

## FRANCHISE DISCLOSURE DOCUMENT



HAPPIER AT HOME, LLC

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Happier at Home, LLC offers franchises for the operation of a business that provides companion care, and non-medical geriatric care advocacy for elderly clients under the System and Marks.

The total investment necessary to begin operation of your Happier at Home franchise ranges from \$92,475 to \$136,675. This includes an amount of \$55,000 that must be paid to us or our affiliates.

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 government agency has verified the information contained in this document.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Deborah Bernacki at 31 Oak Meadow Trail, Pittsford, NY 14534, 585-645-1975.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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.

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## 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
<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 E 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 Happier at Home Companion Care 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 a Happier at Home franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

### **Special Risks to Consider About *This* Franchise**

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

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

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

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

- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE SECTION, G. MENNEN WILLIAMS BUILDING, 1ST FLOOR, LANSING, MICHIGAN 48913, (517) 373-71171.**

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## **HAPPIER AT HOME, LLC FRANCHISE DISCLOSURE DOCUMENT**

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

To simplify the language in this Disclosure Document, “we”, “us” and “our” mean Happier at Home, LLC - the franchisor. “You” or “your” means the franchisee and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company and their spouses.

#### Us, Our Parents, Affiliates and Predecessors

Happier at Home, LLC is a New York limited liability company formed on June 4, 2004, under the name MedInquest, LLC. The Company changed its name to Happier at Home, LLC on January 10, 2008. We maintain our principal place of business at 31 Oak Meadow Trail, Pittsford, NY 14534. We do business under the name Happier at Home, LLC.

Our agent for service of process, if any, are disclosed in Exhibit “A” to this Disclosure Document.

The Engaged Elder LLC, is a New York limited liability company formed on April 10, 2015. It was an affiliate of ours that operated a business similar to the one you will operate, however, it also provided some medical geriatric care management. This entity transferred its assets to one of our franchisees in 2022.

We do not have any parent companies or predecessors.

#### Description of Franchised Business

We grant franchises to operate an in-home companion care, and non-medical geriatric care advocacy business for elderly clients under the Marks and System and in accordance with the terms of the Franchise Agreement which is attached as “Exhibit B”. “Marks” means the service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business (defined below). Currently, the Marks include “Happier at Home and design” and “Happier at Home”. “System” means the specially developed method of operating a business that provides Services under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, the software, standards and specifications, which may be changed, improved, modified and further developed by us or our affiliates from time to time. “Services” means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing Companion Care Services and Geriatric Advocacy Services. We reserve the right to modify, change and add to the types of Services that may be provided by the Companion Care Business, from time to time. “Companion Care Services” means those services caregivers provide to assist with a variety of daily activities for seniors or the disabled including but not limited to meal planning and preparation, transportation, shopping errands, house cleaning, bathing, dressing, mental stimulation, exercises, overnight and live-in services, respite care and information and referral services. If you want to expand the types of services you provide through your Franchised Business and you will still be in



compliance with the laws which govern your Franchised Business, you can follow the procedure set forth in the Manual and sign the Additional Services Amendment in Exhibit V of the Franchise Agreement. “Geriatric Advocacy” means acting as a guide, advocate and resource for families caring for seniors including but not limited to being an advocate with health and service providers, re-assessment and monitoring for changing needs, resources for transitions to independent/assisted living or nursing home, coordination of services to assist in maintaining goals, home safety inspections and evaluation of equipment needs, attending discharge meetings, scheduling and accompaniment to medical appointments and general resource and connection to support services. These are all non-medical services. “Companion Care Business” means any business operating under the Marks and System, whether owned by us or our Affiliates, or the franchisees or licenses of us or our Affiliates. The Companion Care Business you will operate under your franchise agreement is referred to as the “Franchised Business”.

If we approve you as a franchisee, you will be required to sign a Franchise Agreement in order to operate a single Companion Care Business. In no event will you be a franchisee until we have signed a Franchise Agreement with you.

### Market and Competition

The market for a companion care business includes individuals in homes, independent living facilities, assisted living facilities, and nursing homes. Your competition will primarily consist of other companion care providers and geriatric care managers, including companion care businesses that are affiliated with other national franchise systems. You will also compete with independent home health aide businesses and individuals that are home health aides on their own behalf.

### Laws and Regulations

You must comply with all local, state and federal laws and regulations that apply to your Franchised Business. Even though you are not providing medical services, some states may require you to obtain a state license to operate your Franchised Business in order to provide non-medical in-home companion care. You are solely responsible for understanding any license requirements in your state and complying with the applicable requirements. You will be required to provide us proof that you have obtained or are in the process of obtaining all licenses and permits at your initial training program. Some states may impose additional obligations relating to training, policies, and types of employees and you must comply with all of these obligations. In addition, you are responsible for determining whether you are required to comply with the federal Health Insurance Portability and Accountability Act (“HIPAA”). We do not recommend that you seek Medicare/Medicaid certification, nor will we support you in doing so.

You must also comply with all local, state and federal laws relating to wage and hour laws and regulations that apply to in-home companion care, including but not limited to the Fair Labor Standards Act. You are solely responsible for determining whether your employees will be subject to overtime and minimum compensation requirements by federal, state and local laws. You are also responsible for complying with all laws and regulations relating to employment, such as EEOC, and health and safety laws such as OSHA. Because you are going to be sending your employees into your client’s homes and in order to protect our Marks, we require you to obtain background checks and registry checks on all of your employees prior to hiring them.

If, during the term of your Franchise Agreement, you want to expand the types of services under the definition of Companion Care Services and you believe you will still be in compliance with all laws in your state, county and city, you will be required to do the following: (i) obtain an Opinion Letter from an attorney specializing in health care in your state. This opinion letter must include what additional services would be permissible under your state law for your Franchised Business and what the Franchised Business, its owners and its caregivers need to do in order to provide these additional services in compliance with your state law; (ii) based on the information in the opinion letter, you will then need to provide proof of compliance with your state laws, such as provide us with proof of the additional training it required; and (iii) execute an amendment to the Franchise Agreement to effectuate the change. A copy of the current basic form of the Additional Services Amendment is set forth in Exhibit V, although it may need to be updated and/or revised in order to comply with local, state or federal laws governing your Franchised Business.

