate WCH Service Bureau training program, you will have to attend the entire program again at your cost prior the operating your business.

Around the time you first open your Franchised Business, we may send one (1) or more representatives to your Franchised Business to (a) provide assistance and recommendations regarding your opening and initial operations, and/or (b) provide additional or refresher training associated with the Owner/Operator Module and/or WCH University, as we deem appropriate in our discretion. If we determine to provide such on-site assistance, it will typically last between 1-2 business days, and we reserve the right to charge our then-current Training Fee.

You may request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your Franchised Business. We reserve the right to charge you our then- current Training Fee based on the number of days of such training that we provide at your request (regardless of location).

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. As of the date of this Disclosure Document, we provide the following trainings:

For the Billing process:

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Location</b>
<b><u>Theoretical</u></b>	Lecture duration: 30 min	At our HQ in Brooklyn, NY or at a designated training facility, or online

<p>1) WCH Service Bureau:</p> <ul style="list-style-type: none"> <li>- Services</li> <li>- Structure</li> <li>- WCH Compliance Program and Code of Ethics</li> <li>- WCH PMBOS© (introduction)</li> </ul>		(internet)
<p><b><u>Theoretical</u></b></p> <p>2) WCH Billing Department:</p> <ul style="list-style-type: none"> <li>- Subordination and communication within WCH Billing Department and between Departments</li> <li>- Client communication</li> <li>- Job description for all positions</li> </ul>	Lecture duration: 30 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Theoretical</u></b></p> <p>3) Health Care System:</p> <ul style="list-style-type: none"> <li>- WCH Service Bureau Affiliations</li> <li>- Healthcare System Agencies and Laws</li> <li>- Fraud and Abuse Laws</li> </ul>	Lecture duration: 30 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Theoretical</u></b></p> <p>4) Billing and Collection Services</p> <ul style="list-style-type: none"> <li>- Maintenance of ICD-10, CPT, HCPCS updates</li> <li>- Modifier Use Rule</li> <li>- Billing process</li> <li>- Claims submission and adjudication</li> <li>- Collection process (overview)</li> </ul>	Lecture duration: 45 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Theoretical</u></b></p> <p>5) Studying Billing Documents:</p> <ul style="list-style-type: none"> <li>- BSA (Billing Services Agreement);</li> <li>- BAA (Business Associate Agreement);</li> </ul>	Lecture duration: 45 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Practical</u></b></p> <p>6) WCH PMBOS© Help option, billing, authorization, reports</p>	Lecture duration: 3 hours	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)

<p>features (detailed review)</p> <ul style="list-style-type: none"> <li>- Features as Practice set up, invoicing, scan doc</li> <li>- Payment posting</li> <li>- Other options (brief review)</li> </ul> <p><i>Process:</i></p> <ol style="list-style-type: none"> <li>1) <i>Help option self-review</i></li> <li>2) <i>Instructor overview of other features</i></li> <li>3) <i>Practical tasks</i></li> </ol>		
<p><b><u>Practical</u></b></p> <ol style="list-style-type: none"> <li>7) Collection process <ul style="list-style-type: none"> <li>- Claim statuses</li> <li>- Collection Process</li> <li>- Log Import Errors</li> <li>- Patient Billing</li> </ul> </li> </ol> <p><i>Process:</i></p> <ol style="list-style-type: none"> <li>1) <i>Theoretical overview (Instructor)</i></li> <li>2) <i>Examples overview (Instructor)</i></li> </ol>	Lecture duration: 3 hours	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)

For the Credentialing process:

<p><b><u>Theoretical</u></b></p> <ol style="list-style-type: none"> <li>1) Credentialing Service <ul style="list-style-type: none"> <li>- About Service</li> <li>- WCH Difference</li> <li>- Client specialty</li> <li>- General Rules to successful credentialing</li> <li>- Provided tools: credentialing manual and software</li> </ul> </li> </ol>	Lecture duration: 1 hour	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Theoretical</u></b></p> <ol style="list-style-type: none"> <li>2) WCH Credentialing Department: <ul style="list-style-type: none"> <li>- Subordination and communication within Department and between Departments</li> <li>- Client communication</li> <li>- Job description</li> </ul> </li> </ol>	Lecture duration: 30 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
<p><b><u>Theoretical</u></b></p> <ol style="list-style-type: none"> <li>3) CredyApp <ul style="list-style-type: none"> <li>- About the program</li> </ul> </li> </ol>	Lecture duration: 1 hour	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)



<ul style="list-style-type: none"> <li>- Key Features</li> <li>- Instructional videos</li> <li>- Client portal</li> <li>- Management tools</li> </ul>		
<p><b><u>Theoretical</u></b></p> <p>4) Credentialing Manual</p> <ul style="list-style-type: none"> <li>- Review of Service Agreements</li> <li>- Credentialing forms</li> <li>- Key rules of credentialing</li> </ul>	Lecture duration: 30 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)

For the WCH Audit process:

<p><b><u>Theoretical</u></b></p> <p>1) Auditing Service:</p> <ul style="list-style-type: none"> <li>- About the service</li> <li>- Job descriptions</li> <li>- Tools, forms and templates used</li> <li>- Review of Auditing Service Agreement</li> <li>- Client Communication</li> </ul>	Lecture duration 60 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
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For the MIPS support process:

<p><b><u>Theoretical</u></b></p> <ol style="list-style-type: none"> <li>1) Overview to MIPS (what, who, why, how questions answered)</li> <li>2) MIPS categories, scores weighting</li> <li>3) Measures choosing</li> <li>4) Reporting (deadlines, methods)</li> <li>5) More detailed explanation on Quality measures, Improvement Activities</li> <li>6) Submission (methods, deadlines)</li> <li>7) MD Interactive</li> <li>8) Exemption options</li> </ol>	Lecture duration 60 min	At our HQ in Brooklyn, NY or at a designated training facility, or online (internet)
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Aleksandr Romanychev and Olga Khabinskay, whose biographies are listed in Item 2, will oversee the initial training program. All of our initial trainers have over ten (10) years of experience in the topics he or she will be providing instruction on. We normally conduct our initial training monthly, as needed, but we reserve the right to change this schedule based on (a) demand, and (b) the availability of our instructors. Our primary instruction is through hands-on training, videos, the Manual and other instructional materials we prepare specifically for one (1) or more of the initial training programs above in this Item. We may substitute other instructors to provide certain parts of the different initial training modules described in this Item 11, but these individuals will have all completed the appropriate portion of the Initial Training Program on which they provide instruction. We may require Manager (who responsible for franchise) to satisfactorily complete initial and ongoing training programs.

## ITEM 12

### TERRITORY

#### **Franchise Agreement: Authorized Location and Designated Territory**

You will operate the Franchised Business from a commercial office. You may relocate your office to another location in the Territory (area within USA). You cannot outsource however, you are permitted to open official representative offices and/or branches in other countries. This representative office/branch is to be a part of your business.

Recent technological advancements allow medical billers to work remotely from any location in the world.

You will not receive an exclusive territory. This franchise is not for a specific location to be approved by the franchisor. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Since there will be no exclusive territory, there are no restrictions placed on franchisees from soliciting or accepting orders from consumers outside certain territories. The franchisee has the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or direct marketing to make sales.

#### **Reserved Rights**

We and our parent/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Franchised Businesses using the Marks and System at any location; (ii) market, offer and sell products and services that are similar to the products and services offered by the Franchised Business under a different trademark or trademarks at any location; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Services in any alternative channel of distribution; (iv) to (a) acquire, merge with, be acquired by, or otherwise affiliate with, any other company, and (b) have us or any successor/acquiring entity own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Services (but under different marks); and (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement.

The Franchise Agreement does not grant you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution).

#### **Internet Sales / Alternative Channels of Commerce**

We may sell products and services to members located anywhere, even if such products and services are similar to what we sell to you and what you offer at Franchised Business. We may use the internet or alternative channels of commerce to sell WCH Center services. You may only sell the products and services from your approved Franchised Business location, and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for classes. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Franchised Business must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We reserve the right to "occupy" any social media websites/pages and be the sole provider of information regarding the Franchised Business on

such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Franchised Business that does not comply with the Franchise Agreement or the Manual. You are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

**Additional Disclosures**

The Franchise Agreement does not provide you with any right or option to open and operate additional Franchised Businesses. Regardless, each Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Franchised Business and that sell our Approved Products and Services under a different trade name or trademark, but we reserve the right to do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates reserve the right to continue conducting franchising and other activities.

**ITEM 13**

**TRADEMARKS**

WCH Service Bureau is the owner of all rights, titles and interests of the Proprietary Marks. Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks in connection with the operation of your Billing Company. You are also entitled to use the logos, which appear on the cover page of this Disclosure Document. You may only use WCH Service Bureau’s Marks in the manner authorized in writing by WCH Service Bureau.

The Agreement grants you the right to use the Proprietary Marks approved by us only in a manner authorized and permitted by us and only for the operation of the franchised Company or in advertising for the franchised Company. Under the terms of the Franchise Agreement, you must not use the Proprietary Marks as part of other corporate or other legal name.

WCH Service Bureau principal trademarks and service marks that we licensed you to use under the Franchise Agreement are registered with the United States Patent and Trademark Office are:

Mark	Registration / Serial No.	Date of Registration
WCH SERVICE BUREAU	5,811,932	July 23, 2019

There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Administrator of any State, or any court, nor any pending material litigation involving any of the Marks, which are relevant to their use in any State. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Mark in any manner material to the System. We have filed all required affidavits for the Mark and will continue to do so. No registration has been renewed since established time frames has been expired yet.

You must follow our rules when you use the Mark. You cannot use our name or any of the Marks 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 the Mark in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. You must not use any other trade names or trademarks in the operation of the Franchised Business without first obtaining our written consent. You must not establish a website on the Internet using any domain name containing the Marks or any

variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Mark as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Mark, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You cannot seek to register, re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Mark or any mark or name confusingly similar to them, except insofar as such action inures to the benefit of Franchisor and has our prior written approval. Upon the termination or expiration of the Franchise Agreement, you must discontinue use of the Mark, remove copies, replicas, reproductions or simulations thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Mark which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the mark. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Mark, which we or our affiliates or the Licensor, might undertake. We will have the right, but the Franchise Agreement does not require us, to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Mark, or subject to an unfavorable administrative or judicial determination.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Mark. However, there is always a possibility that there might be one or more businesses, similar to the business covered by the Franchise, operating in or near the area(s) where you may do business, using a name, trademark and/or trade dress similar to the Mark and with superior rights to the name and/or trademark. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. If you do not research the possibility of other trademarks in this business, you may be at risk.

There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Mark that are material to the franchise.

#### **ITEM 14**

#### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

As of the date of this Disclosure Document, we claim copyright protection for our Software: PMBOS©, iSmart EHR©, which we have registered with the U.S. Copyright Office.

Software	Registration / Serial No.	Date of Registration
PMBOS©	TXu 2-058-628	8/30/2017
iSmart EHR©	TXu 2-058-633	8/30/2017
WCH Employee Handbook©	TXu 2-125-061	10/16/2018
WCH Billing Manual©	TXu 2-130-681	10/16/2018

WCH Business Book©	TXu 2-186-139	03/27/2020
CredyApp (Credentialing Application)©	TXu 2-273-179	08/24/2021

WCH Service Bureau claim copyright protection for our Operations Manual, advertising material, specifications, training handbook, and a variety of forms and programs. Operating Manual contains information for WCH Service Bureau’s Business System. You must not copy, duplicate, record or otherwise reproduce these materials otherwise make them available to any unauthorized person. We may periodically revise the contents of the Manual, and you must comply with each new or changed standard. You must ensure that the Manual current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by WCH Service Bureau at office shall be controlling. The franchisor has the full right to copyright protection against any or franchisee improper use of patented and/or copyrighted items as stipulated and designed by the franchise agreement. The franchisee has no right to compensation under the franchise agreement in case the franchisor requires the franchisee to modify or discontinue using the subject matter covered by the patent and/or copyright. It’s Franchisor’s obligation to protect the patent, patent application, or copyright or defend the franchisee against claims arising out of the use of patented or copyrighted items.

WCH Service Bureau software, materials are considered as proprietary, confidential that may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide you.

Currently there are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your Franchised Business will be located.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the copyrights, or use one or more additional or copyrights, you must comply with our directions to modify or otherwise discontinue the use of such copyright within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

**ITEM 15**

**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

Under the Franchise Agreement, we do not require, but do recommend, that you (or the Designated Operator) personally supervise the Franchised Business. You may appoint a Designated Manager we approve to manage daily operations of your Franchised Business. We will not unreasonably withhold our approval of any Designated Manager you propose, provided the individual has successfully completed the Owner/Operator Module of our initial training and, if that individual will be providing any Approved Services, WCH University.

Once approved, your Designated Manager may assist in the direct, day-to-day supervision of the operations of the Franchised Business, or to be the on-premises supervisor if you choose not to personally supervise the Franchised Business. If you are a business entity, your Designated Manager need not hold an ownership interest in the business to be the on-premises supervisor.

You are solely responsible for the hiring and management of the Franchised Business employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Designated Manager involved in the operation of the Franchised Business and their contact information. Your Franchised Business must, at all times, be managed by and staffed with at least one (1) individual who has successfully completed the Owner/Operator Module or, if appropriate, the Designated Manager Module, of our Initial Training Program. The franchisees, owners, partners, spouses are obliged and responsible for personal guaranty, confidentiality, non-competition arising from the written agreement and/or the franchisor's practice.

## ITEM 16

### RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You can offer all services, which are the part of WCH Service Bureau’s System, and all further services of WCH Service Bureau that would be incorporated into the WCH Service Bureau’s System in the future. You may not use the Proprietary Marks for any other business. You may advertise and solicit business, provide billing services anywhere.

You must meet and maintain the highest service standards and ratings applicable to the operation of the Billing Company. You must adhere to the internal rules of HIPPA and commit to comply with all state and federal mandates governing the operation of healthcare billing companies. Such laws, ordinances and regulations vary from jurisdiction to jurisdiction and are amendable or may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances and regulations applicable to the current implementation or integration of them. WCH Service Bureau has created internal documentation; you should follow to all internal documents and regulations of the company.

You may not offer perform any services that we have not authorized. You are permitted to provide the services and products approved by franchisor. We have the unlimited right to change the required and/or authorized services you may offer.

You are not otherwise limited in the clients to whom you may offer services.

## ITEM 17

### RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a) Length of Franchise Term	Article 3.01	The term of Agreement is determined by the Parties
b) Renewal or extension of the term	Article 3.02	Automatic successive 1 year renewals
c) Requirements for Franchisee to renew or extend	Article 3.02	You have complied with all of the Franchise Agreement provisions; you are not in default of the

		Franchise Agreement; you have brought the Franchised Business into compliance with our current standards; you have given us not less than ninety (90) days, nor more than one hundred eighty (180) days, prior to expiration of the then current Term. Renewal of the franchise agreement shall be applicable for prolonged-term defined by the parties by providing written notice to another party. Upon this procedure, parties are allowed to modify, change, adjust and incorporate the terms into the original franchise agreement in written form. As a condition to renewal, the franchisee may be asked to sign an agreement with materially different terms and conditions from the original franchise agreement.
d) Termination by Franchisee	Not Applicable	Not Applicable
e) Termination by WCH Service Bureau Franchising, LLC without cause	Article 16.01	WCH Service Bureau Franchising, LLC may terminate this Agreement for any reason or no reason at all upon 90 days prior written notice to Franchisee.
f) Termination by WCH Service Bureau Franchising, LLC with cause	Article 16.02	If you breach the Franchise Agreement.
g) "Cause" defined - defaults which can be cured	Not Applicable	Not Applicable
h) "Cause" defined - non- curable defaults	Not Applicable	Not Applicable
i) Franchisee's obligations on termination/non-renewal	Article 16.04	Franchisee shall pay to Franchisor any and all fees due under Agreement through and including the Wind Down Period (90 days). Franchisee may continue utilization of the Franchised Rights and operation of the Franchised Business to effectuate an orderly and seamless transition for, or termination of, client contracts.
j) "Transfer" by Franchisee - defined	Article 15.02	Neither Agreement nor any of Franchisee's rights and obligations under Agreement may be Transferred by Franchisee without Franchisor prior consent, which consent may be withheld by Franchisor in its sole discretion.

k) Franchisor approval of transfer by Franchisee	Article 15.02	Franchisor's consent to an assignment of this Agreement or a Transfer of an interest in Franchisee shall not constitute a waiver of any claims Franchisor may have against Franchisee or Guarantor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement following such assignment or Transfer.
l) Conditions for our approval of transfer	Article 15.02	Franchisee acknowledges that the rights set forth herein are being granted based upon the special relationship of trust and confidence that Franchisor has developed and enjoys with Franchisee.
m) Franchisor's right of first refusal to acquire franchisee's business	Article 15.03	If Franchisee proposes to Transfer any portion of or the entirety of the Equity Interests in, or substantially all of the assets of, Franchisee, and Franchisor shall have consented to such Transfer and approved such Proposed Transferee, Franchisee shall first give Franchisor a right with respect to the Equity Interests or assets to be Transferred (the "Offered Interest") to substitute itself for the Proposed Transferee in the transaction.
n) Franchisor's option to purchase Franchisee's business	Article 15.04	Franchisor shall have the right from time to time to purchase all, but not less than all, of the Equity Interests, or some or all of the assets, of Franchisee: (i) upon expiration of this Agreement; (ii) upon Termination of this Agreement; or (iii) the occurrence of a Material Breach (the "Call Option"). Franchisor may exercise the Call Option by giving written notice thereof to Franchisee within thirty (30) days after termination, expiration or a Material Breach of this Agreement (the "Call Option Notice").
o) Death or disability of Franchisee	Not Applicable	Not Applicable
p) Non-competition covenants during the term of the franchise	Article 10.01	The Parties shall be independent contractors. Agreement shall not create any fiduciary relationship between Franchisor, on the one hand, and any Franchisee, on the other hand. Nothing in Agreement is intended to make Franchisee a general or special agent, legal representative, subsidiary, joint



		venture, partner, employee or servant of Franchisor.
q) Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
r) Modification of the agreement	Article 21.01	Franchisor may take or refrain from taking any action or exercise discretion, such as rights of approval, or to modify the Franchised Rights or any part of it, or to make other determinations or modifications under Agreement, Franchisor may do so from time to time.
s) Integration/merger clauses	Article 15.02	Franchisor may directly or indirectly Transfer all or any part of Agreement, or all or any of its rights or obligations, or the Software, or the Intellectual Property or all or substantially all of the assets of or equity interests in Franchisor, to any Person as long as such Person expressly assumes and agrees to perform Franchisor obligations under Agreement, and Franchisor consents to such Transfer as provided herein.
t) Dispute resolution	Article 19.04	All disputes under Agreement shall be adjudicated in a court of competent jurisdiction in the state courts sitting in Nassau County, New York, and in the federal courts of the Eastern District of New York sitting in Suffolk County, New York.
u) Choice of forum	Article 19.04	By execution and delivery of Agreement, each party (i) accepts the jurisdiction of the courts; (ii) waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the venue set forth above; and (iii) further waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.
v) Choice of law	Article 19.01	Agreement is executed pursuant to, and will be construed under and governed exclusively by, the laws of the State of New York, without reference to its conflict of laws.

**ITEM 18**

## PUBLIC FIGURES

WCH Service Bureau Franchising, LLC does not use any public figure to promote its franchise. No public figure is involved in the management of WCH Service Bureau.