### Our Business History

We began offering franchises on or about July 22, 2011. In December 2012, we sold substantially all of the assets including current customers and clients, but not including our know-how, business development and Marks, to Jewish Senior Life (“JSL”). JSL continued operating the business under the Marks until April 2015 at which point they ceased using the Marks. We resumed offering franchises in March 2016 and at the end of 2017 we had 3 franchisees. We began operating a business similar to your Franchised Business in 2008, but ceased operating that business in December 2012. Our Affiliate, The Engaged Elder, LLC operated a business similar to your Franchise Business from July 2015 until 2022. Currently we are not engaged in any business other than the offering of Happier at Home franchises. Neither we nor our affiliates have ever offered franchises in any other line of business.

## **ITEM 2. BUSINESS EXPERIENCE**

Deborah Bernacki      President, Chief Executive Officer and Treasurer:

Since January 2008, Ms. Bernacki has been our President, Chief Executive Officer and Treasurer.

From 2012 to July 2015, Ms. Bernacki was the Vice President Community Services for JSL in Rochester New York.

From April 2015 until December 2022, Ms. Bernacki was the President of The Engaged Elder LLC in Ontario and Monroe County, NY.

Marie Grego Rodriguez      VP of Training & Field Operations

Since February 2021, Ms. Rodriguez has been the Vice President of Field Operations for us.

From February 2020 until February 2021, Ms. Rodriguez was the Director of Marketing of our affiliate, The Engaged Elder LLC.

Since July 2019, Ms. Rodriguez has been the President and CEO of Occor Solutions, a Happier at Home franchisee in Rochester, NY.

From January 2016 until July 2019, Ms. Rodriguez was the Director of all American Homecare in Rochester, NY.

David Marcello      VP of Franchise Development

Since September 2022, Mr. Marcello has been our VP of Franchise Development

Since June 1990, Mr. Marcello has been the Director, Rehab Services at Long Island Jewish Medical Center in New Hyde Park, NY.

Since November 1997, Mr. Marcello has been a staff therapist at Therapeutic Solutions in Merrick, NY.

Since February 2015, Mr. Marcello has been a staff therapist at Advantage Physical Therapy in Woodmere, NY.

Jasmina Rizvanovic      Media Marketing Manager

Since April 2021, Ms. Rizvanovic has been our Media Marketing Manager.

From August 2017 until April 2021, Ms. Rizvanovic was the customer service manager of Wegman's in Rochester, NY.

**ITEM 3.            LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.            BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.            INITIAL FEES**

You must pay us an initial franchise fee of \$49,000 at the time you execute the Franchise Agreement ("Initial Franchise Fee"). If you already own a Companion Care Business, your Initial Franchise fee will be \$36,000. The initial franchise fee is fully earned when paid and is not refundable under any circumstances.

The Initial Franchise Fee is due at the time you sign the Franchise Agreement and is fully earned when paid. In no event is the Initial Franchise Fee refundable.

You must pay us a set-up fee of \$6,000 for the development of your website ("Website Fee") which will be linked to our website. You are responsible for all maintenance and upgrades or changes to your website after it is developed by us.

As long as we have not granted rights to a third party in the zip codes you desire and you Are in compliance with the terms of the Franchise Agreement, you may enlarge your Protected Territory in order

to increase the size of your Protected Territory by adding additional zip codes contiguous with your Protected Territory which will include approximately 100,000 people (“Additional Population Package”). Typically, the area within your Protected Territory will contain approximately 300,000 people. For every additional increase of 100,000 people you will pay us a fee of \$25,000 (“Additional Population Fee”). The Additional Population Fee is fully earned when paid and is not refundable under any circumstances.

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

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee (Note 1)	5% of Gross Sales- After the first year, the greater of the Minimum Royalty or 5% of Gross Sales	Payable by the 10 <sup>th</sup> day of each month	We will require payments to be made either via electronic funds transfer (“EFT”) or other methods
Marketing Contribution (Note 1)	1% of Gross Sales	Payable by the 10 <sup>th</sup> day of each month	This amount is paid in the same manner as the Royalty Fees
Email Fee	\$12-\$15 per month per email Subject to change	Payable by the 10 <sup>th</sup> day of each month	This amount is paid in the same manner as the Royalty Fees.
Digital Marketing/SEO Fee (Note 2)	\$425 per month	Payable by the 10 <sup>th</sup> day of each month	
Transfer Fee	Up to 50% of the then current Initial Franchise Fee	Prior to consummation of transfer	Payable when you sell your franchise, an interest in you or assets of your Franchised Business
Renewal Fee	Up to 25% of the then current Initial Franchise Fee	At the time of renewal	Payable when you renew the Franchise Agreement
Additional Training and Assistance (Note 3)	Fee and all expenses	Upon request or as we require	This is for additional training we may provide from time to time or additional assistance that you need or request
Testing for Supplier Approval	Reasonable fee	Upon demand	Only if you request that a supplier be approved
Interest on late payments (Note 4)	Lesser of 1 ½% per month or maximum legal rate	Upon demand	Payable on all overdue amounts to us or our affiliates
Audit Fee (Note 4)	Cost of audit	Upon demand	If we determine that you have been deficient in reporting your Gross Sales by more than 2%
Taxes (Note 5)	Actual cost	Upon demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Franchised Business operation
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement and we have to seek assistance to enforce the Agreement.
Dispute Resolution Fee	Attorneys' fees, court costs and expenses	Upon invoice	If you do not comply with our dispute resolution requirements in the Franchise Agreement

Except as otherwise stated in the Notes below, all fees are uniformly imposed and are payable to us. All fees are non-refundable

NOTES:

(1) **Royalty Fees; Marketing Contributions.** You are required to pay us a monthly "Royalty Fee" of the greater of the Minimum Royalty Fee or 5% of Gross Sales from the prior month. However, during the first year of your Franchise Business, the Royalty Fee will only be 5% of Gross Sales from the prior month. The "Minimum Royalty Fee" is \$1,000 per month for the second year of your Franchise Agreement, \$1,200 per month for the 3<sup>rd</sup> year of your Franchise Agreement, \$1,400 per month for the 4<sup>th</sup> year of your Franchise Agreement and \$1,700 per month thereafter during the remainder of the term of the Franchise Agreement. For each Additional Population Package you purchase, the applicable Minimum Royalty will increase by 1/3. For example, if you purchase 2 Additional Population Packages in the 3<sup>rd</sup> year of the Franchise Agreement, your Minimum Royalty will be \$1,200 + 1/3 of \$1,200 or 400 (for the first Additional Population Package) + \$400 (for the second Additional Population Package) = \$2,000.

We have established a marketing fund (the "Fund") in which you must participate in and contribute a monthly "Marketing Contribution" in the amount of 1% of your Gross Sales.

Currently we require all payments to us including the Royalty Fees and Marketing Contributions be made by Electronic Funds Transfer ("EFT"). You must comply with the procedures specified in the Manual or as otherwise communicated for such EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. You must always have enough money in your account to pay all fees and amounts due through EFT. The monthly Royalty Fee and Marketing Contributions will be due and payable by the 10<sup>th</sup> day of each month. You are responsible for any penalties, fines or other expenses associated with the EFT program and sign all documents in order to effectuate the EFT program.

(2) **Digital Marketing/SEO Fee.** You will pay us a Digital Marketing/SEO Fee of \$425 per month for having search engine optimization for our website and for posting on social media marketing. We can increase this Fee upon 30 days prior written notice to you, however, we will not increase it more than once every 12 months.

(3) **Additional Training and Assistance Fees.** We reserve the right to charge you a reasonable amount for any training we provide to you, your managers or employees in addition to the initial training described in Item 11. You will also be responsible for any salaries, travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it.

(4) **Interest /Audit Fees.** You must pay us interest on any amounts past due to us or our affiliates, including Royalty Fees and Marketing Contributions. The rate of interest will be the lesser of 1½ % per month or the maximum legal rate in the jurisdiction where your Protected Territory is located. If you under report Gross Sales, in addition to paying us for the amount of the deficiencies in the fees you paid, you must also pay interest on these unpaid amounts. If the amount of Gross Sales you report for any calendar year is less than 98% of the actual Gross Sales for that period, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging.

(5) **Taxes.** You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the operation of the Franchised Business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our affiliates' income.

## ITEM 7. ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$ 49,000	Lump Sum	Upon signing the Franchise Agreement	Us
Rent and Security Deposit (Note 2)	\$ 200 - \$ 3,200	As incurred	Before and After Opening	Landlord
Furniture and Business Supplies (Note 3)	\$ 1,400 – \$ 1,700	As incurred	Before Opening	Suppliers and us
Business Equipment (Note 4)	\$ 11,275 – \$ 13,275	As incurred	Before Opening	Suppliers
Licenses, Employee Screening and Permits (Note 5)	\$ 100 – \$ 11,500	As incurred	Before Opening	Government Agencies, Organizations and Consultants

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Professional Fees (Note 6)	\$ 2,000 – \$ 10,000	As incurred	Before Opening	Attorney and accountant
Insurance – quarterly (Note 7)	\$ 1,500 – \$ 2,000	Lump Sum	Before Opening	Insurance agent
Initial Training Expenses (Note 8)	\$ 1,000 – \$ 3,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Grand Opening Advertising and Marketing (Note 9)	\$ 6,000 – \$ 8,000	As incurred	60 days after opening	Suppliers
Additional Funds – 3 months (Note 10)	\$ 20,000 – \$ 35,000	As incurred	As arranged	Suppliers, wages.
TOTAL (Note 11)	\$ 92,475 – \$136,675			

The chart above describes the estimated initial investment for a Companion Care Business. The chart above is based on a Franchised Business which has hired approximately 10 part-time employees. If you hire additional employees, your expenses will increase.

#### NOTES

(1) **Initial Franchise Fee.** The Initial Franchise Fee is \$49,000 unless you already own and operate a Companion Care Business in which case the Initial Franchise Fee is \$36,000. Additional Population Packages cost \$25,000 per package.

(2) **Rent.** You are required to rent office space for your Franchise Business. We have no basis to estimate the cost of leasing a location, but you will not typically require more than a single office. Office sharing arrangements exist in most metropolitan areas. You are permitted to rent a virtual office that can receive U.S. mail for the 1<sup>st</sup> year of operations. Thereafter, you must rent an actual office. The low end of the range is for 3 months' rent and security deposit for a virtual office and the high end of the range is 3 months' rent and 1 month rent as a security deposit for an actual single office. The rent depending on factors such as size, condition and location of the leased premises.

(3) **Furniture and Business Supplies.** These figures include basic office furniture, basic business supplies and an ID badge maker.

(4) **Business Equipment.** This range includes the computer equipment and software you are required to use. Also included in this range is the Website Fee and the software, and your first 3 months' payments for the scheduling software, the accounting software, the payroll processing fees and Email Fees. 3 months of the Digital Marketing/SEO Fee is also included. Lastly, the range includes the printer, telephone equipment, and telephone numbers.

- (5) **Business Licenses, Employee Screening and Permits.** This range includes the cost of the licenses (general business and specific licenses for providing in-home companion care or personal assistant services if required), background checks on 10 part-time employees and any other type of permits you must obtain to operate your Franchised Business.
- (6) **Professional Fees.** You are strongly encouraged to hire an attorney to determine what licenses and permits you need to obtain in order to operate your Franchise Business in compliance with the laws of your city and state and was as the federal laws. In addition, you may want to consult with an accountant.
- (7) **Insurance.** You must obtain, at a minimum, the insurance coverage that we require and meet the other insurance-related obligations we specify, all of which are described in detail in Section 6.F. of the Franchise Agreement. These amounts represent the estimated quarterly insurance premiums for the required insurance.
- (8) **Initial Training Expenses.** These figures estimate the costs for you and one employee to attend our initial training program, including the cost of travel, lodging and meals.
- (9) **Grand Opening Advertising and Marketing.** You must spend a minimum of \$3,000 for grand opening advertising. In addition, you must purchase an initial subscription to an approved power listing service and an approved senior care resource website for your first year of operations.
- (10) **Additional Funds.** This item estimates your startup expenses during the initial period of 3 months of the operation of your Franchised Business. These expenses include telephone and Internet utilities, additional products and supplies, etc., and wages for 10 part-time employee who will be paid for the hours they bill. These estimates do not include Royalty Fees or Marketing Contributions or any other expenses which are already listed in the above charts and do not include an owner's salary or draw. These figures are estimates, and you may have additional expenses in order to start the business. Your costs will depend on various factors, including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rates; competition; and sales levels reached during the initial period.
- (11) **Total.** Costs and expenses can vary depending on factors like how many employees and the types of employees you will hire. These figures were based on our experience from 2008 and the experience of our franchisees. The expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition, arrangements negotiated by you and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10) The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.