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATION

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 if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

WCH Service Bureau Franchising, LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. WCH Service Bureau Franchising, LLC also does not authorize its employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Aleksandr Romanychev, CEO, WCH Service Bureau Franchising, LLC, 3047 Avenue U, Brooklyn, NY 11229, (718) 934-6714.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

**TABLE 1**  
**SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023**

<b>OUTLET TYPE</b>	<b>YEAR</b>	<b>OUTLETS AT START OF YEAR</b>	<b>OUTLETS AT END OF THE YEAR</b>	<b>NET CHANGE</b>
<b>Franchised</b>	2021	4	0	+4
	2022	0	0	0
	2023	0	0	0
<b>Company Owned*</b>	2021	0	0	0

	2022	0	0	0
	2023	0	0	0
<b>TOTAL</b>	2021	4	0	+4
	2022	0	0	0
	2023	0	0	0

*\*These units are owned and operated by the founders of the WCH, Aleksandr Romanychev. We expect and intend to enter into franchise agreements with the owners of these Franchised Business to be operated as Franchised Businesses moving forward once we are able to offer and sell franchises in the area where these Franchised Business are located. Once these franchise agreements are signed, these units will be characterized as "Franchised" outlets for purposes of this Item 20.*

**TABLE 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN WCH SERVICE BUREAU FRANCHISING, LLC)**

**FOR THE YEARS 2021 TO 2023**

<b>STATE</b>	<b>YEAR</b>	<b>NUMBER OF TRANSFERS</b>
<b>TOTAL OUTLETS</b>	2021	0
	2022	0
	2023	0

**TABLE 3  
STATUS OF SINGLE UNIT FRANCHISE OUTLETS FOR YEARS 2021 TO 2023**

<b>STATE</b>	<b>YEAR</b>	<b>OUTLETS AT START OF YEAR</b>	<b>OUTLETS OPENED</b>	<b>TERMI- NATIONS</b>	<b>NON- RENEW ALS</b>	<b>REACQUIRED FROM FRANCHISEE</b>	<b>CEASED OPERATIO NS - OTHE R REASON</b>	<b>OUTLETS AT END OF THE YEAR</b>
CT	2021	1	1	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	1	0
CA	2021	1	1	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

WA	2021	2	2	0	0	0	0	0
	2022	0	0	1	0	0	0	0
	2023	0	0	0	0	0	1	0
TOTAL	2021	4	4	0	0	0	0	0
	2022	0	0	1	0	0	0	3
	2023	0	2	0	0	0	2	1

**TABLE 4  
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
NY	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
TOTAL	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**TABLE 5  
PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

STATE	UNIT FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
<b>TOTAL</b>	<b>0</b>	<b>5</b>	<b>0</b>

There is one current operating franchisee as of the Issuance Date of this Disclosure Document. If you buy the franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the franchise system. In the last three fiscal years, we have not required franchisees to enter into any confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system. There are no trademark-specific franchisee organizations. There are two franchisees who ceased doing business under the franchise agreement within the last fiscal year due to personal reasons and one who terminated within the 2022 fiscal year. There is no franchisee who has not communicated with the franchisor within ten (10) weeks of the Issuance date.

**ITEM 21**

**FINANCIAL STATEMENTS**

Attached and identified as **Exhibit C**. Audited financial statements for the franchisor's fiscal years ended December 31, 2021, December 31, 2022, and December 31, 2023.

## **ITEM 22**

### **CONTRACTS**

The following documents are attached as exhibits to this Disclosure Document.

- Exhibit A: Franchise Agreement and Exhibits
  - Schedule A: Licensed Services/Products
  - Schedule B: Additional Franchise Support Services
  - Schedule C: Training Program
  - Schedule D: Proprietary Marks
  - Schedule E: Term; Fees; Marketing Fund; Address for Notices
- Exhibit D: Statement of Prospective Franchisee
- Exhibit F: State-Specific Addenda

## **ITEM 23**

### **RECEIPTS**

Exhibit G to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one for your records and return the other signed copy to our CEO at the following address: Aleksandr Romanychev at WCH Service Bureau Franchising, LLC, 3047 Avenue U, Brooklyn, NY 11229. (718) 934-6714

**EXHIBIT A**  
**Franchise Agreement**

**WCH SERVICE BUREAU® FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

This Agreement, dated as of \_\_\_\_\_, 20\_\_, is by and between WCH Service Bureau Franchising, LLC, a New York limited liability company with its principal place of business at 3047 Avenue U, Brooklyn, NY 11229 (“Franchisor”) and \_\_\_\_\_ [LLC/Inc.] a \_\_\_\_\_ [limited liability company/corporation] with its principal place of business at \_\_\_\_\_ (“Franchisee”), Franchisor and Franchisee collectively referred to herein as the “Parties”.

**RECITALS**

A. Franchisor has the license and right to use a system of uniform standards, methods, specifications, formulas, operating systems, controls, bookkeeping and accounting, forms and manuals covering business practices and policies, policies, principles, values and procedures, advertising, and proprietary rights, including, without limitation, the Operations Manuals and Training Program (hereinafter referred to collectively as the "System") for the operation of a Franchised Business which provides clients with medical billing, credentialing, coding, and related services and products, as described in Schedule A hereto (“Licensed Services/Products”), through use of the Software, all under the trade name, trademark and service mark of "**WCH Service Bureau**", together with any other marks Franchisor may identify for use in connection with a Franchised Business (collectively, the "Proprietary Marks");

B. Franchisee desires to obtain the right and license from Franchisor for the use of the System, Software and Intellectual Property (collectively, the “Franchised Rights”) for the marketing and sale of Licensed Services/Products; and

C. Franchisor desires to grant a non-exclusive license to Franchisee pursuant to the terms

and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

#### ARTICLE I. Definitions

1.01 “Additional Franchisee Support Services” means those support services expressly excluded under this Agreement, as set forth in Schedule B hereto. Franchisee may license and franchise from Franchisor one or more of the Additional Franchisee Support Services, for an additional specified fee, in accordance with the terms of this Agreement as part of the Franchised Business.

1.02 “Affiliate(s)” means (a) with respect to any natural Person, (i) any of such Person’s parents, siblings, children and spouse, the parents, siblings and children of such Person’s spouse, and the spouses of such Person’s children (“Relatives”); (ii) any other Person with respect to which such Person or any of his Relatives serves as a director, officer, partner, member or in a similar function; (iii) any entity in which such Person or any of his Relatives, individually or collectively, directly, or indirectly through one or more intermediaries, with such specified Person, owns or Controls, directly or indirectly, 5% or more of the Equity Interests; and (iv) any trust or estate in which such Person or any of his Relatives has a substantial interest or serves as a trustee or in a similar capacity; or (b) with respect to any other Person, (i) any Person that directly or indirectly owns or Controls 5% or more of the Equity Interests of such Person and the Affiliates of such Person; (ii) any other Person in which such Person owns 5% or more of the Equity Interests; (iii) any director, officer, partner, member or similar representative of such Person or any of its Affiliates; and (iv) any Affiliate of such Person.

1.03 “Applicable Law” means all existing and future laws, rules, regulations, statutes, treaties, codes, ordinances, permits, certificates, judgments, orders, decrees, licenses and concessions of, or any interpretation of any of the foregoing by, any Governmental Authority.

1.04 “Authorized User(s)” means the support staff, individuals, employees and contractors of Franchisee, each approved and authorized for access by Franchisee and Franchisor to utilize the Software under the terms of this Agreement, each of whom have been provided with a unique identifier for access to the Software, as such authorization may be suspended, revoked or modified from time to time by either Franchisee and/or Franchisor in either parties sole discretion based on each Authorized User’s adherence to the terms and conditions set forth in this Agreement; provided however, Franchisee acknowledges and agrees that under no circumstances shall an unauthorized user or competitor be provided, directly or indirectly, access to the Software without Franchisor’s express written consent, which may be withheld for any reason, except for incidental access (as defined by HIPAA) associated with equipment repair.

1.05 “Constituent Documents” means, with respect to any Person other than an individual, the charter, by-laws and shareholders agreement of a corporation; the articles of organization or similar charter document and the operating agreement of a limited liability company; the certificate of limited partnership and limited partnership agreement of a limited partnership; or the comparable documents of a Person organized in other form under Applicable Law.

1.06 “Control” means, with respect to the relationship between or among two or more Persons, the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the

direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person, and the terms “Controlled by” and “under Common Control with” have correlative meanings.

1.07 “Copyrights” means, collectively, the copyrights, copyrighted works and copyrighted materials owned, directly or indirectly, or hereafter acquired or licensed by Franchisor relating to the development, ownership, operation, promotion and management of the Franchised Business, including advertising materials, marketing materials, promotional materials, software, manuals and training materials and specifically including, without limitation, copyrights maintained by Franchisor or its Affiliates for Practice Management Billing Operating System (“PMBOS”)©, iSmart Electronic Health Record (“iSmart EHR”)© and Credentialing Application (“CredApp”)©.

1.08 “Equity Interests” shall have the meaning set forth in Section 5.02 herein.

1.09 “Franchised Business” means the business operations of Franchisee as a franchisee under this Agreement utilizing the Franchised Rights.

1.10 “Franchised Rights” means, collectively, the System, Software and Intellectual Property licensed to Franchisee under this Agreement for the purpose of operating a Franchised Business.

1.11 “Governmental Authority” means any federal, provincial, state, territorial or local government, any governmental, regulatory or administrative authority, agency or commission or any court or tribunal or arbitral body.

1.12 “Gross Revenue” means Franchisee’s total revenue, in United States Dollars, before any deduction for expenses, allowances and depreciation.

1.13 “Initial Training” shall have the meaning set forth in Schedule C hereto.

1.14 “Intellectual Property” means, collectively, the Copyrights, patents, Proprietary Marks, trade secrets and any Developed IP (as defined herein).

1.15 “Interest” means the lesser of eighteen percent (18%) per annum or the maximum interest rate allowable under Applicable Law.

1.16 “Liquidated Damages” shall have the meaning set forth in 16.05(a) herein.

1.17 “Licensed Services/Products” shall have the meaning set forth in the recitals hereto, as the same may be modified or supplemented from time to time upon the mutual agreement of the parties hereto.

1.18 “Material Breach” shall have the meaning set forth in Section 16.02 herein.

1.19 “Person” means any individual, partnership, firm, limited liability company, corporation, association, joint venture, trust, unincorporated organization or other entity, in each case whether or not having separate legal personality.

1.20 “Operations Manuals” shall have the meaning set forth in Section 7.02 hereto.



1.21 “Proprietary Marks” shall have the meaning set forth in the recitals hereto, and which are specified in Schedule D attached hereto.

1.22 “Software” means the proprietary software, technology and / or equipment developed and owned by Affiliates of Franchisor, including, without limitation, Practice Management Billing Operating System (“PMBOS”)©, iSmart Electronic Health Record (“iSmart EHR”)©, Credentialing Application (“CredyApp”)©, and all additional computer software and accompanying documentation, including all future enhancements, upgrades, additions, substitutions, and other modifications, provided and licensed to Franchisee by Franchisor under this Agreement.

1.23 “System” shall have the meaning set forth in the recitals hereto. Franchisor may add elements to, or modify, alter or delete elements from, the System in its sole discretion from time to time.

1.24 “Taxes” means all taxes (including any sales, gross receipts, value-added or goods and services taxes), levies, charges, impositions, stamp or other duties, fees, deductions, withholdings or other payments levied or assessed by any competent governmental authority, including by any federal, national, state, provincial, local, or other tax authority.

1.25 “Territory” shall mean anywhere within the United States of America.

1.26 “Training Program” shall have the meaning set forth in Schedule C attached hereto.

1.27 “Transfer” shall have the meaning set forth in Section 15.02(a) herein.

## ARTICLE II. Grant of License

2.01 Limited Grant. Subject to the terms and conditions of this Agreement, including all rights reserved to Franchisor hereunder, Franchisor grants to Franchisee the non-exclusive license to use the Franchised Rights to market, sell and provide the Licensed Services/Products in the Territory. Franchisor shall not provide with client(s) or render assistance and/or support in seeking client(s) for the benefit of Franchisee, except marketing for “WCH Service Bureau”. Franchisee agrees to use the Franchised Rights in accordance with the terms of this Agreement and the policies and procedures of Franchisor. Franchisor expressly disclaims the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement and Franchisee acknowledges that it has not received or relied upon any such warranty or guarantee.

2.02 Licensed Services/Products. The license and franchise granted hereunder is limited to the license to use the Franchised Rights for the Licensed Services/Products only, as set forth in Schedule A hereto. Any additional services or products of Franchisor shall only be included in this Agreement if mutually agreed upon by the Parties, and are set forth in a revised Schedule A hereto as signed by both Parties, and may be subject to the payment of additional license fees in accordance with the policies and practices of Franchisor from time to time.

2.03 Additional Franchisee Support Services. The license granted hereunder further expressly excludes those Additional Franchisee Support Services set forth in Schedule B hereto. The Additional Franchisee Support Services, and any other services to be mutually agreed upon by the Parties to be covered under this Agreement, shall only be included in this Agreement if specified as “included”

on Schedule B hereto and subject to payment of the additional fees described in such Schedule B, as such fees may be modified from time to time by Franchisor.

2.04 Franchisor's Reserved Rights. The license granted to Franchisee under this Agreement is non-exclusive and Franchisor shall have, at all times throughout the Term of this Agreement, and any renewals hereof, the unqualified right to open and operate, and to allow others to open and operate, a Franchised Business utilizing the Franchised Rights, including the right, directly or indirectly, to own, use, sell, develop, modify, promote, construct, lease, acquire and/or operate, or authorize or otherwise license or franchise to other Persons the Franchised Rights ("Reserved Rights"). Franchisee covenants that it will not interfere with the exercise of such right by Franchisor or any of its Affiliates. Nothing in this Agreement will prevent Franchisor from allowing the franchise to other Persons of the Franchised Rights. The Franchised Rights licensed hereunder are personal to Franchisee and shall not be Transferred except as expressly set forth in this Agreement.

2.05 Cooperation. The Parties shall cooperate to execute and deliver agreements and other documents they may mutually deem appropriate in order to effectuate the non-exclusive license granted hereunder, as well as any estoppel document requested by Franchisor determined reasonable affirming Franchisor's Reserved Rights as per Section 2.04 hereof; provided, however, that each such agreement or document shall be consistent with this Agreement.

2.06 Corporate Organization. Franchisee shall be organized as a limited liability company or corporation in its state of organization and shall file a certificate of assumed name, or other fictitious name filing as required by the state in which Franchisee is organized, authorizing Franchisee to do business under the name "WCH Service Bureau." All right and title to the name WCH Service Bureau, WCH, or any variations thereof, as used by Franchisee shall inure to the benefit of Franchisor. Franchisee may not be an individual.

2.07 Disclosure Documents. Franchisee acknowledges that it has no knowledge of any representations by Franchisor, its officers, directors, shareholders or representatives about the license offered hereunder, about Franchisor or its franchising programs and policies that are contrary to the statements in the Franchise Disclosure Document provided by Franchisor (as filed with applicable authorities), or to the terms of this Agreement.

2.08 No Right to Outsource or Allow use by Others. The Franchised Rights shall be used in the Territory by Franchisee. In no event shall Franchisee engage, retain, or hire, any third party, outsourcing entity, or independent contractor to perform the services provided by Franchisee in connection with the Franchised Business, or allow any such Person to use the Franchised Rights. In the event that Franchisee wishes to operate a branch office or extension of the Franchised Business outside the Territory, Franchisee shall first obtain the prior written approval of Franchisor and shall demonstrate to the satisfaction of Franchisor that Franchisee has complied with all Applicable Laws protecting the Franchised Rights outside the Territory. Franchisee shall not be entitled to maintain home-based office(s) for operating Franchised Business.

### ARTICLE III. Term and Renewal

3.01 Term. The initial term of this Agreement shall commence on the date first set forth above ("Commencement Date") and continue for a period of the number of years as set forth in Schedule E hereto, unless otherwise terminated in accordance with the terms set forth herein (the "Initial Term").

3.02 Renewal. The Term of this Agreement shall automatically renew for additional successive one (1) year terms (each, a "Renewal Term"), unless either Party elects not to renew this

Agreement for the next Renewal Term by giving to the other Party written notice not less than ninety (90) days, nor more than one hundred eighty (180) days, prior to expiration of the then current Term. The Initial Term and any Renewal Term shall collectively be referred to herein as the “Term”, where such designation is utilized.

3.03 Opening. Franchisee shall open the Franchised Business for business as soon as practicable after purchase by Franchisee of Franchisee’s equipment package and satisfactory completion of the Initial Training by all required persons, but not later than sixty (60) days from the Commencement Date (“Start-Up Period”).

#### ARTICLE IV. Fees

4.01 Franchise Fee. No fees related to Franchised Business that are determined in this Agreement are negotiable. In consideration of the grant of the license hereunder, Franchisee shall pay to Franchisor by wire transfer, cashier’s or certified check a non-refundable initial fee in the amount set forth in Schedule E hereto (the “Franchise Fee”), which Franchise Fee shall be deemed fully earned by Franchisor, and payable in full by Franchisee, upon execution of this Agreement. The Franchise Fee represents consideration for Franchisor’s investigation, review and approval process and other administrative functions, as well as for initial trademark license, remote Software installation, Initial Training and other start-up undertakings in connection with this Agreement. An additional Franchise Fee may be due and owing by Franchisee upon the addition of a new operating location or expansion by Franchisee of operations at the sole discretion of Franchisor; failure to remit on demand any additional Franchise Fee shall constitute a Material Breach of this Agreement.

The initial franchise fee of \$24,999 is the total transaction price. This fee shall be applied to several performance obligation units/services being performed by the Franchisor during the term of the Franchise Agreement. Performance obligation units are outlined in Schedule A; and Schedule C. Performance obligations shall be distinct as “pre-opening services” during the startup period and “continued license maintenance services” throughout the Franchise Agreement. Upon execution of the Franchise Agreement, certain pre-opening services shall be provided in favor of the Franchisee.

Pre-opening services include the following undertakings:

- (i) Assistance in preparing the structured franchised business;
- (ii) Training of the franchisee and their personnel; and
- (iii) Preparation and distribution of manuals and similar material concerning operations, administration, and managing franchised business;
- (iv) Software Installation;
- (v) Franchisee web page (design and upload);
- (vi) Inspection, testing, and other quality control measures.

Part of the Initial franchise fee of \$24,999 shall be distributed for pre-opening services expenses (\$19,999) and the rest of the amount shall be applied for the remaining license maintenance services during the duration of the Franchise Agreement. Upon completion of the startup period (not later than sixty (60) days from the Commencement Date) it shall be deemed that each performance obligation is satisfied by Franchisor.

#### 4.02 Royalty Fee.

(a) Monthly Royalty Fee. Except as otherwise provided in this Agreement, Franchisee shall pay to Franchisor aggregate continuing franchise fees with respect to each calendar month (or ratable portion thereof) during the applicable Term in an amount equal to a percentage of the

U.S. Dollar equivalent of the Gross Revenue, which percentage is set forth in Schedule E hereto (the “Royalty Fee”).

(b) Reports.

(i) Franchisee shall, at its sole cost and expense, maintain such books and records as may be appropriate to evidence the performance of its obligations pursuant to this Agreement, including the books and records specifically required by this Section 4.02(b); provided, however, all transactions shall be recorded as necessary to permit preparation of financial statements in conforming with Generally Acceptable Accounting Principles followed by Franchisor, and in conformance with requirements prescribed from time to time by Franchisor or as required by any Governmental Authority or under Applicable Law, including Franchisor’s approval of Franchisee’s selected accounting firm. Franchisee shall maintain during the applicable Term and for a period of not less than six (6) years from the date of their preparation, all books, records and accounts relating to Franchisee and the Franchised Business. All such books, records and accounts shall be maintained at the principal office of the Franchisee or at such other location as shall be noticed on Franchisor’s request. Franchisee shall promptly notify Franchisor of the location of such records within ten (10) days following the relocation of any such records.

(ii) As a material term of this Agreement, Franchisee shall be responsible for logging Gross Revenue received within 72-hours of receipt to the System. Franchisor shall maintain access rights during the Initial Term, Renewal Term or any Wind Down Period to view Gross Revenue at all times, except as otherwise set forth herein, as well as all of Franchisee books, records and accounts. Franchisee shall generate a report of Gross Revenue with respect to each calendar month (or a ratable portion thereof), in arrears (“Monthly Report”), which report shall be delivered electronically to Franchisor on or before the 10<sup>th</sup> day of the month subsequent to Gross Revenue production with each monthly payment of the Royalty Fee. Should Franchisee fail to report Gross Revenue for any calendar month (or a ratable portion thereof) or revoke Gross Revenue report access on the System, then Gross Revenue shall be deemed to be equal to the greater of (x) the Gross Revenue reported for the last full calendar month during the Term of this Agreement, plus 10%, or (y) the average monthly Gross Revenue reported by Franchisee within the 12-month period ending immediately preceding the calendar month in which such failure to report or generate occurred. Notwithstanding the foregoing, Franchisee’s failure to generate timely reports shall constitute a Material Breach of this Agreement. Further, the Franchisee shall provide access to the data related to franchised business operations as may be requested by Franchisor from time to time.

(iii) Franchisee shall provide to Franchisor, within five (5) days following request therefor, readable, legible, true and accurate copies of Franchisee’s bank statements and such other books and records relating to the Franchised Business as may be requested by Franchisor from time to time. Further, Franchisor shall be entitled at any time during normal business hours and without prior notice to Franchisee, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and account records, business license applications, sales and income tax (if any) records and returns of Franchisee. If any inspection or audit discloses an understatement of Gross Revenue of the Franchised Business, then Franchisor may, at its option, require Franchisee to pay the shortfall and Interest as a late charge accruing from the date originally due, within ten (10) business days, as well as reimburse Franchisor for its cost and fees (including attorney’s and accounting fees) incurred relating to the audit and/or inspection.