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

You must operate the Franchised Business according to our System. You are required to purchase all products, services, supplies, inventory, computer software and hardware (including scheduling software and hardware as described in Item 11), the payroll processing company, equipment and materials required for the operation of the Franchised Business that meet our specifications from manufacturers, suppliers and distributors we approve, or from other suppliers who meet our specifications and standards. Specification of a supplier may be conditioned on requirements relating to, among other things, frequency of delivery, standards of services, including prompt attention complaints, as well as payments, contributions or other consideration to us, our affiliates, any advertising fund we maintain, whether now or in the future, and/or otherwise, and our approval may be temporary, in each case in our reasonable discretion. We have imposed these requirements in order to assure quality and uniformity of the Companion Care Businesses and Services provided to our customers. We may, from time-to-time, withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We or our affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under the Franchise Agreement. Some of the approved suppliers may be affiliated with us.

Approved suppliers will be designated in the Confidential Operations Manual or otherwise communicated to you in writing. We reserve the right to modify and/or substitute products or suppliers. If we do so, we will inform you of any changes by updates or supplements to the Confidential Operations Manual or otherwise communicate these changes to you in writing. Currently, we and our affiliates are not approved suppliers. Our officers do not have any interest in any approved suppliers but reserve the right to have an interest in approved suppliers in the future.

If you wish to purchase or lease any goods, products, equipment, supplies or suppliers not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a 30 day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable charge based upon the cost of the test made by us or by an independent testing laboratory designated by us.

We reserve the right to negotiate with various vendors for quantity discount contracts that may include rebates to us or our affiliates in the future. We have the right to affiliate ourselves with suppliers, and/or receive revenues from purchases made by franchisees. There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future. We may negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

During the fiscal year 2022, neither we nor any of our affiliates derived revenue from selling products or services to franchisees or received any rebates from suppliers on account of purchases by

franchisees. The purchase of products from approved sources will represent approximately 50% of your overall purchases in opening the franchise and 45% of your overall purchases in operating the franchise.

In addition to the purchases or leases described above, you must buy and maintain, at your own expense, insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in greater detail in Section 6.F in the Franchise Agreement. All insurance policies must name us as an additional insured party. You will obtain and maintain the minimum insurance as described below or in the amounts described in the Confidential Operations Manual:

- a. Commercial general liability insurance, including bodily injury, property damage, personal injury, products and completed operations liability coverage with a combined single limit of not less than One Million Dollars (\$1,000,000);
- b. Worker's compensation and employer's liability to meet statutory requirements of Franchisee's state(s) of operation. Franchisee must maintain Worker's Compensation and employer's liability insurance coverages regardless if mandated by state law;
- c. Commercial property insurance written on an special cause of loss at replacement value;
- d. Third-party liability bond with a minimum per-occurrence limit of Twenty-Five Thousand Dollars (\$25,000);
- e. Automobile liability insurance for all owned, non-owned and hired automobiles with a single limit coverage for not less than One Million Dollars (\$1,000,000);
- f. An umbrella policy in the amount of not less than One Million Dollars (\$1,000,000);
- g. Other insurance as may be required by the state or locality in which the Franchised Business is located and operated;
- h. Errors and omissions insurance;
- i. Business interruption insurance; and
- j. Liability insurance covering malicious acts of the Franchisee and the agents and employees of the Franchisee, including the acts of sexual harassment or assault, and other forms of abusive or improper conduct.

All general liability insurance policies will name us and our successors and assigns as additional insured and will provide that we must receive 30 days prior written notice of any changes to, termination, expiration, or cancellation of the insurance policy. We may, from time to time make changes in minimum policy limits, coverage, and endorsements as we may determine. The cost of coverage will vary depending on the insurance carrier's charges, terms of payment and your history.

## 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 other items in this Disclosure Document.**

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 6.I	Item 11
b. Pre-opening purchase/leases	Section 6.D	Items 7, 8 & 11
c. Site development and other pre-opening requirements	Section 6.I	Items 6, 7 & 11
d. Initial and ongoing training	Section 5.A and B	Item 11
e. Opening	Section 6.I	Item 11
f. Fees	Section 4	Items 5 & 6
g. Compliance with standards and policies/Operating Manual	Section 6.G	Items 11
h. Trademarks and proprietary information	Section 10	Items 13 & 14
i. Restrictions on products/services offered	Section 6.C	Item 16
j. Warranty and customer service requirements	Section 6.M	Item 11
k. Territorial development and sales quotas	Section 2.B	Item 12
l. Ongoing product/service purchases	Section 6.C	Items 8 & 11
m. Maintenance, appearance and remodeling requirements	Section 6.D	Item 11
n. Insurance	Section 6.F	Items 7 and 8
o. Advertising	Section 7	Items 6, 7 & 11
p. Indemnification	Section 11	Items 6
q. Owner's participation/management/staffing	Section 6.K	Items 11 & 15

Obligation	Section in Agreement	Item in Disclosure Document
r. Records and reports	Section 8	Item 6
s. Inspections and audits	Section 8	Items 6 & 11
t. Transfer	Section 12	Item 17
u. Renewal	Section 3.C	Item 17
v. Post termination obligations	Section 14	Item 17
w. Non-competition covenants	Section 14	Item 17
x. Dispute resolution	Section 15	Item 17

## **ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or other obligations.

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

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

Before you open your Franchised Business, we will:

- (1) Designate your Protected Territory. (Franchise Agreement – Section 2.A and Exhibit I);
- (2) You may operate your Franchised Business from a virtual office for the first year your Franchised Business is in operation. Thereafter, you must lease actual office space. You are solely responsible for locating, securing and evaluating the suitability of your office and, if applicable, for the review and negotiations of your lease. You may locate or relocate your office anywhere within the Protected Territory upon notification to us. (Franchise Agreement – Section 6.I);
- (3) Provide approved suppliers or minimum standards and specification for the products and services you need to equip and operate your Franchised Business. (Franchise Agreement – Section 6.C);
- (4) Provide an initial training program for the operation of the Franchised Business to you and one employee. This training is described in greater detail later in this Item 11. (Franchise Agreement – Section 5.A); and
- (5) Loan you a copy of the Confidential Operations Manual (“Manual”) described below. (Franchise Agreement – Section 6.G).

### Time for Opening the Franchised Business

We estimate that the typical length of time between signing of the Franchise Agreement and the opening of a new Companion Care Business is between 30 and 60 days. You are deemed to be open for business when you satisfactorily complete the initial training program. Factors affecting the length of time usually include satisfactorily completing the training, obtaining all necessary equipment and supplies, and obtaining all necessary licenses or permits. The opening of the franchise may be delayed only if such delay is caused by contingencies not within your control, such as acts of God, governmental restrictions, strikes or labor disputes. You will use your best efforts to cure any such delay and any such delay in opening shall be for a period of days equal to number of days during which such event actually prevents completion. You must notify us of any such delays promptly. You must open within 90 days after you sign the Franchise Agreement or we have the right to terminate the Franchise Agreement.

### During the Operation of your Franchised Business, we will:

- (1) Provide to you, at your request, with additional guidance and assistance. We reserve the right to charge a reasonable fee for this additional guidance and assistance. (Franchise Agreement – 5.C);
- (2) May provide you marketing materials. (Franchise Agreement – Section 7.B)\
- (3) Provide search engine optimization for our website and posting on social media marketing or, in the alternative, provide you with another approved supplier for these services. (Franchise Agreement – Section 5.D).
- (4) Continue to loan you 1 copy of the Manual. (Franchise Agreement – Section 6.G).

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

This Manual is confidential and remains our property. You will operate your Franchised Business in strict compliance with those operational systems, procedures, policies, methods and requirements found in the Manual that are designated as mandatory and in any supplemental bulletins and notices, revisions, modifications, or amendments to the Manual, which we may provide to you in writing, either in document or electronic form, all of which are a part of the Manual.

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

Business. It remains our property and must be returned to us upon termination or expiration of your Franchise Agreement.

We have the right to make additions to, deletions from or revisions to the Manual, which you have to comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit “C” to this disclosure document. As of the date of this disclosure document, the Manual is approximately 85 pages.

## **ADVERTISING**

### **National Marketing Fund**

We have established a National Marketing Fund (the “Fund”). You are required to pay 1% of Gross Sales as a Marketing Contributions into the Fund. The Fund will be used to provide advertising, marketing and promotional activities we deem beneficial to the System. We agree to use the Marketing contributions received from you for the payment of costs associated with the creation, production, distribution, media placement, maintenance and upgrading of our website, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Fund is intended to maximize recognition of the Marks and the patronage of the Companion Care Businesses generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Companion Care Businesses, we do not ensure that the Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Fund contributions by Companion Care Businesses operating in that geographic area or that any particular Companion Care Business will benefit directly or in proportion to your Marketing Fund contributions. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the money in the Fund during any specific time period. Marketing and advertising may be handled by the outside advertising agency which we select.

Unaudited financial statements of the Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year’s advertising budget. We are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use the contributions only for the purposes described above. We have no fiduciary obligation to you for administering the Fund. All of the Companion Care Businesses owned by us or our affiliates will be required to contribute the same percentage of Gross Sales to the Fund as our franchisees. During the previous fiscal year we spent 10% on software, 50% on marketing consultant & design 10% on content development and 30% on website/search engine optimization.

We do not have any advertising cooperatives or a franchisee advisory council that advises us on advertising policies; but we reserve the right to establish advertising cooperatives or a franchisee advisory council in the future.

### Your Own Advertising

In addition to your required contributions to the Fund, you must spend for marketing and promotion of your Franchised Business an amount equal to or greater than 2% of Gross Sales per month. You must have proof of your expenditures if we request to review your books and records. You must submit all of your own advertising and sale promotion materials to us or our designated advertising agency for approval before use. If you do not receive written disapproval within 20 days after we or they receive the materials, we will be deemed to have given approval. You are responsible to ensure that all advertising and promotion materials used by you, whether created or consented to by us, comply with applicable laws. You may not advertise or use in advertising or other form of promotion, the Marks without the appropriate trademark, and service mark symbols (“®”, “TM” or “SM”) as we direct.

You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any world wide website, including any social media website (such as LinkedIn, Facebook or Twitter). We have established an Internet website [www.happierathome.com](http://www.happierathome.com) which we control. We may provide contact information for Companion Care Businesses, including the Franchised Business, on our website for so long as we determine. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a mobile app or social media account from which to advertise your Franchised Business on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or otherwise communicated to you, which may restrict the content that you are permitted to post to such social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any website, mobile app or social media outlet at any time and to require you to give us administrative control and/or log-in information for any social media site you operate for the promotion of the Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

### Grand Opening Advertising

In addition to the other advertising requirements, you must spend a minimum of \$3,000 for grand opening marketing and sales promotions within 60 days of the opening of your Franchised Business. Additionally, you must provide to us, within 90 days after the opening of your Franchised Business, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request. This grand opening advertising shall include the purchase of various marketing materials such as brochures, business cards, tabletop display and table covering for trade shows.

### COMPUTERS AND SOFTWARE

You must obtain and use the computer system which we require. Currently, this includes the following computer hardware: at least 1 laptop which has Microsoft Office for each full time employee and an all in one printer/scanner/copier. You will also need a good Internet connection. You must have a cell

phone and you must have a dedicated telephone number. The cost of the computer system is estimated to be between \$600 and \$1,000 depending on what hardware you already own. We will provide you an email address for your owners as well as all of your employees who need one. You will pay us a monthly Email Fee of \$12-\$15 per email address per month.

You must also use ERSP Software for scheduling. The initial set up and training is \$750 and the monthly fees start at \$99 per month and depend on the number of caregivers' visits per month. This is not our proprietary software and we have no obligation to update or maintain it. You must also use QuickBooks Online (the Simple Start Version). There is no initial set up cost, but the monthly fees are \$23.50 per month. This is not our proprietary software and we have no obligation to update or maintain it.

You are also required to use our approved vendors for social media management and search engine optimization on a monthly basis. Currently this costs approximately \$1,275 every 3 months.

The types of business information which will be collected will be scheduling information, staffing information, customer information, pricing, and sales information. We will have independent access to information and data in your computer system including but not limited to your eRsp and QuickBooks accounts, and there are no contractual limitations on our right to access the information. You must grant us access to these software systems within 10 days after you complete the training.

In the future, we may require you to change, upgrade or modify the type of computer hardware and software at your expense. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We and our affiliates may condition any license of proprietary software to you or your use of technology that we or our affiliates may require, develop or maintain, on your signing an agreement or similar document that we, our affiliates or the vendor may require you to regulate the use of the software.