(c) Payment. The Royalty Fee shall be payable to Franchisor by Franchisee by automatic funds transfer (such as e-invoice) on or before the 10<sup>th</sup> day of the month subsequent to Gross Revenue production, together with the Monthly Report. Franchisor reserves the right to

designate that payment be made to one of its Affiliates instead of Franchisor, and, provided that such designation is in writing, Franchisee must make such payments as designated.

(d) Late Fee and Interest on Late Payments. If any payment by Franchisee to Franchisor pursuant to this Agreement is not received when due for any reason, such payment will be deemed late and subject to a late fee equal to 10% on such overdue amounts. Furthermore, Interest on all such overdue amounts from the date it was due until paid shall be due and owing by Franchisee. Franchisor's entitlement to Interest will be in addition to any other remedies Franchisor may have under Applicable Law. Upon request by Franchisor, Franchisee shall provide Franchisor with its current and valid credit card information for Franchisor to maintain on file and, in the event that any payment due and payable by Franchisee hereunder, including, without limitation, any payment in respect of the Franchise Fee, the Royalty Fee, Interest, late fees, additional charges (including, without limitation, attorneys' fees for enforcement of this Agreement) or Liquidated Damages, shall not be paid within ten (10) days following notice from Franchisor, Franchisor shall have the right to charge Franchisee's credit card for any such delinquent amounts. Franchisee shall not terminate, or allow such credit card to be terminated, without the prior written consent by Franchisor and substitution of another Franchisee credit card. Nothing contained in this subparagraph regarding Franchisor's right to charge payments to Franchisee's credit card shall waive, limit or modify any right or remedy of Franchisor following a default under this Agreement by Franchisee.

(e) Merchant Processing. Franchisee agrees to use Franchisor's merchant processing system as designated by Franchisor from time to time, which will enhance the efficiency of collecting and processing of payments. Franchisee will be responsible for usual and customary merchant account transaction processing fees, as well as costs for any hardware required by Franchisee (such as EMV compliant credit card readers), if needed.

(f) Taxes. Franchisee must promptly pay when due all Taxes levied or assessed by any Tax authority relating to this Agreement, or otherwise. If any amount to be paid or reimbursed under this Agreement to Franchisor, or any of its Affiliates, is subject to any deductions or withholdings for any present or future Taxes, and to the extent Applicable Law requires such amounts to be withheld and paid by Franchisee directly to a Governmental Authority, then Franchisee must account for and pay such deductions or withholdings promptly and will provide to Franchisor receipts or other proof of such payments upon receipt.

4.03 Additional Charges. Franchisee must promptly pay when due all Additional Charges levied or assessed relating to this Agreement. "Additional Charges" means any cost, expense, fee, charge or fine owed to Franchisor by Franchisee resulting from this Agreement.

4.04 Transfer Fee. In the event of Approved Transfer (defined in Section 15.02) Franchisee shall pay to Franchisor a transfer fee of not less than 2x the Royalty Fee for the prior annual period of this Agreement (a "Transfer Fee").

4.05 Security Interest.

(a) Grant and Collateral. To secure the payment of the Royalty Fee, Additional Charges, and under the Financing Arrangements (defined herein), if any, payable by Franchisee hereunder, Franchisee hereby grants to Franchisor a security interest in and to all personal property and general intangibles of Franchisee relating to the Franchised Business, including, without limitation, all inventory, equipment, accounts (including but not limited to all accounts receivable of the Franchised Business), chattel paper, instruments, letters of credit, documents (including all contracts with customers and clients of the Franchised Business), deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and payment

intangibles), all fixtures, all attachments, accessions, accessories, fittings, supplies, and commingled goods relating to the foregoing property, and all additions, replacements and substitutions for all of any part of the foregoing property, all goodwill relating to the foregoing property, proceeds therefrom, all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data in electronic media; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds of or relating to the foregoing property (collectively, “Collateral”).

(b) Further Assurances. In connection with the security interest granted herein in the Collateral, the parties agree to execute any additional documents and papers to perform and do any additional acts and things as may be reasonably necessary and proper to effectuate and carry out the transactions contemplated by this Agreement, including but not limited to the preparation and filing of UCC documents. Franchisee hereby appoints Franchisor as its agent and attorney-in-fact to take such action and make such filings so as to perfect and enforce any security interest granted herein with respect to the Collateral.

#### ARTICLE V. Representations and Warranties of Franchisee

5.01 Organization and Qualification. Franchisee is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Franchisee, the performance by Franchisee of the obligations hereunder and the consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite action on the part of Franchisee and its owners, as applicable. Franchisee has knowledge and experience in the operations of a business for marketing and sale of the Licensed Services/Products.

5.02 Capitalization. The Persons set forth on Exhibit 5.02 are the record and beneficial holders of 100% of the stock [and/or ownership interest (as applicable)] (the “Equity Interests”) of Franchisee. The Equity Interests of Franchisee are owned and held free and clear of any and all encumbrances, are duly authorized, validly issued, fully paid and nonassessable and have not been issued in violation of preemptive or similar rights. No Persons other than the aforementioned holds or has a right to receive Equity Interests in Franchisee or any other instrument representing Equity Interests of Franchisee.

5.03 No Conflict. This Agreement has been duly executed and delivered by Franchisee and, assuming due and valid authorization, execution and delivery hereof by each other party hereto, constitutes the legal, valid and binding instrument of the parties, enforceable against each of them in accordance with its terms.

5.04 Government Consents and Approvals. None of the execution, delivery or performance of this Agreement by Franchisee or the consummation of the transactions contemplated by this Agreement (a) violates, conflicts with or will result in any breach of any provision of the Constituent Documents of Franchisee, as applicable; (b) requires any filing with, obtaining any permit, authorization, consent or approval from, or providing any notification to any Governmental Authority, except those contemplated or required by this Agreement; (c) will result in a violation or breach of, or, with or without due notice or lapse of time or both, constitute a default or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Franchisee is a

party or any of its respective properties or assets may be bound or affected; or (d) violates Applicable Law.

5.05 Litigation. There are no Claims (as defined in Section 11.01) by or against Franchisee that could adversely affect the legality, validity or binding effect of this Agreement or the performance by Franchisee of any of its respective obligation hereunder or the consummation of any of the transactions contemplated hereby.

5.06 Compliance. Franchisee understands and acknowledges that compliance with the Franchised Rights provides the basis for the valuable goodwill and wide acceptance of the Franchisor and the Franchised Business. Franchisee agrees to fully comply with actual financial/pricing policies of Franchisor and responsible to follow actual financial/pricing policies. For this purpose, Franchisee shall contact Franchisor. Franchisee is not allowed to any deviation from Franchisor's actual financial/pricing policies. Such compliance by Franchisee, the accountability of Franchisee for its performance hereunder and the establishment and maintenance by Franchisee of a close working relationship with Franchisor in the operation of the Franchised Business together constitute the essence of this Agreement. Franchisee shall operate the Franchised Business at all times in conformity and strict compliance with the Franchised Rights and Applicable Law.

5.07 Information. All material information provided to Franchisor by Franchisee to induce Franchisor to enter into this Agreement was true and complete in all material respects on and as of the date such information was provided and is true and complete in all material respects on and as of the date hereof. Franchisee shall notify Franchisor within twenty-four (24) hours should any Representation or Warranty set forth in this Article V become untrue at any time during the Term, provided, failure to provide such notice shall constitute a Material Breach of this Agreement.

#### ARTICLE VI. Certain Obligations of Franchisee

6.01 Core Documents. Without the prior consent of Franchisor and except as otherwise permitted by this Agreement, Franchisee shall not amend its Constituent Documents in a manner that would violate, or result in a breach of any covenant contained in, this Agreement, or that would be materially adverse to the interests of Franchisor without the consent of Franchisor.

6.02 No Other Business or Indebtedness. Without the prior consent of Franchisor: (a) Franchisee shall not, directly or indirectly, enter into any business other than the Franchised Business, whether or not related to the Franchised Business; and (b) Franchisee shall not incur any indebtedness or engage in any other business, without the prior written consent of Franchisor in each instance.

#### 6.03 Senior Management.

(a) Franchisor Approval Rights. Each of the parties acknowledges and agrees that the Franchised Rights have significant value to Franchisor and its Affiliates. In order to safeguard the value of the Franchised Rights, Franchisor shall be entitled to approve the appointment of (a) the chief executive officer (or similar designation) having overall responsibility for the Franchised Business (the "Chief Executive Officer"); and (b) the chief operating officer (or similar designation) having overall responsibility for the administration of the operation of the Franchised Business (the "Chief Operating Officer"), each of whom shall be nominated by Franchisee. The initial Chief Executive Officer and the initial Chief Operating Officer shall be disclosed in writing to Franchisor.

(b) Successor Officers. In the event Franchisee wishes to appoint a new Chief Executive Officer or Chief Operating Officer, Franchisee shall submit to Franchisor the name of the

proposed successor, together with information in support of the candidacy, including a résumé for the candidate detailing his qualifications and experience and such other information as Franchisor may reasonably request. Franchisor shall be entitled to approve such candidate (such approval not to be unreasonably withheld) and shall notify Franchisee of its decision with respect to a candidate within 30 business days of its receipt of Franchisee's submission. The candidate shall also be made available for interviews by Franchisor at Franchisor headquarters or by phone or skype, at the discretion of Franchisor. Franchisee may appoint an interim Chief Executive Officer or Chief Operating Officer during the pendency of Franchisor's review of successor candidates, but in no event for a period in excess of six months from the termination of the predecessor officer. If, at the expiration of such six-month period, Franchisee and Franchisor shall have failed to agree on a successor officer, Franchisor shall be entitled to designate in its sole discretion a Person to hold the applicable office pending Franchisee's submission of information relating to a further candidate and Franchisor approval thereof, and Franchisee agrees to take such action as shall be necessary to cause such Person to be so appointed. All salary, benefits and incentives of such Person (including relocation expenses for such Person and his immediate family) shall be for the sole account of Franchisee.

(c) Officer Obligations. Franchisee shall cause each of the Chief Executive Officer and the Chief Operating Officer to devote his/her full-time and best efforts to the operations of the Franchised Business and to promote and enhance the operation of the Franchised Business and the goodwill and reputation associated therewith.

#### 6.04 Business Plan.

(a) Annual Business Plan. At any time during the Term, Franchisee shall, upon not less than 120 days' request by Franchisor, submit to Franchisor for its review and approval for the succeeding annual period (collectively, an "Annual Business Plan") the following plans: (i) an operational plan; (ii) a marketing, advertising and networking plan; and/or (iii) a projection of annual operational costs and anticipated revenues. Franchisor shall provide approval or requested modification within thirty (30) days of receipt of any Annual Business Plan; provided, however, consent shall be implied upon Franchisor omission of approval or comment. Franchisee shall implement each such Annual Business Plan component in accordance with its terms; provided, however, that Franchisee may propose on a going forward basis, subject to Franchisor's prior written consent, amendments to any such Annual Business Plan to adapt to changes in economic or political conditions. Franchisee's failure to produce a commercially reasonable Annual Business Plan following request therefor in accordance with this Section 6.04(a) shall constitute a Material Breach of this Agreement.

#### (b) Franchisee Requirements for Marketing.

(i) Franchisee shall budget and allocate expenditures devoted to marketing in monthly amount not less than one-half of one percent (0.5%) of Gross Revenue of Franchisee. The initial marketing budget and expense for the first year of the Term shall be determined from Franchisee's annual projections of Gross Revenue as reflected in Franchisee's Annual Business Plan. Franchisee shall develop, create, produce, manufacture, print, distribute, broadcast, publish and display materials (the "Marketing Materials") and conduct related advertising, promotional and marketing activities, at Franchisee's sole cost and expense; provided, however, Franchisee may request assistance or provision of materials from Franchisor subject to Additional Charges. In addition, Franchisee shall contribute to Franchisor's general advertising and marketing fund for the benefit of all franchisees of the Franchised Rights ("Marketing Fund"), as invoiced by Franchisor from time to time. Franchisee shall pay its share of the monthly Marketing Fund contribution in twelve (12) equal monthly installments, which shall be due and payable together with payment by Franchisee of the monthly Royalty Fee. Franchisee's monthly Marketing Fund contribution shall be set forth in Schedule E hereto. The Marketing Fund shall be used by Franchisor for the following services: (A) Web advertising (search engine marketing, various



forums); (B) Marketing in social networks (Facebook, Twitter, Google+, LinkedIn, Instagram, YouTube); (C) Marketing materials: brochures, flyers, presentations, professional videos, newsletters, advertising banners, posters, layouts for mailing, bulletins; and (D) Placing the Franchisee's page on the Franchisor's hosting website (wchsb.com) if such service shall be made available to franchisees in general.

(ii) In order to protect the goodwill and integrity associated with the Intellectual Property and Franchisor's brand image, Franchisor reserves the right to review and approve such Marketing Materials and related advertising, promotional and marketing activities in advance. Franchisee shall submit specimens of all signage, packaging, Marketing Materials, stationery, business cards and other materials displaying, using or bearing the Intellectual Property or relating to the Franchised Business to Franchisor at Franchisee's sole expense, for Franchisor's review and approval prior to Franchisee's use, display, broadcast, distribution of any of the foregoing. If Franchisor fails to grant any such approval within ten (10) business days of its receipt of such submission, such submission shall be deemed to be disapproved. The approval by Franchisor of any of Franchisee's Marketing Materials shall not be deemed the approval by Franchisor or confirmation that any such Marketing Materials are in compliance with Applicable Law. Any compliance with Applicable Law with respect to Franchisee's Marketing Materials shall be the sole responsibility of Franchisee.

(iii) Franchisor may at any time direct Franchisee to cease the use, distribution, publishing, display and/or broadcast of any Marketing Materials, any element or portion of any marketing plan component of the Annual Business Plan, or any related advertising, marketing or promotion activities determined by Franchisor in its reasonable discretion to be inconsistent with the Franchised Rights or otherwise detrimental to Franchisor's brand image, and Franchisee shall take all steps necessary to comply with such direction at its sole expense.

(iv) All Marketing Materials and related advertising, promotional and marketing activities shall: (1) be accurate, factually correct and not misleading; (2) be brand-enhancing and consistent with Franchisor's brand image so as not to diminish in any way the goodwill or reputation associated with the Intellectual Property; and (3) conform to Applicable Law, the Franchised Rights and the highest standards of ethical advertising and marketing.

(v) Failure to adhere to the restrictions set forth in this Section 6.04(b) shall constitute a Material Breach of this Agreement.

6.05 Transactions with Affiliates. Except as expressly permitted by this Agreement, Franchisee shall not, directly or indirectly, enter into or permit to exist any transaction (including any purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate otherwise than on an arm's-length basis.

6.06 Compliance with Law. Franchisee shall comply with Applicable Law. Franchisee shall promptly provide Franchisor with copies of any notices of purported or actual non-compliance received by Franchisee relating to this Agreement.

6.07 Guaranty. Upon execution of this Agreement, and at such other times upon request by Franchisor, all holders of the Equity Interests of Franchisee (collectively, "Guarantor") shall execute the signature page to this Agreement, or other document evidencing such guaranty, individually and personally undertaking to be bound, jointly and severally, by all of the terms of this Agreement ("Guaranty").

## 6.08 Insurance.

(a) Insurance Requirements. Throughout the Term, Franchisee shall acquire and continuously maintain at its sole expense the following coverage with insurance companies rated at least A VIII or the equivalent, in the most recent edition of A.M. Best's Insurance Guide: (i) commercial general liability coverage providing coverage for operations, personal injury liability, advertising liability, contractual liability, contractor's protective liability, property damage liability, terrorism and products liability coverage; (ii) advertiser's professional errors and omissions liability insurance coverage; (iii) workers compensation insurance with statutory limits of coverage and employers liability insurance; (iv) comprehensive automobile liability insurance covering the use and maintenance of owned, not-owned, hired and rented vehicles and including coverage for bodily injury and third party property damage; (v) umbrella liability insurance in excess of the policies described in clauses (a) (i), (ii) and (iv) of this Section; (vi) "all risk" property insurance, including coverage with respect to damages resulting from earthquake, flood, named windstorm or terrorism; (vii) business interruption insurance; (viii) unemployment compensation insurance coverage; (ix) cyber liability insurance; and (x) crime coverage. Policy limits shall be industry standard and subject to the prior written consent of Franchisor.

(b) Named Insureds. Franchisee shall cause (i) this Agreement to be specifically listed as an "insured contract" (or any comparable term used in such policy) and the coverage to be provided thereunder to be primary and not contributory with respect to any other insurance available to Franchisor or any of its Affiliates; and (ii) such policy to provide coverage for Franchisor, its Affiliates and all of their respective stockholders, directors, officers, employees as named insureds under each of the policies specified in Section 6.08(a). No such policy shall exclude coverage from claims made between co-insureds solely on the basis of the parties' designation as named insureds. The policy shall be specifically endorsed to provide that the coverages will be primary and that any other insurance carried by any named insured, including Franchisor, shall be excess and non-contributory". Copies of Franchisee's Certificate of Insurance shall be provided to Franchisor upon execution of this Agreement, and upon each renewal thereof. Should Franchisee fail to obtain the required insurance, same shall be a Material Breach of this Agreement and Franchisor shall have the right, but not the obligation, to obtain such insurance on behalf of Franchisee and the cost thereof, plus 10%, shall be paid as an Additional Charge by Franchisee on demand.

6.09 PCI Compliance. Franchisee shall accept any cashless payments (including credit and / or debit cards) in adherence to the then current PCI (Payment Card Industry) standards or any equivalent thereof or any substitute therefore. Any costs associated with an audit or to gain compliance with these standards shall be borne by Franchisee. Franchisee shall provide Franchisor with evidence of such compliance at Franchisor request and provide, or make available, to Franchisor copies of any audit, scanning results or related documents relating to such compliance. Franchisee shall notify Franchisor if it suspects or has been notified by any third party of a possible security breach related to the cashless system (or related cashless data).

## 6.10 Required Technology and Related Equipment.

(a) Equipment Purchases. All technology and related equipment to be used by Franchisee in the operation of the Franchised Business, including all software, hardware and similar items, other than the Software licensed to Franchisee hereunder as part of the Franchised Rights, shall be purchased, licensed or leased, at the sole cost and expense of Franchisee, in accordance with Applicable Law.

(b) Franchisor's Right to Modify. To the fullest extent permitted by Applicable Law, Franchisor may modify the Franchised Rights applicable to technology and related equipment from time to time, and Franchisee shall purchase for use in the Franchised Business any new or modified

technology, software, hardware, equipment or other similar items necessary to comply with such modified Franchised Rights.

6.11 Office Build-Out. In the event that Franchisee shall enter into a lease and open an office from which the Franchised Business shall be operated, all plans, specifications, improvements, signage, furnishings, fixtures and equipment shall be of a first class manner, in good condition and working order, subject to any decorative or other rules and requirements promulgated by Franchisor from time to time and in compliance with all Applicable Laws.

6.12 Acceptable Use of Software.

(a) Proper Use of the Software. Franchisee shall not permit any other Person to access or use the Software, other than an Authorized User. The Franchisee acknowledges that the continued integrity of the Software and Franchisor's performance of its obligations described in this Agreement are dependent upon Franchisee's use of the Software in accordance with this Agreement. Franchisee may not make any modifications or enhancements to the Software without Franchisor's prior written consent. Franchisee may not attempt to sell, sublicense, lease, permit, rent or transfer in any way whatsoever the Software. Franchisee agrees that it will not, at any time, without the prior written consent of Franchisor, decompile, disassemble or reverse engineer any software included within the Software, including without limitation the applications, to develop functionally similar to the Software or permit any third party to do any of the foregoing. Franchisee agrees to not grant access to any 3rd party, without the prior written consent of Franchisor and payment to Franchisor of applicable fees as set forth in Schedule E hereto, which fees shall be paid by Franchisee as Additional Charges hereunder. All the patient demographics and billing records created by Franchisee and inputted into the Software by Franchisee will be the proprietary information of Franchisee (except if, and to the extent that, such records are transferred to Franchisor in accordance with the terms of this Agreement following a termination of this Agreement).

(b) HIPAA Compliance. Franchisee shall be solely responsible for compliance with any and all laws, rules and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (the "HITECH Act"), and regulations promulgated under HIPAA and the HITECH Act by the U.S. Department of Health and Human Services, including, without limitation, the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164. As a condition of this Agreement, the parties agree to abide by the terms and conditions set forth in that certain Business Associate Agreement annexed hereto as Exhibit 6.11(b) and incorporated herein by reference.

(c) Acceptable Use. The Software is developed by, and proprietary to, Franchisor and its Affiliates. Franchisee shall execute, deliver and comply with any license relating to the foregoing or other agreement that Franchisor may require in connection therewith and shall promptly pay any related fees and costs specified therein as and when they are due and payable, as in effect from time to time. Franchisee shall use the Software only for lawful purposes, in compliance with all Applicable Law. Franchisee shall be responsible for all use of the Software by its Authorized Users, regardless of whether such use is known to or authorized by Franchisee. The Software is provided for use in conformance with the terms and conditions of this Agreement. Franchisor reserves the right to investigate suspected violations of this Agreement. If Franchisor becomes aware of possible violations, Franchisor may initiate an investigation including gathering information from Franchisee and examination of material on Franchisor's servers. During the investigation, Franchisor, in its sole discretion, may suspend access to the Software, and/or remove the Software content and other material from Franchisor's servers. If Franchisor determines, in its sole discretion, that any Material Breach or violation of this Agreement has

occurred, it may take responsive action, including, without limitation, temporary or permanent removal of Software content, or any portion thereof, from Franchisor's servers, issuance of warnings to Franchisee, the suspension or removal of access to the Software, or the suspension or termination of this Agreement to Franchisee.

(d) Passwords. Franchisee is responsible for maintaining the confidentiality of any password(s) and access codes given to access the Software, and is fully responsible for all activities that occur under those password(s) and access codes. Franchisee agrees to notify Franchisor immediately of any unauthorized use or loss of its password(s). Franchisee shall be solely responsible for the security of its passwords. Continued failure by Franchisee to maintain password security may result in the suspension or termination of access to the Software and shall constitute a Material Breach under this Agreement.

(e) System Security. Franchisee use or distribution of tools designed for compromising security is strictly prohibited, including, without limitation, password guessing programs, cracking tools or network probing tools. Franchisor reserves the right to release identification information of Franchisee, if Franchisee is involved in violations of security, to systems administrators at other websites in order to assist them in resolving security incidents. Franchisor reserves the right to monitor the Software electronically from time to time and to access and disclose any information as permitted or required by any law or regulation, to operate the Software properly, or to protect itself or other Franchisees, provided that, Franchisor shall provide Franchisee prior notice of any such disclosure. Franchisor shall fully cooperate with law enforcement authorities in investigating suspected violators. Franchisee shall indemnify and defend Franchisor for any claims, suits, losses or actions against Franchisor arising from, related to or in connection with any violation by Franchisee of any Applicable Law, rule or regulation governing appropriate use of the Software.

(f) Suspension of Access. Franchisor may suspend Franchisee's use and access the Software immediately in the event: (i) Franchisee or any Authorized User includes in the Software any content that is obscene, offensive, threatening or malicious, or which violates any Applicable Law or regulation or which otherwise may, in Franchisor's sole determination, expose Franchisor to civil or criminal liability, or upon a Material Breach of this Agreement; (ii) of any wrongful or unauthorized access to or use of the Software by Franchisee or other third party; and/or (iii) on any applicable termination date.

(g) Warranty of Content. In addition to the warranties set forth in the Agreement, Franchisee warrants that it shall not use on the Software any content or other intellectual property that: (i) infringes on the intellectual property rights or any rights of publicity or privacy of any third party; (ii) violates any law, statute, ordinance or regulation (including, without limitation, laws and regulations governing export control, unfair competition, antidiscrimination or false advertising); (iii) is defamatory, libelous, unlawfully threatening or unlawfully harassing; (iv) is obscene, child pornographic or harmful to minors; or (v) contains any viruses, trojan horses, worms, time bombs, cancel bots or other computer programming routines that are intended to damage, interfere with, surreptitiously intercept or expropriate any system, data or personal information. Violations of this Section not only constitute a Material Breach of the Agreement and trigger immediate termination by a party not in breach, but may also subject Franchisee to criminal and/or civil liability.

6.13 E-mails. Franchisee is obliged to and responsible (not excluding financial expenses) for maintaining the permanent e-mail domain of @wchsbf.com for communication. Franchisee shall be solely responsible for compliance with any and all laws, rules and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (the "HITECH Act"), and regulations promulgated under HIPAA and the HITECH Act by the U.S.

Department of Health and Human Services, including, without limitation, the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.

## ARTICLE VII. Certain Obligations of Franchisor

7.01 Communications; Visits; Additional Services. Franchisor may advise and consult with Franchisee periodically in connection with the operation of the Franchised Business and, upon Franchisee's reasonable request, at other reasonable times during normal business hours, and shall pay to Franchisor Franchisor's standard consulting fees as Additional Charges hereunder, if applicable. Franchisor may communicate to Franchisee know-how, new developments, techniques and improvements that are pertinent to the operation of the Franchised Business. These communications shall be in the form that Franchisor, in its sole discretion, deems to be most appropriate in the circumstances and may be accomplished through, among other means, visits made by Franchisor employees, through printed and filmed reports, seminars and / or newsletter mailings or through electronic communications, including e-mail. Franchisor or one of its Affiliates shall also make available to Franchisee, as determined by Franchisor in its sole discretion, such additional services, facilities, rights and privileges relating to the operation of the Franchised Business that Franchisor makes generally available from time to time to its franchisees. Notwithstanding the foregoing, additional services outside the scope of the Training Program may result in Additional Charges to Franchisee. Travel and expenses arising in connection with any visits by Franchisor employees shall be paid in advance to Franchisor to the extent such charges are known in advance and, with respect to unknown expenses, reimbursed to Franchisor within ten (10) days following submission of paid receipts.

7.02 Operations Manuals. Elements of and policies and practices relating to the Franchised Rights, and other information applicable to Franchisee and its obligations under this Agreement, are contained in one or more "Operations Manuals" provided to Franchisee by Franchisor from time to time, and Franchisor may at any time amend or supplement the Operations Manuals in its sole discretion and without notice to Franchisee or any other party. The Operations Manuals may include, without limitation, Franchisor's brand and ethics manual, business operations manual, employee handbook, and billing manual. Franchisee shall comply with the Operations Manuals, as so amended or supplemented. Franchisee may translate the Operations Manuals or applicable portions thereof into the local language at its sole expense, and Franchisor shall own all rights in each such translation, which shall thereafter constitute Copyrights. Franchisee shall be responsible for translating the terms of the Operations Manuals for its Franchised Business and Franchisor shall have no responsibility or liability for such translated version. If any translation of the Operations Manuals or any portion thereof is available to Franchisor, Franchisor shall use its reasonable efforts to provide access thereto to Franchisee. In the event of any dispute as to the contents of the Operations Manuals or the substance or interpretation of any provision thereof, the terms of the master copy of the Operations Manuals (English language version) maintained by Franchisor at its principal place of business shall be controlling.

7.03 Software Training. Following the Commencement Date, Franchisor shall provide training for the Software to employees of Franchisee who have a need to know use of the Software as part of Franchisor's Training Program. Such software training shall be provided by Franchisor or one of its Affiliates at the principal office of Franchisor, online, by telephone, or at a location, and at such times and frequencies, of Franchisor's selection. If Franchisee shall expand its business, open additional offices, or hire new employees, Franchisor may provide additional software training upon request by Franchisee and payment to Franchisor of additional training fees, which shall be Additional Charges payable by Franchisee hereunder. If and to the extent Franchisor produces new training materials for its employees generally, Franchisor shall make such materials available to Franchisee upon written request, and standard fees may apply as an Additional Charge payable by Franchisee.

#### 7.04 Provision of the Software.

(a) Industry Standard. Franchisor shall provide all industry standard hosting-related maintenance including, without limitation, back-ups, server maintenance and trouble-shooting for the Software. Franchisee is responsible for all hardware and for proper network and internet connectivity in accordance with the terms of this Agreement. Franchisee is responsible for any delays due to network set up, including any delays resulting in rescheduling of any training dates. Franchisee is responsible for any and all costs and expenses related to any rescheduling of training dates.

(b) Network Connectivity. Franchisor shall provide access to the Software twenty-four (24) hours, seven (7) days per week, excluding periods of time necessary for the Software maintenance and internet performance issues, and outages due to force majeure. Franchisor reserves the right to have planned outages for hardware and software maintenance. Franchisee acknowledges system maintenance is a necessary element towards Franchisor providing the Software as a functional platform and understands that under no circumstance shall Franchisee be entitled to any abatement of any fees payable under this Agreement or reimbursement for any costs or expenses associated with the Software downtime or limited or lack of functionality. Franchisor shall not be required to be available for trouble shooting, technical support, training, or any maintenance issues for the Software or other Franchised Rights during religious observances, such as Shabbat and religious holidays.

(c) Administration. Franchisor shall provide regular routine and other systems administration and support services necessary to maintain the Software. Franchisor shall utilize commercially reasonable efforts to provide Franchisee with one (1) day of notice prior to scheduled service interruptions due to planned maintenance. Any service interruption for planned maintenance shall not exceed the time reasonably necessary to complete such maintenance. Should Franchisee require technical support with the Software, such request must be made in writing and transmitted by email or facsimile to Franchisor. Franchisor agrees to make a good faith effort to respond and provide any reasonable and necessary technical support within a reasonable time of any such request, upon payment of Franchisor's standard maintenance and support fees, which shall be Additional Charges payable by Franchisee hereunder.

(d) Security. Franchisor shall take reasonable measures to prevent unauthorized access to the Software. Franchisor is not responsible if Franchisee makes changes to default security settings, which allow access to Franchisee data on the Software.

### ARTICLE VIII. Intellectual Property

8.01 Intellectual Property Rights. Franchisee's right to use the Intellectual Property is derived solely from this Agreement. Franchisor owns or has the right to license the Intellectual Property and all goodwill associated with the Intellectual Property. Subject to the limitations set forth in this Agreement, including strict compliance with the conditions set forth in the Franchised Rights, as may be modified or amended from time to time, Franchisor grants Franchisee the non-exclusive right to use the Intellectual property solely in connection with the Franchised Business.

8.02 Assignment. Nothing contained in this Agreement shall be construed as an assignment to Franchisee or any other Person of any right, title or interest in or to the Intellectual Property, it being understood and acknowledged by Franchisee that all use thereof shall inure exclusively to and be for the benefit of Franchisor.

8.03 Defense of Rights. Franchisee shall cooperate with Franchisor for purposes of securing,

preserving, protecting and defending Franchisor (or its licensor's) rights in and to the Intellectual Property and for purposes of securing, preserving, protecting and defending the rights granted to Franchisee hereunder as determined by Franchisor in its discretion and at Franchisee's sole expense, unless otherwise expressly agreed in writing by Franchisor. Such cooperation shall include the filing, prosecuting and processing of any trademark, service mark or copyright application or registration, or other filings, and the recording of this Agreement with any appropriate Governmental Authority, all as may be requested by Franchisor. Franchisee shall immediately notify Franchisor of any objection to the use by Franchisee of any Intellectual Property or of any suspected infringement or imitation by others of any Intellectual Property that may come to the attention of Franchisee. Franchisor shall have sole discretion to control all challenges to the Intellectual Property, including the right to determine whether or not any formal legal action shall be taken on account of any alleged infringement or imitation (though nothing in this Agreement shall be construed as imposing an obligation on Franchisor to take any such action) and Franchisee shall render all assistance as Franchisor may request in connection therewith. Franchisor may in its discretion bring and prosecute any claim or cause of action in its own name and join Franchisee as a party thereto, or require Franchisee to file an action in its own name to protect the Intellectual Property, subject to Franchisor's direction. Franchisees shall not institute any action for infringement of the Intellectual Property, except to the extent that Franchisor may so direct Franchisee and then solely in accordance with such direction.

8.04 Registration. Franchisee shall cooperate with Franchisor in (a) registering this Agreement or a summary version thereof with any applicable Governmental Authority to the extent required or desirable to fully protect Franchisor rights in the Intellectual Property under Applicable Law; (b) maintaining or perfecting such registration; and (c) canceling such registration upon termination or expiration of this Agreement. Franchisor is authorized by Franchisee to cancel the registration of this Agreement with any applicable Governmental Authority upon termination or expiration of this Agreement, for any reason, independent of any action executed by Franchisee before such Governmental Authorities. Franchisee shall execute on behalf of itself and its Franchisees and deliver such documentation as may be necessary or desirable in connection with the foregoing, including any power of attorney as may be required by Applicable Law. Franchisee shall bear all costs that may be incurred by Franchisor or its representatives in registering, perfecting, maintaining and canceling the registration of this Agreement as aforesaid.

8.05 Intellectual Property Created by Franchisee. To the extent permitted by Applicable Law, all ideas, concepts, techniques and materials relating to the Franchised Business, any enhancements, improvements and / or derivative works of any of the foregoing, and any trademarks or service marks that are created by Franchisee or any of its employees or agents (the "Developed IP") shall be immediately disclosed to Franchisor and shall be deemed property of Franchisor as "works made for hire" and shall constitute Intellectual Property hereunder. To the extent that such Developed IP is not "works for hire," Franchisee shall, and shall cause such other Person to, immediately assign and does assign, all rights therein, including moral rights, to Franchisor. The assignors of the Developed IP shall execute and deliver any documents requested by Franchisor to confirm such assignment. Franchisee is not authorized to use, sell, distribute or license any products or materials incorporating the Intellectual Property outside of the operation of the Franchised Business without Franchisor's prior consent. Franchisee shall not file, or suffer to be filed, any applications to register any Intellectual Property including, for the avoidance of doubt, any Developed IP, without Franchisor's prior consent.

## ARTICLE IX. Confidential Information/Exclusive Dealing by Franchisee

### 9.01 Confidential Information.

(a) Confidential Information Defined. Franchisor and its Affiliates possess, or there may be created hereunder, certain confidential and proprietary information and trade secrets, consisting of (i) methods, procedures and techniques for developing, constructing and equipping the Franchised Business; (b) techniques for advertising, marketing, pricing and soliciting the clients of the Franchised Business; (c) marketing and advertising programs, calendars and plans; (d) methods, standards, specifications and procedures for operation of a Franchised Business, including, without limitation, the Franchised Rights; (e) sales management techniques, information management techniques, business technology and information management technology; (f) the Intellectual Property to the extent not in the public domain; and (g) all other information relating to the business and operation of the Franchised Business, including, without limitation, the Franchised Rights (collectively, the “Confidential Information”). No Franchisee shall acquire any interest in the Confidential Information hereunder except to the limited right to license the Confidential Information solely as permitted under this Agreement in connection with the operation of the Franchised Business during the applicable Term, and the use or duplication of the Confidential Information in any other business or capacity shall constitute an unfair method of competition with Franchisor and its Affiliates.

(b) Franchisee Obligations. Franchisor shall disclose Confidential Information to the Franchisee solely on the condition that Franchisee agrees that it (i) shall not use the Confidential Information in any other business or capacity; (ii) shall maintain the absolute confidentiality of the Confidential Information during and after the applicable Term; (iii) shall not make unauthorized copies of any Confidential Information; (iv) shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including such procedures as Franchisor prescribes from time to time; and (v) shall not distribute, sell, trade or otherwise profit from any Confidential Information except as expressly authorized by this Agreement. Franchisee shall inform its respective employees and any other Person having access to any Confidential Information about its status as such and, if so requested by Franchisor, such employees and other Persons shall execute confidentiality agreements in a form acceptable to Franchisor and naming Franchisor as a third party beneficiary of such agreements with an independent right to enforce the same.

## 9.02 Restrictive Covenants; Remedies.

(a) Restrictive Covenants. Franchisee acknowledges that Franchisor would be unable to protect the Intellectual Property, Confidential Information and the free exchange of ideas among its franchisees if such franchisees, any Affiliate having an interest in a franchisee or any Affiliate having an active participation in a franchisee (*e.g.*, as an officer, director or general manager) were permitted to engage in, own, operate, franchise or perform services or provide products of a similar nature to the Franchised Business, including, but not limited to, the Licensed Services/Products (each, a “Competitive Business”). Accordingly, to the fullest extent permitted by Applicable Law, Franchisee and any of its Affiliates having an active participation in the Franchised Business (*e.g.*, as an officer, director or general manager), shall not, without the prior consent of Franchisor, during the Term and for a period of five (5) years thereafter, directly or indirectly:

(i) Engage in (including through consulting, financing, employment or supply arrangements) or have any ownership interest in or provide any other assistance to any Competitive Business;

(ii) Have any ownership interest in or provide any financial or other assistance to any Person that grants or proposes to grant franchises or licenses or establishes or proposes to establish joint ventures for operation of any Competitive Business;

(iii) Perform services as a director, officer, manager, employee, consultant, representative, agent or in any other capacity for any Competitive Business;



(iv) Perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a business that grants or proposes to grant franchises or licenses or establishes or proposes to establish joint ventures for operation of any Competitive Business;

(v) Solicit for purposes of employment any officer or employee of Franchisor who is then employed by, or who has within the last twelve months been employed as an officer by Franchisor or any of Franchisor's respective Affiliates; or

(vi) Divert or interfere with client or referral relations, or steer to a Competitive Business.

### 9.03 Remedies.

(a) Injunctive Relief. The Parties specifically acknowledge and agree that the remedy at law for any breach of Article VIII, Section 9.01 or Section 9.02 will be inadequate and that Franchisor, in addition to any other relief available, shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damage. Such relief will be in addition to, and not in substitution of, any other remedies available to Franchisor. Franchisee hereby consents to the entry of such temporary and permanent injunctions and shall pay all costs and expenses, including reasonable attorneys' fees, expert fees, costs and other expenses of litigation that Franchisor may incur in connection with Franchisee's non-compliance with Article VIII, Section 9.01 or Section 9.02. The obligations set forth in Article VIII, Section 9.01 and Section 9.02 are independent of any other obligations contained in this Agreement and shall survive the expiration or termination of this Agreement. As such, the existence of any claim or cause or action of a party against Franchisor, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of Section 9.01 or Section 9.02. In the event that the provisions of Article VIII, Section 9.01 or Section 9.02 should ever be deemed to exceed the restrictions permitted by Applicable Law, then the Parties agree that such provisions shall be reformed to set forth the maximum restrictions permitted.

(b) Liquidated Damages. Franchisee acknowledges and agrees that a breach of the terms of Article VIII, Section 9.01 or Section 9.02 hereof, will cause substantial damage to Franchisor. Franchisee agrees that liquidated damages are not a penalty, but represent a reasonable estimate of the minimum just and fair compensation for the damages Franchisor would suffer as the result of Franchisee's breach of Article VIII, Section 9.01 or Section 9.02 hereof. Accordingly, if Franchisee shall breach any of the terms of Article VIII, Section 9.01 or Section 9.02 hereof, Franchisee shall promptly pay to Franchisor, in addition to any amounts otherwise payable to Franchisor under this Agreement or to which Franchisor may be entitled under Applicable Law, liquidated damages in an amount equal to the Liquidated Damages (defined herein). In addition to such damages, Franchisor will have the right to recover reasonable attorneys' fees and court costs incurred in collecting such sums, plus Interest on all amounts due pursuant to this Section 9.03(b) from the date of such breach until paid. Franchisee shall promptly pay to Franchisor, in addition to any amounts otherwise payable to Franchisor under this Agreement or to which Franchisor may be entitled under Applicable Law, the Liquidated Damages (defined herein). Payment of Liquidated Damages, and all related costs, is due thirty (30) days following termination of this Agreement or on demand by Franchisor.

## ARTICLE X. Relationship of the Parties

10.01 Relationship of Parties. The Parties shall be independent contractors. This Agreement shall not create any fiduciary relationship between Franchisor, on the one hand, and any Franchisee, on the other hand. Nothing in this Agreement is intended to make Franchisee a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of Franchisor.

Franchisee shall not represent that it has any relationship with Franchisor other than as expressly permitted by this Agreement. Franchisor shall not be obligated by or have any liability under any agreement, representation or warranty made by any Franchisee. Franchisor shall not be obligated for any damages to any Person or property directly or indirectly arising out of the Franchised Business, whether or not caused by the negligent or willful action or failure to act of any Franchisee or any of its respective Affiliates. Franchisor shall have no liability for any service, value-added, use, excise, gross revenues, property, workers' compensation, unemployment compensation, withholding or other taxes, whether levied upon Franchisee or its respective assets or income, or upon Franchisor in connection with services performed or business conducted by any of them. Withholding taxes when required by Applicable Law and payment of all such taxes shall be the sole responsibility of the Franchisee as required by Applicable Law.

10.02 No Implied Employment Relationship. This Agreement shall not create any employment relationship between Franchisor, on the one hand, and Franchisee, on the other hand, or their personnel, employees or any independent contractor hired by any of them. Franchisee assumes all obligations and responsibilities with respect to their respective employees under local labor or social security laws and all other Applicable Law.