## **TRAINING**

We or our representatives or agents will provide the following training to you and your employee. You and your employee, if any, must complete the training to our satisfaction before you open your Franchised Business. If you currently operate a Companion Care Business, the training program is not mandatory, but it will be offered if we determine it to be necessary. We have the right to waive, in our sole discretion, any portions of the training program which we believe will not be necessary to you based on your previous experience.

The initial training program will most likely take place in Rochester, NY for a period of at least 4 days. We do not charge for the initial training program for you and another person, but you are responsible for wages, travel, and living expenses for you and your employee. We expect that training will be conducted after the Franchise Agreement has been signed. There currently are no fixed (i.e. monthly or bi-monthly) training schedules, but the training programs are given on an as-needed basis. We will, at our expense, also provide on-site, opening assistance, consisting of at least 1 person, for a period of 2 days before or within a 3 months after your Franchised Business is opened.



Training Program

Subject	Hours of Classroom Training	Hours on the Job Training	Location
Franchise History	.25	0	Rochester, New York
Location Set Up	2	0	Rochester, New York
Vision	.25	0	Rochester, New York
Overview of Happier at Home™	1	0	Rochester, New York
Technology Basics	1	0	Rochester, New York
Personnel	1	0	Rochester, New York
Insurance	.25	0	Rochester, New York
Accounting	1.5	0	Rochester, New York
Accounting Software	4	0	Rochester, New York
Database Management	1	0	Rochester, New York
Technology	2	0	Rochester, New York
Coaching	1.25	0	Rochester, New York
Software Training	3	0	Rochester, New York
Communications (including taking inquiry calls)	2	0	Rochester, New York
Performing Assessments	1	0	Rochester, New York
Franchise Development	4	0	Rochester, New York
Marketing	4	0	Rochester, New York
Recruiting (including hiring and training care givers)	2	0	Rochester, New York

Subject	Hours of Classroom Training	Hours on the Job Training	Location
Geriatric Advocacy Assessments and Forms	5	0	Rochester, New York
Competitive Analysis	.5	0	Rochester, New York
Questions/ Answers	1	0	Rochester, New York
Referrals	2	0	Rochester, New York
Special Events	2	0	Rochester, New York

Deborah Bernacki oversees the entire franchise training program and the following individuals will also provide training:

Deborah Bernacki

Deborah Bernacki is the founder and CEO of Happier At Home. Deborah has been in the healthcare field since 1986. She is a registered nurse and Certified Case Manager. She started Happier At Home with the patient and the family in mind, giving them a voice in their care and developing a company with a solid reputation in the community known for providing quality non-medical home care and attention to client needs. In the third year of business, Deborah saw a need for her clients that wasn't being met. As a result, she developed an innovative additional program to Happier At Home by providing Geriatric Case Management, which served to fill a void in care, especially when family members are not readily available to do so.

She is a past Membership Ambassador for the National Association of Professional Geriatric Case Managers. In 2012, she was a Member of the Board of Directors for the Greater Rochester Area Partnership for the Elderly. Currently, Deborah serves as 13WHAM, the Fox, Good Day Rochester and CW Rochester's geriatric expert, making weekly appearances to educate the public on issues faced by our aging population and their families. She was nominated and attended the *Rochester Healthcare Business Academy Fellowship Program*, which is a leadership development program for community leaders; in preparation to lead a community-based approach to healthcare improvement. Awards include 2013 Up and Coming Businesswoman of the Year from the Rochester Women's Business Council, Business Simulation Scholarship for the Executive MBA Program 2012 from the University of Rochester's Simon Graduate School of Business, Worldwide Leader in Healthcare from the International Association of Nurses 2011, and 2015 Home Care CEO of the Year, NYS. She is also a member of the Catholic Family Charities Advisory Board and is a corporate member of the national Association of Community Pharmacies. Lastly, Deborah is the founder and host of the podcast "Happier at Home PRN".

Marie Grego Rodriguez

Marie Rodriguez is currently the Vice President of Training & Field Operations for our franchisee, Occor Solutions, LLC. Prior to this, she was the Director of Marketing for our Affiliate, The Engaged Elder. She is also the President and CEO of one of our Happier at Home franchisees which gives her actual experience in operating a franchise. Prior to this, she was the Director of All-American Homecare.

Jasmina Rizvanovic

Since April 2021, Ms. Rizvanovic has been our Media Marketing Manager. Prior to joining us, she was the customer service manager at Wegman's.

We may also provide additional training programs. Some of these programs may be mandatory for your key employees and managers. We may elect to charge a reasonable fee for any training provided after the opening of the Franchised Business. You are solely responsible for paying the compensation of your trainees as well as your trainees' travel, lodging and personal expenses. The location, duration, and content of such refresher training programs have not yet been determined.

**ITEM 12. TERRITORY**

Under the Franchise Agreement, you will conduct and operate your Franchised Business from an office (may be a virtual office) located within your Protected Territory. You and we will agree upon a geographic territory before you sign your Franchise Agreement, which will be listed in Exhibit I of the Franchise Agreement ("Protected Territory"). The Protected Territory will be based on zip codes and will be comprised of approximately 300,000 people including at least 40,000 people over the age of 65 (according to the most recent U.S. Census data available at the time you and we sign the Franchise Agreement). You are responsible to independently evaluate any geographic territory in which you are interested and satisfying yourself as to its appropriateness.

Provided you are not in default under the terms of the Franchise Agreement and subject to our reserved rights and National Account rights described below, neither we nor our Affiliates will operate, nor grant a franchise for the operation of, any Companion Care Business within the Protected Territory. You will conduct and operate the Franchised Business and provide Services only to customers located within the Protected Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You may not directly or indirectly market to or solicit to or for, or direct advertising to clients, care recipients, subscribers and/or customers outside of your Protected Territory, by any means, (including other channels of distribution such as the Internet, telemarketing or other means) except as otherwise provided in your Franchise Agreement, or otherwise consented to by us in advance, which consent we may withhold, withdraw or delay in our sole judgment and discretion. Notwithstanding the foregoing, you may provide Services to customers situated outside your Protected Territory so long as such customers are not located in the protected territory of another Companion Care Business. You acknowledge that you have no territorial protection to do so. Upon our establishing a Companion Care Business in such area, which we are free to do at any time, you may continue to provide Services to such customer even though they are now located in the area of another Companion Care Business. However, in such event, you must pay the

other Companion Care Business 10% of the Gross Sales attributable to that customer (“Territory Fee”). In the interests of maintaining harmony and to best serve customers, if any Companion Care Business is involved in a territory dispute with another Companion Care Business, these parties are encouraged to attempt to resolve their dispute through negotiation. However, if the parties are unable to resolve the dispute, each party shall present their position to us and we will have the sole and absolute right to resolve it. We reserve the right to set forth guidelines for the conduct of the proceedings in relation to the resolution of any such disputes. Our decision shall be binding on the parties with respect to the particular dispute at issue; however, any determination by us will not be binding on future disputes. You expressly acknowledge and agrees that we and our Affiliates or other franchisees may compete with you for clients within and outside of the Protected Territory, however other franchisees are not permitted to solicit clients within the Protected Territory.