## ARTICLE XI. Indemnification

11.01 Indemnification by Franchisee. Franchisee agrees to release, indemnify and hold Franchisor and its Affiliates harmless from and against any failure/luck of success or revenue in a franchised business, losses, damages, liabilities, demands, administrative actions, government investigations, audits, costs, fines, fees, expenses (including reasonable attorneys' fees, expert fees and disbursements) penalties, claims, suits, actions and any demand from any Person whatsoever (each, a "Claim"), caused by, asserted to have been caused by, arising out of, as a result of, or related to, directly or indirectly: (i) the use, non-use, misuse, access or unauthorized access, or violation, of the Franchised Rights; (ii) a Material Breach of the terms of this Agreement including representations, warranties, covenants and obligations; (iii) any act or omission of Franchisee that results in submitting any false or fraudulent claim to any governmental or private payor; (iv) any investigation, inquiry, or audit of, or any violation of Applicable Law by, Franchisee or its Affiliates; (v) any negligence, recklessness, misconduct or criminal act by Franchisee or any of its Affiliates; (vi) the infringement or other violation of any patent, trademark, copyright or other proprietary rights of any third party, or the right of privacy or right of publicity, or the laws of unfair competition in connection with this Agreement; provided that Franchisee shall not be responsible for any such infringement or other violation to the extent it involved the use of the Intellectual Property as authorized hereunder; or (vii) any other acts, omissions or Claim relating to or arising from the Franchised Business.

11.02 Notice of Claim; Potential Claim. Franchisee shall disclose any Claim or discovery of facts likely giving rise to a Claim within twenty-four (24) hours of knowledge thereof in writing giving reasonable detail of the Claim, allegation or discovered facts provided that Franchisee's delay in furnishing notice of any potential Claim to Franchisor shall not discharge Franchisee from its indemnification obligation hereunder.

11.03 Indemnification Defense. With respect to any Claim or allegations for which Franchisee is obligated to indemnify Franchisor pursuant to the terms of this Agreement, Franchisor reserves the right to determine whether Franchisee or Franchisor shall assume the defense of such Claim or allegations, and in either case, to employ counsel selected by Franchisor in its discretion, and to control the defense and settlement of any such Claim or allegations, acting reasonably and in accordance with good faith business judgment with respect thereto, at Franchisee's expense and without relieving Franchisee of any of its obligations hereunder. Franchisor's rights under this Agreement are in no way

contingent upon or limited by Franchisor seeking to recover or recovering from third parties or otherwise mitigating its losses. Franchisor shall be entitled to receive an advance from Franchisee of any costs or expenses (including, without limitation, attorneys' fees and costs) relating to any Claim subject to indemnification hereunder.

11.04 No Liability. Except as expressly provided in this Agreement neither Franchisor nor any of its Affiliates assumes any direct or indirect liability or obligation to Franchisee with respect to the Franchised Business and neither Franchisor nor any such Affiliate shall have any liability to Franchisee for damages of any kind, whether direct, consequential or otherwise incident to the conduct of the Franchised Business or any Franchisee.

#### ARTICLE XII. Limitation of Liability

Franchisor is not assuming liability, and, therefore shall not be liable to the Franchisee or any Affiliate for any claims, debts, liabilities, obligations, costs, expenses, actions, causes of action and claims for relief as a result of any claim, audit, investigation, litigation or arbitration, or any other cause, whatsoever, regardless of whether or not such loss or damage was caused by or contributed to by Franchisor's negligent performance, or failure to perform any obligation hereunder or in the provision of the Franchised Rights. Franchisee hereby releases Franchisor from any claims for contribution or indemnity. Notwithstanding the foregoing, Franchisor's total liability for losses suffered by Franchisee or any of its Affiliates under or related to this Agreement shall in no event exceed an amount equal to 1x the average monthly Royalty Fee paid by the Franchisee to Franchisor under this Agreement for the annual period preceding the time of loss.

#### ARTICLE XIII. Disclaimer

13.01 IT IS EXPRESSLY AGREED THAT IN NO EVENT SHALL FRANCHISOR BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUES, LOSS OF USE, OR LOSS OF INFORMATION OR DATA, WHETHER A CLAIM FOR ANY SUCH LIABILITY OR DAMAGES IS PREMISED UPON BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR ANY OTHER THEORY OF LIABILITY, EVEN IF FRANCHISOR HAS BEEN APPRISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OCCURRING. FRANCHISOR DISCLAIMS ANY AND ALL LIABILITY FOR ERRONEOUS TRANSMISSIONS AND LOSS OF SERVICE RESULTING FROM COMMUNICATION FAILURES BY TELECOMMUNICATION SERVICE PROVIDERS OR THE SOFTWARE.

13.02 FRANCHISEE ACKNOWLEDGES AND AGREES THAT ALL FEES AND OTHER ADDITIONAL CHARGES WHICH FRANCHISOR IS CHARGING UNDER THIS AGREEMENT DO NOT INCLUDE ANY CONSIDERATION FOR ASSUMPTION BY FRANCHISOR OF THE RISK OF FRANCHISEE'S OR ANY AFFILIATE'S DIRECT, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES OR OF UNLIMITED DIRECT DAMAGES.

13.03 FRANCHISEE AGREES THAT THE FRANCHISED RIGHTS, INCLUDING WITHOUT LIMITATION, THE SOFTWARE, INTELLECTUAL PROPERTY, OPERATIONS MANUALS, AND TRAINING PROGRAM, IS PROVIDED ON "AS IS" AND "AS AVAILABLE" BASIS ONLY, WITHOUT WARRANTY OF ANY KIND, AND ALL EXPRESS, IMPLIED OR STATUTORY WARRANTIES, CONDITIONS, REPRESENTATIONS, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A

PARTICULAR PURPOSE, ACCURACY, TIMELINESS, COMPLETENESS, ADEQUACY AND NONINFRINGEMENT OR WARRANTY ARISING OUT OF COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OR TRADE ARE EXCLUDED BY FRANCHISOR, AND FRANCHISOR DOES NOT WARRANT THAT THE PROGRAMS WILL MEET THE REQUIREMENTS OF ANY PERSON AND OPERATE ON AN UNINTERRUPTED OR ERROR-FREE BASIS. FRANCHISEE ACKNOWLEDGES FRANCHISEE IS SOLELY RESPONSIBLE FOR ANY AND ALL ACTS OR OMISSIONS TAKEN OR MADE IN RELIANCE ON THE SYSTEM, INCLUDING INACCURATE OR INCOMPLETE INFORMATION.

13.04 FRANCHISOR IS NOT RESPONSIBLE FOR UNAUTHORIZED ACCESS TO FRANCHISEE'S DATA, FACILITIES OR EQUIPMENT BY INDIVIDUALS OR ENTITIES USING THE FRANCHISED RIGHTS OR FOR UNAUTHORIZED ACCESS TO, ALTERATION, THEFT, CORRUPTION, LOSS OR DESTRUCTION OF YOUR DATA FILES, PROGRAMS, PROCEDURES, OR INFORMATION THROUGH THE FRANCHISED RIGHTS, WHETHER BY ACCIDENT, FRAUDULENT MEANS OR DEVICES, OR ANY OTHER MEANS BY ANY AUTHORIZED USER, OR ANY OTHER PERSON, THIRD PARTY OR OTHER. LICENSED USER IS SOLELY RESPONSIBLE FOR VALIDATING THE ACCURACY OF ALL OUTPUT AND REPORTS, AND FOR PROTECTING FRANCHISEE DATA AND PROGRAMS FROM LOSS BY IMPLEMENTING APPROPRIATE SECURITY MEASURES, INCLUDING ROUTINE BACKUP PROCEDURES. FRANCHISEE HEREBY WAIVES ANY DAMAGES OCCASIONED BY LOST OR CORRUPT DATA, INCORRECT REPORTS, OR INCORRECT DATA FILES RESULTING FROM PROGRAMMING ERROR, OPERATOR ERROR, EQUIPMENT OR SOFTWARE MALFUNCTION, SECURITY VIOLATIONS, OR THE USE OF THIRD PARTY SOFTWARE. FRANCHISOR IS NOT RESPONSIBLE FOR THE CONTENT OF ANY INFORMATION TRANSMITTED OR RECEIVED THROUGH OUR PROVISION OF THE SOFTWARE.

#### ARTICLE XIV. Force Majeure

Franchisor has no liability to Franchisee if the Software is inaccessible or data destroyed by fire, strike, theft, acts of God, or any other cause. In the event of system malfunction, for whatever reasons, or inability to access the Software, Franchisor shall not be liable for damage to or loss of any Franchisee data and Franchisee acknowledges that it has been advised that it is responsible for maintaining its own data by use of regular backup procedures. Franchisee agrees to hold Franchisor and any of its Affiliates harmless from any liability resulting from violations of Applicable Law relating to the inaccessibility to the Software for reasons set forth in this Section.

#### ARTICLE XV. Transfer; Right of First Refusal; Call Option

15.01 Transfer by Franchisor. Franchisor may directly or indirectly Transfer all or any part of this Agreement, or all or any of its rights or obligations herein, or the Software, or the Intellectual Property or all or substantially all of the assets of or equity interests in Franchisor, to any Person as long as such Person expressly assumes and agrees to perform Franchisor obligations under this Agreement, and Franchisor consents to such Transfer as provided herein. No such Transfer shall release Franchisee from its respective obligations under this Agreement, except to the extent expressly agreed by Franchisor.

#### 15.02 Transfer by Franchisee.

(a) Restrictions on Transfer. Franchisee acknowledges that the rights set forth herein are being granted based upon the special relationship of trust and confidence that Franchisor has developed and enjoys with Franchisee. This special relationship is based upon Franchisee's reputation and character and Franchisee's demonstrated skills, ability, knowledge and experience related to the

management and operation of the Franchised Rights, as well as its thorough understanding of the importance of the Franchised Rights to Franchisor. The Parties acknowledge that the rights granted to the Franchisee under this Agreement are personal to Franchisee, and may not, except as expressly permitted by this Agreement, be transferred to or used by any other Person by assignment, will or operation of Applicable Law, voluntarily, involuntarily, directly or indirectly, by sale, assignment, transfer, issuance, donation or other disposition or encumbrance (whether in one or more transactions), each, a “Transfer,” and “Transferred” having a correlated meaning.

(b) Franchisor Consent Required. Neither this Agreement nor any of Franchisee’s rights and obligations under this Agreement may be Transferred by Franchisee without Franchisor prior consent, which consent may be withheld by Franchisor in its sole discretion.

(c) Proposed Transferee. Except as otherwise expressly permitted herein, no direct or indirect Equity Interests in Franchisee (and no significant portion of the assets thereof) may be Transferred, in one or a series of related transactions to any Person (such Person, a “Proposed Transferee”), without Franchisor’s prior consent, which consent may be withheld by Franchisor in its sole discretion (each approved Transfer, an “Approved Transfer”). Specifically, a change of Control of Franchisee, or the sale or transfer of more than thirty percent (30%) of the Equity Interests of Franchisee in one or a series of transactions, or the merger or consolidation by or of Franchisee with or into another Person, or any other transfer of Franchisee’s assets or Equity Interests by operation of law, shall constitute a prohibited Transfer under this Agreement. Franchisor shall be entitled to receive any and all information related to a potential Transfer, provided, however, Franchisor shall have no obligation to consider or evaluate same. Franchisee shall cooperate in providing access to any and all books and records, and financial information of Proposed Transferee, as well as access for any face to face requests for a meeting received by Franchisor. An Approved Transfer shall be subject to the Transfer Fee set forth in Section 4.04. Any Transfer, other than an Approved Transfer, shall be void *ab initio* and shall constitute a Material Breach under this Agreement, and shall entitle us to terminate this Agreement in accordance with the terms hereof.

(d) Conditions to Transfer. As a condition to granting consent to any Approved Transfer, the following minimum conditions shall apply: (i) the Proposed Transferee and its principals must meet the then applicable standards for Franchisor’s franchisees and their principals; (ii) all obligations of Franchisee and its Guarantor incurred in connection with this Agreement and the Guaranty shall have been assumed by the Proposed Transferee, and guaranteed by their principals; (iii) Franchisee or Guarantor, or the Proposed Transferee or its principals, as the case may be, shall have paid all amounts owed to Franchisor or its Affiliates which are they due and remain unpaid; (iv) the Proposed Transferee, and its principals, shall have furnished to Franchisor information concerning their financial capacity, business experience, interest in other businesses, and other matters reasonably requested by Franchisor; (v) the lessor or sublessor of any site from which Franchisee operates the Franchised Business, and of any equipment leased by Franchisee for the Franchised Business, shall have consented to the assignment of Franchisee’s interest under the applicable premises and/or equipment lease; (vi) the Proposed Transferee, and its principals, shall have executed Franchisor’s then current form of franchise agreement and guaranty, and all ancillary agreements required by Franchisor; (vii) the Proposed Transferee shall have completed or agreed to complete any cleaning, repair, remodeling, upgrading (including the upgrade of equipment and software), painting or decorating at the site at which the Franchised Business is then conducted; (viii) Franchisor or the Proposed Transferee shall have paid the Transfer Fee described in Section 4.04 hereof; (ix) Franchisor and Guarantor shall each have executed a general release of Franchisee, in a form prescribed by Franchisor, of any and all claims, of whatever nature or kind, against Franchisor and its Affiliates and any of its and their respective officers, directors, partners, employees, servants, representatives, independent contractors and agents, both in their individual and corporate capacities, including, without limitation, claims arising under this Agreement or

under federal, state or local laws, rules and ordinances; (x) if the Proposed Transferee already owns, or if the Proposed Transferee or its principals has an interest in, a franchised business through Franchisor, such entities shall then be in full compliance with their respective franchise agreements; (xi) Franchisee or its principals shall have executed an agreement with Franchisor providing that all obligations of the Proposed Transferee or its principals to make installment payments to Franchisee or its principals of the purchase price or interest thereon shall be subordinate to the obligations of the Proposed Transferee or its principals to comply with all of its franchise obligations to Franchisor and its Affiliates; and (xii) Franchisee and Guarantor, and the Proposed Transferee and its principals, as the case may be, shall have satisfied any and all other conditions as Franchisor may reasonably determine from time to time; provided, however that nothing contained in this Section 15.02 (d) shall require Franchisor to grant consent to a proposed Transfer.

(e) Effect of Consent to Transfer. Franchisor's consent to an assignment of this Agreement or a Transfer of an interest in Franchisee shall not constitute a waiver of any claims Franchisor may have against Franchisee or Guarantor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement following such assignment or Transfer.

### 15.03 Right of First Refusal.

(a) Rights of Franchisor. If Franchisee proposes to Transfer any portion of or the entirety of the Equity Interests in, or substantially all of the assets of, Franchisee, and Franchisor shall have consented to such Transfer and approved such Proposed Transferee, Franchisee shall first give Franchisor a right with respect to the Equity Interests or assets to be Transferred (the "Offered Interest") to substitute itself for the Proposed Transferee in the transaction in accordance with this Section.

(b) Notice of Offer. If Franchisee has received a *bona fide*, arm's-length, executed, written, binding offer from an unaffiliated party for the Offered Interest which it is ready, willing and able to accept, Franchisee shall give notice to Franchisor of the proposed sale and of the terms and conditions of such offer, including a copy of the offer, the identity of the Proposed Transferee, the consideration offered, the date on which the sale is proposed to be made, which shall not be earlier than 60 days and not later than 90 days from the date of such notice, any proposed ancillary agreements, financial information of the proposed purchaser and any guarantor party, along with such other information as may reasonably be required by Franchisor to evaluate the offer and the Proposed Transferee. Thereafter, Franchisor shall have the right, by notice to Franchisee within 30 days after receipt of such notice of proposed Transfer and all the information that Franchisor requested to evaluate the offer and the Proposed Transferee to elect to purchase all of the Offered Interest for the consideration offered and in accordance with the other terms and conditions of such offer; provided that Franchisor shall have the right to substitute cash for any alternative form of consideration contemplated by the proposed Transfer.

(c) Rejection of Offer. If Franchisor elects not to purchase all of the Offered Interest, Franchisee may proceed to complete the Transfer to the Proposed Transferee in accordance with such offer not later than 60 days after the notice thereof given to Franchisor; provided that Franchisor shall have consented to and approved of the assignee in accordance with the terms hereof. If the proposed Transfer is not completed by that date or if the terms of such Transfer of the Offered Interest are amended in any material respect, the provisions of this Section shall again apply and no Transfer may be made in reliance upon this Section without again complying with its provisions.

(d) Reserved Rights. Notwithstanding the foregoing, nothing contained in this Section 15.03 shall effect Franchisor's termination rights pursuant to this Agreement, and the rights of

Franchisee pursuant to this Section 15.03 shall be void *ab initio* should Franchisee be in default of this Agreement, any Term be terminated, non-renewed or expired, or in Wind Down Period.

#### 15.04 Call Option.

(a) Franchisor's Call Option. Franchisor shall have the right from time to time to purchase all, but not less than all, of the Equity Interests, or some or all of the assets, of Franchisee: (i) upon expiration of this Agreement; (ii) upon Termination of this Agreement; or (iii) the occurrence of a Material Breach (the "Call Option"). Franchisor may exercise the Call Option by giving written notice thereof to Franchisee within thirty (30) days after termination, expiration or a Material Breach of this Agreement (the "Call Option Notice").

(b) Call Option Price. The purchase price payable by Franchisor pursuant to an exercise of the Call Option (the "Call Option Price") shall be equal to the Fair Market Value of the Franchised Business ("FMV") or the lesser of Franchisee's cost or FMV of the purchased assets, as the case may be (other than any such assets that contain, and excluding any value attributable to, any Franchised Rights required to be returned to Franchisor pursuant to the terms of this Agreement), *multiplied by* (i) 100%, pursuant to 15.04(a)(i) and 15.04(a)(ii); or (ii) 80%, pursuant to 15.04(a)(iii); *less* the sum of (X) all indebtedness, including but not limited to, obligations for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, and *less* cash, in each case attributable to the Franchised Business; and (Y) contingencies attributable to the Franchised Business, in each case, as determined by the mutual agreement of the Parties or, if no mutual agreement can be reached, by an independent appraiser selected by Franchisor's certified public accountants, which determination shall be conclusive and binding on all parties. Franchisor shall not be required to assume any liabilities with respect thereto. Franchisor shall use commercially reasonable efforts to facilitate the exchange of the Call Option Price between Franchisee and Franchisor's certified public accountants. Franchisor will have the right to set off all amounts due from Franchisee under this Agreement from the Call Option Price. Franchisor will pay the Call Option Price in full on the Option Closing Date or, at its option, in twenty-four (24) equal consecutive monthly installments, with interest at a rate equal to the prime lending rate as of the closing at Franchisor's primary bank.

(c) Option Closing. The "Option Closing Date" shall occur on the 10<sup>th</sup> business day after the determination of the Call Option Price. At the request of Franchisor and without further consideration Franchisee shall execute and deliver such additional documents and take such further action as may be necessary or desirable under Applicable Law to consummate and make effective, in the most expeditious manner practicable, the Transfer of the Franchised Business, free and clear of any encumbrances. Such documents shall include all customary representations and warranties from Franchisee as to ownership and condition of, and title to, the assets being transferred. Franchisee further agrees to sign general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and their respective shareholders, officers, directors, employees, agents, successors, and assigns. Franchisee hereby appoints Franchisor and its principals as its true and lawful power of attorney for the sole purpose of effectuating the Transfer of the Franchised Business in accordance with the Call Option.

(d) Call Option Transition Procedure. If a Call Option is exercised, then: (i) Franchisor shall be entitled immediately to assume the operation of the Franchised Business through access to the Franchised Rights; (ii) Franchisee shall, and shall cause its Affiliates to, cooperate with Franchisor in connection with the receipt of any approval from any Governmental Authority required to ensure the continuous operation of such Franchised Business; (iii) Franchisee shall provide, and shall cause each of its Affiliates to, provide to Franchisor any services in the transition required to ensure the

continuous operation of such Franchised Business, in accordance with this Agreement and the Franchised Rights.

(e) Right to Hire Former Employees and Solicit Client Contracts. Franchisor shall be entitled to interview, solicit and / or hire any current or former employee, or any current or former Client of the Franchised Business in connection with a Transfer pursuant to the exercise of the Call Option.

(f) Assignment of Call Option Right. Franchisor has the unrestricted right to assign the options to purchase at any time to a third party, who then will have the rights described in this Section 15.04.

(g) Continued Operations. Franchisee agrees that it shall be obligated, at the direction of Franchisor, to operate the Franchised Business, according to this Agreement's terms, during the period in which Franchisor or the third party assignee is deciding whether to exercise its option to purchase and until the closing takes place, and that a condition to closing is that the Franchised Business has remained open during that time period. Franchisor or the third party assignee may decide not to exercise its option to purchase, or revoke any such exercise of the option, at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied.

(h) Should Franchisor or a third party assignee choose to not exercise its right to purchase under Section 15.04, the Franchisee will be free, after such termination or expiration, to keep or to sell to any third party any or all of the physical assets of its Franchised Business; provided, however, that: (i) all Intellectual Property and Software licenses are first removed or terminated in a manner approved in writing by Franchisor, (ii) all client contracts for Licensed Services/Products are first offered to Franchisor to arrange, with the assistance of Franchisee, for the continuation of such contract through Franchisor or another franchisee and, if Franchisor is unable to agree upon the terms for continuation of any such client contracts within thirty (30) days following the non-exercise of Franchisor under Section 15.04, then such contracts shall be terminated by Franchisee, (iii) assets that are required to be returned to Franchisor upon expiration or termination of this Agreement shall be promptly returned to Franchisor, and (iv) any such transferee shall have no right to use the Franchised Rights, or have any rights under contracts and agreements with clients except pursuant to the terms of a duly executed franchise agreement between Franchisor and such transferee. The provisions of Section 15.04 will survive the expiration or termination (for any reason) of this Agreement.

## ARTICLE XVI. Termination

16.01 Termination by Franchisor. Franchisor may terminate this Agreement as follows: (i) for any reason or no reason at all upon ninety (90) days prior written notice to Franchisee at any time following the expiration of the Initial Term; (ii) if any of Franchisor's right, title or interest in and to any of the Franchised Rights is terminated, canceled, enjoined or suspended; or (iii) upon a Material Breach as provided below.

16.02 Material Breach. Franchisee shall be considered to be in default of its obligations under this Agreement upon the occurrence and during the continuance of any Material Breach as defined in this Agreement. Notwithstanding as otherwise set forth herein, each of the following events shall be included in the definition of "Material Breach":

(a) Franchisee's breach or misrepresentation of: (i) any representations or warranties set forth in this Agreement; (ii) any statement made in, or any information submitted in connection with, Franchisee's application for the Franchised Business; or (iii) any obligations under this



Agreement, including compliance with the Franchised Rights set forth in this Agreement, and failure to cure during any designated cure period otherwise set forth herein;

(b) The failure by Franchisee to make timely payments of the Aggregate Fees due hereunder, or to comply with any of its other obligations or covenants contained in this Agreement, which failure shall continue for a period of five (5) days, with respect to any nonpayment of monies owed by Franchisee hereunder, or ten (10) days, with respect to any other failure, breach or default, following notice from Franchisor;

(c) The failure by Franchisee to withhold, or provide accurate, information in its Monthly Reports, or the fraudulent or erroneous billing practices by Franchisee;

(d) Franchisee fails to obtain all licenses and permits and open for business on or before the expiration of the Start-Up Period;

(e) Franchisee is legally unable to carry on the Franchised Business operation in the ordinary course, including by reason of failure to maintain any permits, licenses or certifications material to its operation;

(f) Any provision of this Agreement relating to (A) the payment of the Royalty Fee, (B) the generally binding effect of standards, policies and procedures set forth in the Manual or otherwise, or (C) the obligations of Franchisee and its principals under Section 9.02 hereof is declared or made invalid or unenforceable by legislation, arbitration or court action;

(g) Franchisee abandons or fails to continuously operate the Franchised Business for ten (10) consecutive days, ninety (90) days if the Franchised Business is closed due to fire, damage, destruction, or an act of God, unless the Franchised Business has been closed for a purpose approved by Franchisor;

(h) The insolvency or making of a general assignment for the benefit of creditors of Franchisee; the voluntary filing by Franchisee of a petition in commercial insolvency; the filing by any other Person of such a petition against Franchisee, which is not dismissed within 60 business days after the filing date; the adjudication of Franchisee as bankrupt or insolvent; the filing by or with the consent of Franchisee of any other proceeding for the appointment of a receiver, a conciliator or an auditor of Franchisee or other custodian or similar official for the business or assets of Franchisee, or any part thereof; the appointment by any court of competent jurisdiction of a receiver, a conciliator or an auditor or other custodian (permanent or temporary) of assets of Franchisee; or the institution of proceedings for a composition with creditors under Applicable Law by or against Franchisee;

(i) The conviction of Franchisee or any Affiliate by a court of competent jurisdiction, or pleading no contest by such Person to, (i) a crime or offense that is punishable by incarceration for more than one year or a felony; or (ii) a crime or offense or the indictment on charges thereof that, in the determination of Franchisor, is likely to adversely affect the reputation of such Person, any Franchised Business, Franchisor or any of its Affiliates or its Intellectual Property, or otherwise adversely affect the Franchised Rights, or the goodwill associated with the Franchised Rights;

(j) The participation by Franchisee in any fraudulent or dishonest activity that is material to the Franchised Business or the failure by Franchisee to report to Franchisor any such fraudulent or dishonest activity by any of the employees or agents of Franchisee or any of its Affiliates, including the concealment of revenues or the provision of false or misleading financial information;

(k) The entry of any judgment against Franchisee in excess of \$10,000, or the failure to pay any creditor, including any Governmental Authority, any amount as and when due and payable, that is not duly paid or otherwise discharged within 30 days;

(l) The default by any Franchisee under the Financing Arrangements (or any Refinancing thereof) and the continuation of such default beyond any applicable cure period set forth in any such Financing Arrangements (or Refinancing), if any;

(m) The engagement by Franchisee or any of its Affiliates or employees in public conduct that reflects materially and unfavorably upon the operation of Franchisor, the Franchised Rights or the goodwill associated with the Franchised Rights, and the failure of Franchisee to cease such conduct within five days after receipt of notice thereof from Franchisor;

(n) The engagement by Franchisee or any of its Affiliates or employees in an act constituting gross negligence, recklessness or intentional or willful misconduct relating to the conduct of the Franchised Business that, in the determination of Franchisor, is likely to materially adversely affect the reputation of Franchisor or any of its Affiliates or the Franchised Rights, or otherwise materially adversely affect the Franchised Rights, Franchised Business or the goodwill associated with the Franchised Rights;

(o) The failure by Franchisee to comply with any provision of this Agreement (other than those defined as a Material Breach) more than once in any period of three (3) consecutive months; provided that (i) promptly following any such breach by Franchisee, Franchisor shall notify Franchisee in writing that the first breach (as contemplated by this Section) has occurred, and (ii) thereafter, a Material Breach shall have occurred only to the extent that Franchisee (x) commits a subsequent breach within the three-month period following the date of such initial notice and (y) fails to cure such breach within 10 days after Franchisor delivers to Franchisee a notice referencing this Section;

(p) The failure by Franchisee to materially comply with an Annual Business Plan, if any;

(q) The failure by Franchisee to pay any amount required to be paid to Franchisor under this Agreement (including overdue Interest thereon); or

(r) The entry into any agreement (including any unsecured or secured debt facility, indenture or other instrument or agreement) by Franchisee: (i) that is materially adverse to any of Franchisor rights (1) under the Call Option; or (2) in respect of the Intellectual Property; or (ii) in violation of the Franchised Rights.

### 16.03 Remedies

(a) Rights of Franchisor. Upon the occurrence and during the continuance of a Material Breach, Franchisor, at its option, may take anyone or more of the following actions: (a) terminate this Agreement, effective immediately, upon written notice to Franchisee; or (b) exercise the Call Option. Franchisor may notice Franchisee of a Material Breach at any time, and no rescission, alteration or waiver in favor Franchisee shall occur as a result of claimed delay. The rights and remedies contained in this paragraph are cumulative and in addition to all other rights and remedies available to Franchisor under this Agreement, in accordance with Applicable Law, or otherwise.

(b) Payment of Amounts Owed to Franchisor and Reports. Franchisee and Guarantor shall pay to Franchisor or its Affiliates within ten (10) days following the expiration date or

effective date of termination of this Agreement, or such later date that the amounts due to Franchisor or its Affiliates are determined: (i) all amounts due to Franchisor or its Affiliates and any interest due thereon, (ii) any costs and expenses incurred by Franchisor in connection with removing the Franchised Rights from the Franchised Business, and (iii) an amount equal to a reasonable estimate of costs and fees not yet accumulated and/or invoiced. In order to determine such amounts, Franchisee shall promptly deliver to Franchisor all information required to be delivered with respect to periods through the date of termination or expiration, which obligation shall survive expiration or termination. If such termination was based upon a Material Breach by Franchisee, Franchisee shall pay all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of such Material Breach. Franchisor is entitled to receive Interest on any amount not paid when due hereunder from earlier of the date due or the date on which Franchisee is notified of the amount owed to Franchisor or its Affiliate.

#### 16.04 Wind Down Period.

In the event this Agreement is terminated or expires, and no Call Option is elected by Franchisor, the following terms and conditions shall apply:

(a) So long as Franchisee remains current on amounts due to Franchisor, and is not otherwise in default hereunder, for a period of ninety (90) days after the effective date of termination (the "Wind Down Period"), Franchisee may continue utilization of the Franchised Rights and operation of the Franchised Business to effectuate an orderly and seamless transition for, or termination of, client contracts.

(b) Franchisee shall pay to Franchisor any and all fees due under this Agreement through and including the Wind Down Period, which may include a Transition Fee as determined in accordance with the policies of Franchisor.

(c) Franchisor reserves the right to terminate access to the Franchised Rights at any time during the Wind Down Period upon Franchisee's Material Breach during the Term or the Wind Down Period.

#### 16.05 Liquidated Damages.

(a) If this Agreement is terminated by Franchisee prior to the expiration of the Term, or if this Agreement is terminated by Franchisor as a result of a Material Breach by Franchisee, Franchisor will be entitled to pursue all remedies whether legal, equitable, or statutory, to compensate Franchisor for the damages it incurs as a result of such termination. In determining damages or compensation to Franchisor, a court, arbitrator, or other trier of fact must consider that Franchisee has agreed to operate the Franchised Business in compliance with this Agreement for the full Term, and Franchisee acknowledges that should it fail to do so, Franchisor would be damaged in several ways, including: (i) loss of future Franchise Fees, Royalty Fees, Additional Charges, and other fees and charges described in this Agreement (collectively, "Aggregate Fees"); (ii) loss of Franchised Business representation in the area served by the Franchised Business; (iii) confusion of customers; (iv) injury to the goodwill in the Franchised Rights; and (v) lost opportunities to operate or franchise the Franchised Rights in the area served by the Franchised Business. Franchisee acknowledges that it will be difficult to estimate the revenues of the Franchised Business over a period of years, and that elements of Franchisor's damages not directly calculated from the Franchised Business revenues also will be difficult to calculate, and that such damages are real and meaningful to Franchisor, and the proofs thereof would be burdensome and costly. Franchisor and Franchisee agree that liquidated damages (as calculated below) are not a penalty and represent a reasonable estimate of just and fair

compensation of Franchisor for the damages that it would suffer. If this Agreement is terminated, Franchisee must promptly pay to Franchisor, in addition to any amounts otherwise payable to Franchisor, liquidated damages in an amount equal to (a) the sum of the average of the monthly Aggregate Fees payable to Franchisor under this Agreement over the immediately preceding two (2) years, multiplied by (b) twelve (12) (the "Liquidated Damages"). In addition to such damages, Franchisor will have the right to recover reasonable attorneys' fees and court costs incurred in collecting such sums, plus Interest on all amounts due pursuant to this Section 16.05(a) from the date of such termination until paid. Payment of Liquidated Damages, and all related costs, is due, in full, thirty (30) days following termination of this Agreement or on demand by Franchisor. Any Liquidated Damages payable hereunder shall reduce the Call Option Price otherwise payable by Franchisor to Franchisee upon exercise of the Call Option, if exercised hereunder.

(b) Upon termination or expiration of this Agreement, Franchisor may give notice of the pending expiration or termination of this Agreement to, and take such other action relating to, customers, suppliers and other Persons that might be affected by such expiration or termination.

#### 16.06 Post-Termination Obligations.

Upon expiration or other termination of this Agreement, all rights granted under this Agreement to Franchisee will immediately terminate, subject to any rights granted to Franchisee during the Wind Down Period, and Franchisee, at its expense, will comply with each of the following obligations:

(a) Franchisee must immediately cease to operate the Franchised Business and will not directly or indirectly represent or give the impression that it is a present or former franchisee or licensee of Franchisor. If the Call Option has been exercised by Franchisor, Franchisee shall assist in the transition of the Franchised Business to Franchisor.

(b) Prior to the expiration of the Wind Down Period, and subject to any directions given by, or rights of, Franchisor in the continued operations of the Franchised Business if Franchisor shall have exercised the Call Option, Franchisee must immediately and permanently: (i) cease to use and remove from the Franchised Business and any other place of business any Intellectual Property and any other identifying characteristics and marks of the Franchised Rights, including, any signs, fixtures, furniture, furnishings, equipment, advertising materials, stationery, supplies, forms, or other articles that display any Intellectual Property or any trade dress or other distinctive features or designs associated with Franchisor or the Franchised Rights; (ii) return to Franchisor or, upon request by Franchisor, destroy all items, forms and materials containing any Intellectual Property or otherwise identifying or relating to a Franchised Business and to comply fully with all Franchisor requirements applicable to the closing or transfer of a Franchisor Business; (iii) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Intellectual Property, as applicable, including any certificate, registration or other document that contains the name "WCH" or any other Proprietary Mark or any variations thereof, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after expiration or termination of this Agreement; (iv) if applicable, notify all search engines of the termination of Franchisee's right to use domain names incorporating or relating to the Intellectual Property and / or the Franchised Business (or any mark that is in Franchisor's sole opinion confusingly similar, including misspellings and acronyms), and transfer (or cause to be transferred) any domain name registrations to Franchisor or its designee; (v) immediately cease to use any of the Confidential Information and Franchised Rights and immediately return to Franchisor all copies of all Operations Manuals, and all materials containing Confidential Information which have been loaned or made available hereunder, together with all documents, memoranda, records, notes and

other materials in Franchisee's possession or the possession of its owners and employees, whether prepared by Franchisee or others; (vi) promptly deliver to Franchisor all copies of the Software, together with any and all modifications, updates, improvements or enhancements thereof, additions thereto or replacements therefor, and including all associated intellectual property rights with respect thereto and manuals, instructional materials and other documentation relating to the Software and its performance, characteristics and capabilities; (vii) remove all content regarding Franchisor, the Franchised Rights, and the Intellectual Property from any Internet sites under its control and will take all necessary actions required by Franchisor to disassociate itself from Franchisor on the Internet; and (viii) if Franchisor shall not have exercised the Call Option, Franchisee shall terminate any billing or other agreements or arrangements with clients of the Franchised Business, subject to Franchisor's right hereinabove to assume or reassign such client contracts. Any signs containing any Intellectual Property that Franchisee is unable to remove from the Franchised Business despite its best efforts upon termination of this Agreement will be completely covered by Franchisee from view and physically removed within five (5) days after termination. Failure to comply with this Section 16.06(b) shall constitute a Material Breach of this Agreement.

(c) Franchisee will retain no copies of any Confidential Information, Intellectual Property, and all other materials relating to the operation of the Franchised Business and the Franchised Rights, except for Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents that Franchisee reasonably needs for compliance with any provisions of Applicable Law. If Franchisor permits Franchisee to continue to use any Intellectual Property after the termination date (such permission to be explicit and specific), such use by Franchisee will be in accordance with the terms of this Agreement.

(d) Franchisee must immediately make such alterations as may be necessary to distinguish the Franchised Business clearly from its former appearance and other franchisee premises in order to prevent any possibility of confusion by the public. Franchisee must make such specific additional changes as Franchisor may reasonably request for this purpose. Until all alterations required by this Section are completed, Franchisee must maintain a conspicuous sign at the registration desk in a form specified by Franchisor, stating that the Franchised Business is no longer associated with Franchisor. Franchisee will advise and provide notices to all customers, and advise prospective customers telephoning the Franchisee, that the Franchised Business is no longer associated with Franchisor. Franchisee agrees that its failure to comply with any of the requirements of this Section will cause irreparable injury to Franchisor.

(e) The provisions of Section 16.03 through and including Section 16.06 shall survive the expiration or termination (for any reason) of this Agreement.

## ARTICLE XVII. FINANCING ARRANGEMENTS

In the event that Franchisee shall desire to obtain third party funding to finance the start-up costs for the Franchised Business, Franchisor shall have the option to provide, or to cause an Affiliate or other third party to provide, such funding to Franchisee on such terms and conditions as made generally available by Franchisor or its Affiliates or other third party to Franchisor franchisees in general (the "Financing Arrangements"). The Financing Arrangements shall be evidenced by a promissory note to be executed by Franchisee in favor of Franchisor or its Affiliates or other third party, in form and substance acceptable to Franchisor.

## ARTICLE XVIII. COMPLIANCE WITH LAWS; LEGAL ACTIONS

### 18.01 Compliance with Laws.

(a) Franchisee must comply with all Applicable Law, and will obtain in a timely manner all permits, certificates, and licenses necessary and compliance with the Franchisor Agreements. Franchisee must forward to Franchisor within seven (7) days of Franchisee's receipt copies of all inspection reports, warnings, certificates, and ratings issued by any Governmental Authority related to the Franchised Business that indicate a material failure to meet or maintain Governmental standards regarding health or life safety or any other material violation of Applicable Law.

(b) Franchisee must, if required by Applicable Law, timely file, register, or report this Agreement or the payments to be made hereunder, as applicable, to the appropriate Governmental Authorities having jurisdiction over the Franchised Business or this Agreement. Franchisee must provide a copy of all materials prepared in satisfaction of such Applicable Law to Franchisor for Franchisor's approval prior to furnishing such materials to any Governmental Authority.

(c) If required by any Applicable Law: (i) the effectiveness of this Agreement will be the date on which all requirements for the effectiveness of this Agreement under such Applicable Law have been met and complied with; and (ii) payment of fees will be deferred until all requirements for the payment of such fees under such Applicable Law have been met and complied with; provided, however, that to the extent not prohibited by Applicable Law, Franchisee will pay, as provided in Section 3, all invoices submitted by Franchisor to Franchisee for costs and expenses incurred by Franchisor or its Affiliates (including travel and expenses) arising out of or related to its review and investigation of the proposed Franchised Business (including, the Initial Fee), any plans, designs, development, or construction related thereto, and Franchisor's negotiation, preparation, and implementation of this Agreement. If Franchisee makes such reimbursement payments, Franchisor will adjust fees so as to avoid a duplication of charges to Franchisee.

18.02 Notice Regarding Legal Actions. Franchisee must notify Franchisor within two (2) days: (i) after the commencement of any material action, suit, or other proceeding that involves the Franchised Business or Franchisee; or (ii) after the commencement of any action, suit, or other proceeding that involves Franchisor or Franchisor's relationship with Franchisee or the Franchised Business, and within two (2) days of the issuance of any judgment, order, writ, injunction, award, or other decree of any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of the Franchised Business or Franchisee. Nothing in this Section 18.02, however, will abrogate any notice requirement that Franchisee may have under any insurance program or contract.

#### ARTICLE XIX. GOVERNING LAW; DISPUTE RESOLUTION

19.01 Governing Law. This Agreement is executed pursuant to, and will be construed under and governed exclusively by, the laws of the State of New York, without reference to its conflict of laws.

19.02 Waiver of Jury Trial. Each party hereby waives, without limitation, any right it might otherwise have to trial by jury on any and all claims asserted against the other.

19.03 Injunctive Relief. Franchisor will be entitled to injunctive or other equitable or judicial relief, without the necessity of proving the inadequacy of money damages as a remedy, without the necessity of posting a bond, and without waiving any other rights or remedies at law or in equity, for any actual or threatened Material Breach or violation of this Agreement or the Franchised Rights.

19.04 Arbitration; Venue. At the option of Franchisor, any action or dispute between the parties, including issues of arbitrability, shall be determined by arbitration administered by Arbitration Services, Inc., under its Commercial Arbitration Rules contained at [www.natarb.com](http://www.natarb.com). The parties agree that any action, arbitration or special proceeding to confirm the arbitration award, may be commenced, and all papers in connection therewith, served by first class mail delivered by U.S. Post Office or overnight carrier. All disputes under this Agreement shall be adjudicated in a court of competent jurisdiction, or arbitrated as provided herein, in the state courts sitting in Nassau County, New York, and in the federal courts of the Eastern District of New York sitting in Suffolk County, New York. By execution and delivery of this Agreement, each such party hereby (i) accepts the jurisdiction of the aforesaid courts; (ii) waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the venue set forth above; and (iii) further waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. The prevailing party in any action or proceeding arising out of this Agreement shall be entitled to reimbursement of costs and disbursements incurred, including reasonable attorneys' fees, including those leading up to such action or proceeding and for collection on any judgment.