We, on our and our affiliates’ behalf, reserve all rights not specifically granted to you pursuant to the Franchise Agreement, including the following: (i) the right to own or operate, or license others to own or operate, Companion Care Businesses immediately adjacent to your Protected Territory and anywhere outside of your Protected Territory; (ii) the right to operate or license others the right to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside or outside of your Protected Territory; (iii) the right to operate or license others to operate businesses that are not the same as a Companion Care Business under the Marks in any location, both inside or outside of your Protected Territory; and (iv) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, social media, and direct marketing media) both inside and outside of your Protected Territory. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory.

We and our affiliates have the right, now and in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain’s or business’ facilities, and to operate, franchise or license those businesses and/or facilities as Companion Care Businesses operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be within or near your Protected Territory).

We and our affiliates may sell ourselves, our assets, our proprietary marks (including the Marks) and/or our system (including the System) to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you will, in the Franchise Agreement, expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks, other proprietary marks (or any derivation of those marks), the System, other systems and/or the loss of association with or identification as a franchisee under the Franchise Agreement. If we assign our rights in the Franchise Agreement, nothing in this Disclosure Document or in the Franchise Agreement will be deemed to require us to remain in the geriatric care business.

Nothing will prohibit us and our affiliates from doing business within the Protected Territory for National Accounts. A National Account means those customers, with more than 1 location covered by an agreement for services which are not located solely in the protected territory of one Companion Care

Business. If you obtain an account that is considered a National Account, you must refer it to us and it will be treated as a National Account; however, we reserve the absolute right to reject any such account for any reason. National Accounts shall be negotiated solely by us or our affiliates, even if you procure the National Account. All National Accounts will be considered our property and you will have no claim to them. If one or more locations of a National Account fall within your Protected Territory, we will first offer you the opportunity to provide services on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you do not accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other Companion Care Businesses, to provide such services. However, the decision to accept or reject you as a provider of services for the National Account ultimately rests with the National Account.


At any time prior to or after you sign the Franchise Agreement and so long as you are not in default under your Franchise Agreement, you are permitted to enlarge your Protected Territory under the Franchise Agreement by increasing the size of the Protected Territory by increments of approximately 100,000 people. You must pay us an Additional Population Fee for this increased population.

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

You have no options, rights of first refusal or similar rights to acquire additional franchises. The continuation of your franchise or territorial rights does not depend on your achieving a certain sales volume, market penetration or other contingency.

### **ITEM 13. TRADEMARKS**

We will grant you the right to operate your Franchised Business under the Marks. We own the registration of the Marks. The principal Marks are:

MARK	REGISTRATION NUMBER (Serial Number)	REGISTRATION DATE (Application Date)
	4478045	February 4, 2014
Happier At Home	5855330	September 10, 2019

We have filed all required affidavits and renewals in connection with the above listed Marks.

We will grant you a nontransferable, non-sublicensable, non-exclusive license to use the Marks in connection with the Franchised Business. You must follow our rules when you use the Marks, including giving proper notices of trademark or service mark ownership and/or registration and obtaining assumed and fictitious name registration for your Franchised Business as required by law. You cannot use any name

or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service, in a manner not authorized in writing by us, or as part of any domain name, homepage, electronic address or otherwise in connection with a website.

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

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We have the sole right to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of any infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our and our affiliates' interest in any litigation or other proceeding or otherwise to protect and maintain our or our affiliates' interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

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

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

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

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

We and our affiliates claim common law copyright rights in the Manual. You may use these items while operating your Franchised Business (and must stop using them if we direct you to stop).

Neither we nor any of our affiliates have filed an application for a copyright registration with the U.S. Registrar of Copyrights for these materials, but need not do so at this time to protect them. Item 11 describes limitations on the use of the Manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information.

We are not obligated to take any action to protect or defend copyrights, although we intend to do so if we decide it is necessary. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Franchise Agreement provides that you acknowledge that the System and the methods of operation licensed by us for the operation of a Companion Care Business, are proprietary, confidential trade secrets belonging to us and our affiliates, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Franchise Agreement, for any reason. The Franchise Agreement also provides that all ideas, concepts, techniques, or materials concerning a Companion Care Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or help us obtain intellectual property rights in the item. However, if this provision is found to be invalid or unenforceable, you and your principals grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique, innovation, development, suggestion or material.

Further, according to the Franchise Agreement, you agree that you will not, during the term of the Franchise Agreement (other than to the extent necessary to operate the Franchised Business) or after its expiration or termination, for any reason, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You must also agree not to use our confidential information in an unauthorized manner and to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Franchise Agreement. We may regulate the form of confidentiality agreement that you use with your employees or agents and we will be a third party beneficiary of those agreements with independent enforcement rights.

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

You recognize the importance of your principal owner’s participation in the management of the Franchised Business and that this principal owner’s agreement to so participate in the management of the Franchised Business is a material inducement for us to enter into the Franchise Agreement. Therefore, the principal owner is required to use his or her best efforts and is personally responsible for the management of the Franchised Business on a day-to-day basis, unless we otherwise approve an alternate arrangement. We, in our sole discretion, may allow you to hire a qualified manager to operate the day-to-day affairs of the Franchised Business; however, you must remain actively involved in the operations and management of the Franchised Business. Your principal owner is required to carefully monitor and be responsible for the performance of anyone designated to manage the operation of the Franchised Business. Any designated manager who will operate the Franchised Business, as well as your other employees, are required to sign a confidentiality and non-competition agreement in a form we approve.

If you are a corporation, limited liability company or partnership, your owners (and their spouses) must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations including the covenant not to compete. The guarantee is included in the Franchise Agreement. .