#### ARTICLE XX. NOTICES

20.01 Notices. All notices, requests, demands, statements, and other communications required or permitted to be given under the terms of this Agreement will be in writing, and delivered by hand against receipt or carried by reputable overnight courier service, with a courtesy copy by email, to the respective party at the following addresses:

To Franchisor:           WCH Service Bureau Franchising, LLC  
3047 Avenue U  
Brooklyn, New York 11229  
Attn: Aleksandr Romanychev, President  
Email: [alexr@wchsb.com](mailto:alexr@wchsb.com)

To Franchisee:           As set forth in Schedule E hereto.

or at such other address as designated by notice from the respective party to the other party. Any such notice or communication will be deemed to have been given at the date and time of: (i) receipt; or (ii) first refusal of delivery. Franchisee expressly consents to service of process at the above address or at such other address as it may designate pursuant to this Section 20.01. Notwithstanding the foregoing, Franchisor may provide Franchisee with routine information, and other requirements and programs relating to the Franchised Rights by regular mail or by e-mail, facsimile, or by making such information available to Franchisee on the Internet, an extranet, or other electronic means.

#### ARTICLE XXI. MISCELLANEOUS

21.01 Construction and Severability.

(a) Except as expressly provided to the contrary in this Agreement, each section, part, term and/or provision of this Agreement (including, Section 9.02), will be considered severable; and if, for any reason any section, part, term, or provision is determined to be invalid, unenforceable or contrary to, or in conflict with, any existing or future Applicable Law or by an arbitral tribunal, court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other sections, parts, terms, and provisions of this Agreement as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind Franchisor and Franchisee; and said invalid or unenforceable sections,

parts, terms, or provisions will be deemed to be replaced with a provision that is valid and enforceable and most nearly reflects the original intent of the invalid or unenforceable provision.

(b) Nothing in this Agreement is intended, or will be deemed, to create any third party beneficiary or confer any rights or remedies under or by reason of this Agreement upon any Person other than Franchisor (and its Affiliates) or Franchisee, and their respective permitted successors and assigns. Franchisee shall have no right to assign this Agreement, or assign, sublicense, or allow use of any of the Franchised Rights by any other Person, except as expressly set forth in this Agreement.

(c) When this Agreement provides that Franchisor may take or refrain from taking any action or exercise discretion, such as rights of approval, or to modify the Franchised Rights or any part of it, or to make other determinations or modifications under this Agreement, Franchisor may do so from time to time.

(d) Unless otherwise stated, references to Sections are to Sections of this Agreement. Unless otherwise stated, references to exhibits, attachments or addenda are to exhibits, attachments and addenda to this Agreement, and all of such are incorporated by reference into this Agreement.

(e) Words importing the singular include the plural and vice versa as the context may imply. Words importing a gender include every gender as the context may imply. References to days, months, and years are to calendar days, calendar months, and calendar years, respectively.

(f) The words “include,” “included” and “including” will be terms of enlargement or example (meaning that, for instance, “including” will be read as “including but not limited to”) and will not imply any restriction or limitation unless the context clearly requires otherwise. Captions and section headings are used for convenience only. They are not part of this Agreement and will not be used in construing it.

21.02 Approvals and Waivers. Approvals, designations, and consents required under this Agreement will not be effective unless evidenced by a writing signed by the duly authorized officer or agent of the party giving such approval or consent. No waiver, delay, omission, or forbearance on the part of Franchisor or Franchisee to exercise any right, option or power arising from any default or breach by the other party will affect or impair the rights of Franchisor or Franchisee, respectively, with respect to any such default or breach or subsequent default or breach of the same or of a different kind. Any delay or omission of either party to exercise any right arising from any such default or breach will not affect or impair such party’s rights with respect to such default or breach or any future default or breach. Franchisor shall not be liable to Franchisee for providing (or denying) any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement or by reason of any delay or denial of any request.

21.03 Entire Agreement. This Agreement, including, all exhibits, attachments, and addenda, and any additional Franchisor agreements, and any execution copies executed simultaneously or in connection with, this Agreement, contain the entire agreement between the parties as it relates to the Franchised Business as of the date of this Agreement. This is a fully integrated agreement. No agreement of any kind relating to the matters covered by this Agreement will be binding upon either party unless and until the same has been made in a written, non-electronic instrument that has been duly executed by the non-electronic signature of all interested parties. This Agreement may not be amended or modified by conduct manifesting assent, or by electronic signature, and each party is hereby put on notice that any individual purporting to amend



or modify this Agreement by conduct manifesting assent or by electronic signature is not authorized to do so. In entering this Agreement, Franchisee represents and warrants that it did not rely on in entering this Agreement or otherwise, and Franchisor and Franchisor's representatives have not made, any promises, representations or agreements relating to franchising the Franchised Business, except as expressly contained in this Agreement.

21.04 Confidentiality. The terms of this Agreement and all exhibits, attachments or addenda or other agreements ancillary to, or executed in connection with this Agreement, that have been negotiated ("Negotiated Terms") from the standard form of Agreements are strictly confidential. Except as otherwise required by Applicable Law, or as may be necessary to enforce this Agreement in any legal proceedings, those Negotiated Terms will be disclosed only to those of Franchisee's managers, members, officers, directors, employees, attorneys, accountants, agents or lenders as is necessary for the operation or financing of the Franchised Business. Franchisee agrees that it will be a material default hereunder if Franchisee, its managers, members, officers, directors, employees, attorneys, accountants, agents or lenders disclose the Negotiated Terms to any unauthorized Person without the prior consent of Franchisor.

21.05 Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which will be deemed an original for all purposes and all of which will constitute, collectively, one agreement. Delivery of an executed signature page to this Agreement by facsimile transmission or in portable document format (.pdf) will be effective as delivery of a manually signed counterpart of this Agreement.

21.06. Survival. The following articles and sections of this Agreement shall survive the expiration or termination of this Agreement: Section 4.02, Article IX, Article XI, Article XII, Article XIII, Section 16.03, Section 16.04, Section 16.05, Section 16.06, Article XVIII, Article XIX, and this Article XXI.

[SIGNATURES APPEAR ON THE NEXT PAGE]

IN WITNESS WHEREOF, the Franchisor and the Franchisee have duly executed this Agreement as of the day and year first above written.

**FRANCHISOR:**  
WCH SERVICE BUREAU FRANCHISING, LLC

**FRANCHISEE:**  
[\_\_\_\_\_]

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

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

**GUARANTOR(S):**

The undersigned, jointly and severally, hereby personally guarantee the full payment and performance of all obligations on the part of Franchisee under this Franchise Agreement.

\_\_\_\_\_  
Print Name:  
Personal Tax ID:

\_\_\_\_\_  
Print Name:  
Personal Tax ID:

\_\_\_\_\_  
Print Name:  
Personal Tax ID:

**SCHEDULE A**  
**LICENSED SERVICES/PRODUCTS**

Use of Software products developed by Franchisor and its Affiliates, including:

- WCH PMBOS©:
  - I. Software product WCH PMBOS©;
  - II. PMBOS Manual;
  - III. Video tutorials on WCH PMBOS © (10 video tutorials);
  - IV. List of necessary equipment, technologies and additional software for launching WCH PMBOS©.
  
- iSmart EHR©:
  - I. Software product iSmart EHR©;
  - II. Video tutorials on iSmart EHR © (9 video tutorials);
  
- CredyApp©:
  - I. Software product CredyApp©;
  - II. Video tutorials on CredyApp © (4 video tutorials);
  
- Time Management Software.

Providing a Package of Documents for doing business (Billing Services Agreement; Business Associate Agreement; WCH Billing Form; Insurance List Form; Medicaid electronic billing sign up form (2 sets); 835 Medicaid Form; Medicare EDI - 837 form; 835 Medicare Form; Clearinghouse set up; Letterheads).

Operations Manuals to include Brand and Ethics Book, Business Book, Employee Handbook, and Billing Manual

Billing and Collection Services utilizing the Software

Provider Credentialing Services

Software and Web Development Services

Web Page on WCH website (design and upload)

Chart Audit Services

Billing Audit Services

ICode Services

MIPS Support

Technical Support during normal business hours

**SCHEDULE B**

ADDITIONAL FRANCHISEE SUPPORT SERVICES

Additional Franchisee Support Services:	Additional Fees:
<input type="checkbox"/> Software development (PMBOS, iSmart EHR, CredyApp, Time Management).....	\$85/hr.
<input type="checkbox"/> Additional software by request.....	\$85/hr.
<input type="checkbox"/> Additional Technical support (Software and system administration).....	\$65/hr.
<input type="checkbox"/> Use of corporate WCH web software.....	\$159/month.
<input type="checkbox"/> Back up employees – IT.....	\$65/hr. (up to one month)
<input type="checkbox"/> Back up employees – Billing/Credentialing.....	\$45/hr. (up to a month)
<input type="checkbox"/> Additional Credentialing training.....	\$85/hr.
<input type="checkbox"/> Additional Billing training.....	\$55/hr.
<input type="checkbox"/> Additional Audit training.....	\$95/hr.
<input type="checkbox"/> Additional MIPS support training.....	\$95/hr.
<input type="checkbox"/> Additional Operations Manual Training.....	\$55/hr.
<input type="checkbox"/> Additional Software Training.....	\$55/hr.
<input type="checkbox"/> Consultation Billing.....	\$120/hr.
<input type="checkbox"/> Consultation Credentialing.....	\$220/hr.
<input type="checkbox"/> Consultation Audit.....	\$280/hr.
<input type="checkbox"/> Billing Service.....	6.4% of client revenue
<input type="checkbox"/> Credentialing Service.....	current WCH prices per insurance/package
<input type="checkbox"/> Audit Service.....	current WCH prices per insurance/package
<input type="checkbox"/> MIPS Support Service.....	current WCH prices per insurance/package

## SCHEDULE C

### TRAINING PROGRAM

A. START-UP PERIOD (“Initial Training”).

1. Assist and advise on general issues of billing, credentialing, audit and MIPS support services, communication and coordination with insurance companies and clearinghouse, for an aggregate of up to twelve (12) hours during the Start-Up Period, with such assistance not to exceed one (1) hour thirty (30) minutes per week.
2. Provide training for the billing, credentialing, audit and MIPS support processes at Franchisor’s office located in Brooklyn, New York, or online, for an aggregate of up to fourteen (14) hours during the Start-Up Period, with such assistance not to exceed one (1) hour thirty (30) minutes per week.
3. Provide software training to users for the WCH PMBOS© software, iSmart EHR© software and CredyApp© upon installation of such software programs upon request by Franchisee, not to exceed twelve (12) hours within start-up period (four (4) hours for each software).

B. AFTER START-UP PERIOD.

1. Provide assistance in the proper use of documents and forms for the billing, credentialing, audit and MIPS support processes upon request by Franchisee, not to exceed eight (8) hours per month.
2. Provide technical assistance and support to users for the WCH PMBOS© software, iSmart EHR© software and CredyApp© software upon updates of these software programs upon request by Franchisee, not to exceed three (3) hours per month.
3. Provide continued assistance and advice on general issues of billing services, communication and coordination with insurance companies and clearinghouse upon request by Franchisee, not to exceed eight (8) hours per month.

C. GENERAL TERMS.

1. Notwithstanding anything contained herein to the contrary, in the event that any training time is not used within the allocated period, Franchisee shall forfeit such training time and shall not be entitled to receive any credits for any unused training time. Franchisor’s only obligation is to provide such training for a period up to the maximum weekly or monthly allotment and no unused time shall be carried over to any subsequent period.
2. Franchisee shall be solely responsible for: (i) Franchisor travel and expenses related to any Training Program; and (ii) the cost of additional training in excess of the Training Program set forth herein, as an Additional Charge.

**SCHEDULE D**

**PROPRIETARY MARKS**

WCH SERVICE BUREAU™

WCH SERVICE BUREAU and logo®, United States Patent and Trademark Office Application Serial No. 88/218011

**SCHEDULE E**

TERM; FEES; MARKETING FUND; ADDRESS FOR NOTICES

**Section 3.01.**

The Term of this Agreement shall continue for a period of \_\_\_\_ (\_\_) years from the Commencement Date.

**Section 4.01.**

The Franchise Fee shall be equal to Twenty-Four Thousand Nine Hundred Ninety-Nine Dollars and No Cents (\$24,999.00). The Franchise Fee is due and payable in full upon the date of execution hereof.

**Section 4.02.**

The Royalty Fee percentage shall be measured on a monthly basis, in arrears, and calculated for each month as follows:

- Ten Percent (10%) of Gross Revenue for each month in which Gross Revenue is less than \$20,000; or
- Nine Percent (9%) of Gross Revenue for each month in which Gross Revenue is at least \$20,000 but not more than \$40,000; or
- Eight Percent (8%) of Gross Revenue for each month in which Gross Revenue is at least \$40,000 but not more than \$70,000; or
- Seven Percent (7%) of Gross Revenue for each month in which Gross Revenue is at least \$70,000.

**Section 6.04(b)(i).**

The monthly Marketing Fund contribution shall be Five Percent (5.0%) of Franchisor's monthly Marketing Fund.

**Section 6.12(a).**

Fee for the Software (PMBOS, iSmart EHR, CredyApp) granted shall equal to Fifty Percent (50%) of each License amount and/or access to Program.

**Section 20.01.**

Franchisee's address for notices shall be:

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

Attn: \_\_\_\_\_

Email: \_\_\_\_\_

## **EXHIBIT B**

### **List of State Agents for Service of Process and State Administrators**

#### **CALIFORNIA**

Commissioner of Business Oversight  
One Sansome Street  
Suite 600  
San Francisco, CA 94104  
Tel: (415) 972-8559  
Fax: (415) 972-8590  
Toll Free: (866) 275-2677

#### **CONNECTICUT**

Department of Banking  
Securities and Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103-1800  
Tel: (860) 240-8230

#### **FLORIDA**

Tom Kenny, Regulatory Consultant  
Department of Agriculture & Consumer Services  
Division of Consumer Services  
P.O. Box 6700  
Tallahassee, Florida 32314  
Tel: (850) 488-2221  
Fax: (850) 410-3804

#### **HAWAII**

(for service of process)  
Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(state agency)  
Department of Commerce &  
Consumer Affairs  
King Kalakaua Building  
335 Merchant Street, Rm 203  
Honolulu, Hawaii 96813  
Tel: (808)586-2722  
Fax: (808) 587-7559

#### **ILLINOIS**

Franchise Bureau  
Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706



(217) 782-4465

**INDIANA**

(for service of process)  
Indiana Secretary of State  
201 State House  
Indianapolis, Indiana 46204  
(state agency)  
Securities Commissioner  
Indiana Secretary of State  
Securities Division, Franchise Section  
302 West Washington Street,  
Room E-111  
Indianapolis, Indiana 46204  
Tel: (317) 232-6681

**IOWA**

Dennis Britson  
Director of Regulated Industries Unit  
Iowa Securities Bureau  
340 Maple  
Des Moines, Iowa 50319-0066  
Tel: (515) 281-4441  
Fax: (515) 281-3059  
email: iowasec@iid.state.ia.us

**MARYLAND**

(for service of process)  
Maryland Securities Commissioner  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(state agency)  
Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
Tel: (410) 576-6360

**MICHIGAN**

(for service of process)  
Michigan Department of Consumer and Industry Services  
Bureau of Commercial Services  
Corporations Division  
PO Box 30054  
Lansing, Michigan 48909  
Tel: (517) 241-6470  
(state agency)  
Department of the Attorney General  
Consumer Protection Division  
Antitrust and Franchise Section

670 Law Building  
Lansing, MI 48913  
Tel: (517) 373-7117

**MINNESOTA**

Commissioner of Commerce  
85 Seventh Place East, Suite 280  
St. Paul, MN 55101-2198  
Tel: (651) 539-1600

**NEBRASKA**

Gene Schenkelberg, Securities Analyst  
Department of Banking & Finance  
1200 N. Street, Suite 311  
P.O. Box 95006  
Lincoln, Nebraska 68509  
Tel: (402) 417-3445

**NEW YORK**

(for service of process)  
New York Secretary of State  
99 Washington Avenue  
Albany, NY 12231  
(for Administrator)  
New York State Department of Law  
Investor Protection Bureau  
28 Liberty St. 21st Floor  
New York, NY 10005  
(212) 416-8222

**TEXAS**

Statutory Document Section  
Secretary of State  
1719 Brazos  
Austin, Texas 78701  
Attn: Dorothy Wilson  
Tel: (512) 475-1769

**NORTH DAKOTA**

(for service of process)  
North Dakota Securities Commissioner  
North Dakota Securities Department  
600 East Boulevard, 5th Floor  
Bismarck, North Dakota 58505-0510  
(state agency)  
North Dakota Securities Department  
600 East Boulevard, 5th Floor  
Bismarck, North Dakota 58505-0510  
Tel: (701) 328-2910

**OREGON**

Director, Department of Consumer &  
Business Services  
Division of Finance & Corporate  
Securities  
Labor and Industries Building  
Salem, Oregon 97310  
Tel: (503) 378-4140  
Fax: (503) 947-7862  
Email: dcbs.dfcsmail@state.or.us

**RHODE ISLAND**

Director  
Securities Division  
Department of Business Regulation,  
Building 69, First Floor  
John O. Pastore Center  
1511 Pontiac Avenue,  
Cranston, Rhode Island 02920  
Tel: (401) 462 9582

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501

**UTAH**

Director, Division of Consumer Protection  
Utah Dept. of Commerce  
160 East Three Hundred South  
SM Box 146704  
Salt Lake City, Utah 84114-6704  
Tel: (801) 530-6601  
Fax: (801) 530-6001

**VIRGINIA**

(for service of process)  
Clerk of the State Corporation Commission  
1300 East Main Street, 1st Floor  
Richmond, Virginia 23219  
(state agency)  
Director  
State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219  
Tel: (804) 371-9051

**WASHINGTON**

(for service of process)

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501

**EXHIBIT C**  
**Financial Statements**

**WCH SERVICE BUREAU  
FRANCHISING, LLC**

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Financial Statements

December 31, 2021

# WCH SERVICE BUREAU FRANCHISING, LLC

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## **Independent Auditors' Report**

WCH Service Bureau Franchising, LLC  
Brooklyn, New York

### ***Opinion***

We have audited the financial statements of WCH Service Bureau Franchising, LLC (the "Company") which comprise the balance sheet as of December 31, 2021, and the related statements of operations, cash flows and changes in member's deficit for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WCH Service Bureau Franchising, LLC as of December 31, 2021, and the results of its operations, cash flows and changes in members' equity for the year 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCH Service Bureau Franchising, LLC 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.

### ***Emphasis-of-Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company experienced losses resulting in negative cash flows from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions along with management's plans to mitigate these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

WCH Service Bureau Franchising, LLC

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.

*Baker Tilly US, LLP*

Uniondale, New York  
June 1, 2022

# WCH SERVICE BUREAU FRANCHISING, LLC

## BALANCE SHEET

---

December 31,

2021

### ASSETS

#### Current Assets -

Cash

\$ 34,236

#### Total Assets

\$ 34,236

### LIABILITIES AND MEMBER'S DEFICIT

#### Current Liabilities:

Contract liability

\$ 48,412

Due to affiliate

19,358

#### Total Liabilities

67,770

#### Member's Deficit

(33,534)

#### Total Liabilities and Member's Deficit

\$ 34,236

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF OPERATIONS

---

*Year Ended December 31,*

**2021**

### **Revenue**

Franchise initiation fee

**\$ 23,584**

### **Total Revenue**

**23,584**

### **Expenses**

Advertising

**20,000**

Outside services

**20,318**

Professional fees

**8,950**

Computer and internet expenses

**1,120**

Bank fees

**710**

### **Total Expenses**

**51,098**

### **Net Loss**

**\$ (27,514)**

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF CASH FLOWS

---

Year Ended December 31,

2021

### Cash Flows from Operating Activities

Net loss	\$ (27,514)
Net change in operating liabilities:	
Due to affiliates	318
Contract liability	42,412
Net Cash Provided by Operating Activities	<u>15,216</u>

### Cash Flows from Investing Activities

-

### Cash Flows from Financing Activities

-

### Net Increase in Cash

15,216

### Cash - beginning of year

19,020

### Cash - end of year

\$ 34,236

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF CHANGES IN MEMBER'S DEFICIT

---

<i>Year Ended December 31,</i>	<b>2021</b>
<b>Member's Capital - January 1, 2021</b>	<b>\$ (6,020)</b>
<b>Net Loss</b>	<u><b>(27,514)</b></u>
<b>Member's Deficit - December 31, 2021</b>	<u><u><b>\$ (33,534)</b></u></u>

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## NOTES TO FINANCIAL STATEMENTS

---

### 1. DESCRIPTION OF BUSINESS

WCH Service Bureau Franchising, LLC (the “Company”) is a limited liability company formed on May 12, 2017 to explore franchising opportunities relating to the WCH Service Bureau brand of medical billing offices. The Company obtained a franchise license in New York State effective December 13, 2019. Although limited liability companies are unincorporated associations, their members have limited personal liability for obligations or debts of the entities similar to stockholders of a corporation; however the entities are classified as partnerships for income tax purposes.

The Company experienced losses from operations. These losses have been funded by loans from related entities, however there is no assurance that the financial support from related entities will continue. Management has evaluated the situation and intends to aggressively market to and recruit new franchisees, however without additional financial support it is possible the Company may not be able to meet its financial obligations as they come due. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The final outcome of this uncertainty cannot be determined at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash** - Cash is maintained at one financial institution.

**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 disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Revenue recognition** – In accordance with ASC 606, “Revenue from Contracts with Customers,” the Company recognizes revenue when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company determines it has a contract with a customer when: (i) it has approval and commitment from both parties, (ii) the rights of the parties and payment terms are identified, (iii) the contract has commercial substance, and (iv) collectability of consideration is probable. The Company considers the start of a project to be when the above criteria have been met and it has an executed contract from the customer.

The Company sells individual franchises that grant the right to open medical billing offices in designated areas. The franchise agreements typically require the franchisee to pay initial nonrefundable fees prior to opening the respective offices and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross sales. The initial term of a franchise agreement is typically five years with automatic successive one year renewals.

# WCH SERVICE BUREAU FRANCHISING, LLC

## NOTES TO FINANCIAL STATEMENTS

---

Generally, the franchise license granted for each medical billing office represents a single performance obligation. Therefore, initial franchise fees for each arrangement are allocated to each individual medical billing office and recognized over the term of the respective franchise agreement from the date of the medical billing office opening. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned for each period as the underlying sales occur. Initial franchise fees received not yet recognized are reported as a contract liability on these financial statements.

**Advertising costs** - Advertising costs are expensed as incurred and were \$20,000 for the year ended December 31, 2021.

**Income taxes** - The Company is a disregarded entity for tax purposes and, accordingly, is not subject to federal and state income taxes as an entity. The Company's sole member includes the taxable income or loss of the Company in his individual income tax returns.

The Company has considered the provisions pertaining to uncertain tax positions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, "Income Taxes," and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Subsequent events** - The Company has evaluated events and transactions for potential recognition or disclosure through June 1, 2022, the date the financial statements were available to be issued.

### 3. TRANSACTIONS WITH RELATED PARTIES

WCH Service Bureau, Inc., a corporation wholly owned by the sole member of the Company, incurred costs for contracted labor and advertising for the promotion of franchising opportunities and professional services on behalf of the Company. Total advertising and outside services incurred with WCH Service Bureau, Inc., for the year ended December 31, 2021 amounted to \$40,318 of which \$19,358 was unpaid from the prior year at December 31, 2021.



**WCH SERVICE BUREAU  
FRANCHISING, LLC**

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Financial Statements

December 31, 2022

# WCH SERVICE BUREAU FRANCHISING, LLC

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# Michael Koloden CPA PC

7308 18th Avenue  
Brooklyn NY 11204

T: 1 (718) 360-5337  
F: 1 (718) 928-5382  
michaelkolodencpa@gmail.com

## **Independent Auditors' Report**

WCH Service Bureau Franchising, LLC  
Brooklyn, New York

### ***Opinion***

We have audited the financial statements of WCH Service Bureau Franchising, LLC (the "Company") which comprise the balance sheet as of December 31, 2022, and the related statements of operations, cash flows and changes in member's deficit for the seven months then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WCH Service Bureau Franchising, LLC as of December 31, 2022 and the results of its operations, cash flows for the seven months 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCH Service Bureau Franchising, LLC 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.

### ***Emphasis-of-Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company experienced losses resulting in negative cash flows from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions along with management's plans to mitigate these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

WCH Service Bureau Franchising, LLC

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 cursive script, appearing to read "MKoloden", with a long horizontal flourish extending to the right.

Michael Koloden, CPA  
Brooklyn, New York  
June 23, 2023

# WCH SERVICE BUREAU FRANCHISING, LLC

## BALANCE SHEET

---

December 31,

2022

---

### ASSETS

#### Current Assets -

Cash

\$ 18,096

#### Total Assets

\$ 18,096

### LIABILITIES AND MEMBER'S DEFICIT

#### Current Liabilities:

Due to affiliate

\$ 65,701

Contract liability

12,607

#### Total Liabilities

78,308

#### Member's Deficit

(60,212)

#### Total Liabilities and Member's Deficit

\$ 18,096

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF OPERATIONS

---

Year Ended December 31,

2022

### Revenue

Franchise initiation fee

\$ 35,805

### Total Revenue

35,805

### Expenses

Advertising

9,268

Bank fees

720

Outside services

33,400

Professional fees

18,875

Miscellaneous expenses

220

### Total Expenses

62,483

### Net Loss

\$ (26,678)

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF CASH FLOWS

---

Year Ended December 31,

2022

### Cash Flows from Operating Activities

Net loss \$ (26,678)

Net change in operating liabilities:

Due to affiliate 46,342

Contract liability (35,804)

Net Cash Used in Operating Activities (16,140)

Net Decrease in Cash (16,140)

Cash - beginning of year 34,236

Cash - end of year \$ 18,096

---

*The accompanying notes are an integral part of this statement.*



# WCH SERVICE BUREAU FRANCHISING, LLC

## STATEMENT OF CHANGES IN MEMBER'S DEFICIT

---

<i>Year Ended December 31,</i>	<b>2022</b>
<b>Member's Capital - January 1, 2022</b>	<b>\$ (33,534)</b>
<b>Net Loss</b>	<b>(26,678)</b>
<b>Member's Deficit - December 31, 2022</b>	<b>\$ (60,212)</b>

---

*The accompanying notes are an integral part of this statement.*

# WCH SERVICE BUREAU FRANCHISING, LLC

## NOTES TO FINANCIAL STATEMENTS

---

### 1. DESCRIPTION OF BUSINESS

WCH Service Bureau Franchising, LLC (the "Company") is a limited liability company formed on May 12, 2017 to sell franchising opportunities relating to the WCH Service Bureau brand of medical billing offices. The Company obtained a franchise license in New York State effective December 13, 2019. Although limited liability companies are unincorporated associations, their members have limited personal liability for obligations or debts of the entities similar to stockholders of a corporation; however the entities are classified as partnerships for income tax purposes.

The Company experienced losses from operations. These losses have been funded by loans from related entities, however there is no assurance that the financial support from related entities will continue. Management has evaluated the situation and intends to aggressively market to and recruit new franchisees, however without additional financial support it is possible the Company may not be able to meet its financial obligations as they come due. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The final outcome of this uncertainty cannot be determined at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash** - Cash is maintained at one financial institution.

**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 disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Revenue recognition** – In accordance with ASC 606, "Revenue from Contracts with Customers," the Company recognizes revenue when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company determines it has a contract with a customer when: (i) it has approval and commitment from both parties, (ii) the rights of the parties and payment terms are identified, (iii) the contract has commercial substance, and (iv) collectability of consideration is probable. The Company considers the start of a project to be when the above criteria have been met and it has an executed contract from the customer.

The Company sells individual franchises that grant the right to open medical billing offices in designated areas. The franchise agreements typically require the franchisee to pay initial nonrefundable fees prior to opening the respective offices and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross sales. The initial term of a franchise agreement is typically five years with automatic successive one year renewals.

# WCH SERVICE BUREAU FRANCHISING, LLC

## NOTES TO FINANCIAL STATEMENTS

---

Generally, the franchise license granted for each medical billing office represents a single performance obligation. Therefore, initial franchise fees for each arrangement are allocated to each individual medical billing office and recognized over the term of the respective franchise agreement from the date of the medical billing office opening. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned for each period as the underlying sales occur. Initial franchise fees received not yet recognized are reported as a contract liability on these financial statements.

**Advertising costs** - Advertising costs are expensed as incurred and were \$9,268 for the twelve months ended December 31, 2022.

**Income taxes** - The Company is a disregarded entity for tax purposes and, accordingly, is not subject to federal and state income taxes as an entity. The Company's sole member includes the taxable income or loss of the Company in his individual income tax returns.

The Company has considered the provisions pertaining to uncertain tax positions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, "Income Taxes," and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**Subsequent events** - The Company has evaluated events and transactions for potential recognition or disclosure through December 12, 2022, the date the financial statements were available to be issued.

### 3. TRANSACTIONS WITH RELATED PARTIES

WCH Service Bureau, Inc., a corporation wholly owned by the sole member of the Company, incurred costs for contracted labor and advertising for the promotion of franchising opportunities and professional services on behalf of the Company. Year twelve months ended December 31, 2022 amounted to \$42,668, with \$65,701 total remaining unpaid as of December 31, 2022.

**WCH SERVICE BUREAU FRANCHISING, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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MICHAEL PETRUSHANSKY, CPA PC  
2606 EAST 15<sup>TH</sup> ST, SUITE 305  
BROOKLYN, NY 11235  
(718) 621-0803 - TEL  
(212) 225-8994 - FAX  
WWW.NYCCPAFIRM.COM

## **Independent Auditors' Report**

**To the Members of  
WCH SERVICE BUREAU FRANCHISING, LLC  
Brooklyn, NY**

### **Opinion**

We have audited the financial statements of WCH Service Bureau Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, cash flows, and changes in member's deficit for the seven months then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WCH Service Bureau Franchising, LLC as of December 31, 2023 and the results of its operations, cash flows for the seven months 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCH Service Bureau Franchising, LLC 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.

### **Emphasis-of-Matter**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company experienced losses resulting in negative cash flows from operations and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions along with management's plans to mitigate these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



Michael Petrushansky, CPA P.C Brooklyn,  
NY, 11235

June 17, 2024

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Balance Sheet, December 31, 2023**

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents - **Note B** \$ 558

**TOTAL CURRENT ASSETS** 558

**TOTAL ASSETS** \$ 558

**LIABILITIES AND OWNER'S EQUITY**

**Current Liabilities**

Due to Affiliates 86,097

Contract Liabilities 22,499

**TOTAL CURRENT LIABILITIES** 108,596

**Owner's Equity**

Member's Deficit (108,038)

**TOTAL OWNER'S EQUITY** (108,038)

**TOTAL LIABILITIES AND OWNER'S EQUITY** \$ 558

---

See Accountant's Report and Notes to Financial Statements



**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Statement of Income for the Period Ended December 31, 2023**

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<b>Revenue</b>	
Franchise Initial Fee	\$ 15,106
Royalties	8,645
Service Fees	200
<b>Total Revenue</b>	<b>23,951</b>
<b>Expenses</b>	
Advertising	16,528
Auto Expenses	6,112
Business Licenses & Fees	25
Bank Fees	360
Outside Services	34,536
Professional Fees	14,216
<b>Total Expenses</b>	<b>71,777</b>
Provision for Income Taxes	-
<b>NET INCOME</b>	<b><u>\$ (47,826)</u></b>

---

See Accountant's Report and Notes to Financial Statements

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Statement of Changes in Owner's Equity, December 31, 2023**

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<b>Owner's Equity – January 1, 2023</b>	<b>\$ (60,212)</b>
Net Income/(Loss) For the Period Ended December 31, 2023	(47,826)
Payments For Profit Distribution/Owner Contributions	<u>-</u>
<b>Owner's Equity – December 31, 2023</b>	<b><u><u>\$ (108,038)</u></u></b>

---

See Accountant's Report and Notes to Financial Statements

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Statement of Cash Flows for the Period Ended December 31, 2023**

---

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income	\$ (47,826)
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	-
<b>Change in Assets and Liabilities</b>	
Due to Affiliates	20,396
Contract Liabilities	9,892
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(17,538)</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments For Profit Distribution/Owner Contributions	-
Machinery, Equipment & Vehicles	-
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(17,538)</b>
CASH AT BEGINNING OF YEAR – January 1, 2023	<u>18,096</u>
CASH AT END OF Period – December 31, 2023	<u><b>\$ 558</b></u>

**Supplemental Information**

Income Taxes Paid:	<u>\$ -</u>
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See Accountant's Report and Notes to Financial Statements

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Notes to Financial Statements, December 31, 2023**

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**A. OPERATIONS**

WCH Service Bureau Franchising, LLC (the “Company”) is a limited liability company formed on May 12, 2017 to sell franchising opportunities relating to the WCH Service Bureau brand of medical billing offices. The Company obtained a franchise license in New York State effective December 13, 2019. Although limited liability companies are unincorporated associations, their members have limited personal liability for obligations or debts of the entities similar to stockholders of a corporation; however the entities are classified as partnerships for income tax purposes.

The Company experienced losses from operations. These losses have been funded by loans from related entities, however there is no assurance that the financial support from related entities will continue. Management has evaluated the situation and intends to aggressively market to and recruit new franchisees, however without additional financial support it is possible the Company may not be able to meet its financial obligations as they come due. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The final outcome of this uncertainty cannot be determined at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase. The following is a schedule of cash and cash equivalents on December 31, 2023:

<b>Cash in Bank</b>	<b>\$ 558</b>
<b>Cash on Hand</b>	<b>0</b>
<b>Balance</b>	<b>\$ 558</b>

The Company maintains its cash balance at financial institutions located in New York City. The accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023, full account balance was insured. At times throughout the year, the Company may maintain bank balances in excess of the FDIC insurance limit.

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See Accountant’s Report and Notes to Financial Statements

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Notes to Financial Statements, December 31, 2023**

---

**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 disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Revenue recognition** – In accordance with ASC 606, “Revenue from Contracts with Customers,” the Company recognizes revenue when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company determines it has a contract with a customer when: (i) it has approval and commitment from both parties, (ii) the rights of the parties and payment terms are identified, (iii) the contract has commercial substance, and (iv) collectability of consideration is probable. The Company considers the start of a project to be when the above criteria have been met and it has an executed contract from the customer.

The Company sells individual franchises that grant the right to open medical billing offices in designated areas. The franchise agreements typically require the franchisee to pay initial nonrefundable fees prior to opening the respective offices and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross sales. The initial term of a franchise agreement is typically five years with automatic successive one year renewals.

Generally, the franchise license granted for each medical billing office represents a single performance obligation. Therefore, initial franchise fees for each arrangement are allocated to each individual medical billing office and recognized over the term of the respective franchise agreement from the date of the medical billing office opening. Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned for each period as the underlying sales occur. Initial franchise fees received not yet recognized are reported as a contract liability on these financial statements.

**Advertising costs** - Advertising costs are expensed as incurred and were \$16,528 for the twelve months ended December 31, 2023.

**WCH SERVICE BUREAU FRANCHISING, LLC**  
**Notes to Financial Statements, December 31, 2023**

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**Income taxes** - The Company is a disregarded entity for tax purposes and, accordingly, is not subject to federal and state income taxes as an entity. The Company's sole member includes the taxable income or loss of the Company in his individual income tax returns. The Company has considered the provisions pertaining to uncertain tax positions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, "Income Taxes," and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**C. TRANSACTIONS WITH RELATED PARTIES**

WCH Service Bureau, Inc., a corporation wholly owned by the sole member of the Company, incurred costs for contracted labor and advertising for the promotion of franchising opportunities and professional services on behalf of the Company. For the twelve months ended December 31, 2023 amounted to \$51,064, with \$86,097 total remaining unpaid as of December 31, 2023.

**D. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 11, 2024, the date of the financial statements were issued. No significant material subsequent events have been identified that would require adjustment or disclosure in the accompanying financial statements.

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See Accountant's Report and Notes to Financial Statements

**EXHIBIT D**  
**Statement of Prospective Franchisee**

[NOTE: Dates and Answers must be completed in the Prospective Franchisee's Own Handwriting.]

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and WCH Service Bureau Franchising, LLC (also called the "Franchisor" or "WCH") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

**A. The following dates and information are true and correct:**

1. \_\_\_\_\_, 20\_\_\_\_                      The date on which I/we received a Uniform Franchise Disclosure Document about a Franchise.

**Initials:** \_\_\_\_\_

2. \_\_\_\_\_, 20\_\_\_\_                      The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement, Development Agreement (if appropriate) and all other documents I/we later signed.

**Initials:** \_\_\_\_\_

3. \_\_\_\_\_, 20\_\_\_\_                      The earliest date on which I/we signed the Franchise Agreement, or any other binding document (not including any Letter or other Acknowledgment of Receipt.)

**Initials:** \_\_\_\_\_

4. \_\_\_\_\_, 20\_\_\_\_                      The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

**Initials:** \_\_\_\_\_

**B. Representations and Other Matters:**

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement, or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

**Prospective Franchisee's Initials:** \_\_\_\_\_

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited

to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by Franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

**Prospective Franchisee's Initials:** \_\_\_\_\_

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

**Prospective Franchisee's Initials:** \_\_\_\_\_

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each written Addendum and any Personal Guarantees.

**Prospective Franchisee's Initials:** \_\_\_\_\_

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a WCH Franchise with existing Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing WCH Franchised Business Franchisees.

**Prospective Franchisee's Initials:** \_\_\_\_\_

6. I confirm that, as advised, I've spoken with past and/or existing WCH Service Bureau Franchising, LLC, and that I made the decision as to which, and how many, to speak with.

**Prospective Franchisee's Initials:**

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a WCH Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any WCH Franchise, including the one to be operated by me/us, are my/our personal business,



marketing, sales, management, judgment and other skills.

**Prospective Franchisee's Initials:** \_\_\_\_\_

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) **immediately** inform the CEO of WCH Service Bureau Franchising, LLC and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, franchise to franchise, and may vary significantly.

**Prospective Franchisee's Initials:** \_\_\_\_\_

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date:

**PROSPECTIVE FRANCHISEE (Individual)  
LLC, or**

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

**PROSPECTIVE FRANCHISEE (Corp.,  
Partnership):**

By: \_\_\_\_\_  
Legal Name of Entity:  
Individual:  
Title:

## EXHIBIT E

### Operations Manuals Table of Contents (Business Book, Employee Handbook and Billing Manual)

#### Operations Manuals:

WCH Service Bureau Business Book

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WCH Service Bureau Billing Manual

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**EXHIBIT F**  
**New York State-Specific Addenda**

**Addendum to Disclosure Document**

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 A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

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

4. 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.

#### **STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Documents 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.

**EFFECTIVE DATE - NEW YORK APPROVAL:** October 26, 2023.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	July 26, 2024
Connecticut	April 26, 2021 (exclusion notice)
Florida	
Hawaii	
Illinois	
Indiana	
Kentucky	
Maryland	
Michigan	
Minnesota	
Nebraska	
New York	<u>October 26, 2023</u>
North Dakota	
Rhode Island	
South Dakota	
Texas	
Utah	
Virginia	
Washington	October 24, 2023
Wisconsin	

**EXHIBIT G**



## **Receipts**

**ITEM 23**

**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 WCH Service Bureau Franchising, LLC offers you a franchise, it 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.

New York, Oklahoma and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or, other agreement, or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise agreement, or other agreement, or the payment of any consideration, whichever comes first.

If WCH Service Bureau Franchising, LLC 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 law 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 on Exhibit.

The franchisor is WCH Service Bureau Franchising, LLC. The name, principal business address and telephone number of each Franchise Seller offering the Franchise are: Aleksandr Romanychev and Olga Khabinskay, c/o 3047 Avenue U, Brooklyn, NY 11229. (718) 934-6714

Issuance Date: July 3, 2024. The effective date in each state is listed on the State Cover Page. WCH Service Bureau Franchising LLC authorizes the agents listed in Exhibit B to receive service of process for it.

I have received a disclosure document dated July 3, 2024. This Disclosure Document included the following Exhibits that included the following Exhibits:

- A. Franchise Agreement and Schedules
- B. List of State Agents for Services of Process and State Administrators
- C. Financial Statements
- D. Statement of Prospective Franchisee
- E. Operations Manuals Table of Contents
- F. State-Specific Addenda
- G. Receipts

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Date

*Keep this copy for your records*

**ITEM 23**

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\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Date

*Please sign this copy of the receipt, date your signature, and return this form to us as described in Item 23.*