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

We require you to offer and sell only those services or products that we have approved. We have the right to change the types of required and/or authorized services or products and you will be notified in writing (e.g., by a bulletin or a supplement to the Manual). You are prohibited from offering or selling any products or services not authorized or approved by us and in compliance with the Franchise Agreement. We, in our discretion, may approve or deny your request to eliminate some or add other services or products. In accordance with applicable law, we have the right to set the prices at which you will sell the Services. You also agree to add such equipment and make such alterations, at your expense, as may be necessary to equip the Franchised Business to sell the Services or any additional services we may require. You recognize that you may need to make an additional investment to do so.

If you believe that you can expand the types of services under the definition of Companion Care Services and still be in compliance with all laws in your state, county and city, you will be required to do the following: (i) obtain an Opinion Letter from an attorney specializing in health care in your state. This opinion letter must include what additional services would be permissible under your state law for your Franchised Business and what the Franchised Business, its owners and its caregivers need to do in order to provide these additional services in compliance with your state law; (ii) based on the information in the opinion letter, you will then need to provide proof of compliance with your state laws, such as provide us with proof of the additional training it required; and (iii) amend the Franchise Agreement accordingly.

You are not permitted to solicit business outside of your Protected Territory and you are only permitted to Service customers located outside of your Protected Territory as described in Item 12. Other than that, we do not impose any other restrictions or conditions that limit your access to customers.

## **ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT (<i>ADA in Italics</i>)</b>	<b>SUMMARY</b>
a. Length of the franchise term	Section 3.A of the Franchise Agreement	10 years from signing the Franchise Agreement
b. Renewal or extension of the term	Section 3.C of the Franchise Agreement	4 additional terms for 10 years
c. Requirements for franchisee to renew or extend	Section 3.C of the Franchise Agreement	Give notice, pay renewal fee, sign a release and sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement
d. Termination by franchisee	Section 13.A of the Franchise Agreement	If we breach agreement and do not cure or attempt to cure after notice



<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT (<i>ADA in Italics</i>)</b>	<b>SUMMARY</b>
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 13.B of the Franchise Agreement	If you don't satisfactorily complete training, don't open within 120 days after you sign the Franchise Agreement, or generally if you breach the Franchise Agreement
g. "Cause" defined – curable defaults	Section 13.A of the Franchise Agreement	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section 14.A.3. of the Franchise Agreement
h. "Cause" defined – non-curable defaults	Section 13.A.3 of the Franchise Agreement	Non-curable defaults, conviction of felony or any crime of moral turpitude, abandonment, giving insufficient funds checks and bankruptcy
i. Franchisee's obligation on termination/non-renewal	Section 13.C of the Franchise Agreement	Payment of amounts due, return materials and Manual, turn over customers and information upon our request, cancel any assumed names using the Marks, and comply with all post-termination provisions
j. Assignment of contract by Franchisor	Section 12.A of the Franchise Agreement	No restrictions on right to assign
k. "Transfer" by franchisee – defined	Section 1.P of the Franchise Agreement	Transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 12.B of the Franchise Agreement	Right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 12.B of the Franchise Agreement	Transferee qualifies, transfer fee paid, new franchise agreement signed, training of transferee, release signed
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.D of the Franchise Agreement	We can match any offer for your business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Section 12.C of the Franchise Agreement	Heir must be approved but no right of first refusal
q. Noncompetition covenants during the term of the franchise	Sections 14 of the Franchise Agreement	No involvement in a Competitive Business

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT ( <i>ADA in Italics</i> )	SUMMARY
r. Noncompetition covenants after the franchise is terminated or expires	Sections 14 of the Franchise Agreement	No involvement in a Competitive Business except as duly licensed by us for 2 years within the metropolitan area that contains your Protected Territory or any other metropolitan area containing a protected territory of any other Companion Business. You will also be bound by a 2 year non-solicitation clause
s. Modification of the agreement	Section 16.B of the Franchise Agreement	No modification generally but Manual and system subject to change
t. Integration/merger clause	Section 16.B of the Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 15 of the Franchise Agreement	Except for certain claims, all disputes must be mediated in Rochester New York
v. Choice of forum	Section 16.G of the Franchise Agreement	Litigation or arbitration must be in Monroe County, New York *
w. Choice of law	Section 16.G of the Franchise Agreement	New York law applies*

\*If a state regulator requires us to make additional disclosures related to the information contained in this franchise disclosure document, these additional disclosures are contained in a State Law Addendum included in this disclosure documents as Exhibit “F”.

#### **ITEM 18. PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

#### **ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are 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.

Our financial performance representation contains the gross sales of our affiliate-owned Companion Care Business which was sold to a franchisee in December 2022 (The Engaged Elder, LLC) and the 6 franchisees which were in business for the entire 2021 calendar year. The gross sales information does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from revenue to obtain net income or profits. One of the gross sales numbers is noted (\*) because it represents two units that report their information in the aggregate.

Total Gross Sales in 2022 Per Unit
\$937,624*
\$595,717
\$581,082
\$528,472
\$433,786
\$218,533

You should conduct an independent investigation of the costs and expenses you may incur in operating your Franchised Business. These results are based on the internally-prepared financial statements of our affiliate and information from our franchisees have not been audited.

#### Bases and Assumptions

The Gross Sales do not include any sales, use or service taxes. The Gross Sales numbers do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from revenue to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you may incur in operating your Franchised Business. Franchisees listed in this disclosure document may be one source of this information.

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

The information above is not a forecast, projection or prediction of how your franchise will perform. We encourage you to consult with your own accounting, business and legal advisors to assist you to identify the expenses you likely will incur in connection with your Franchised Business. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than as described above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting Deborah Bernacki at 31Oak Meadow Trail, Pittsford, NY 14534 or by phone at 585-654-1975.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary For Years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	4	5	+1
	2021	5	6	+1
	2022	6	13	+7
Company-Owned*	2020	1	1	0
	2021	1	1	0
	2022	1	0	-1
Total Outlets	2020	5	6	+1
	2021	6	7	+1
	2022	7	13	+6

\*This outlet is owned by our affiliate.

**Table No. 2**  
**Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2020 to 2022**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2020	0
	2021	0
	2022	0*

\*There was a transfer in Texas in 2023.

**Table No. 3**  
**Status of Franchised Outlets**  
**For years 2020 to 2022**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations-Other Reasons</b>	<b>Outlets at End of the Year</b>
Alabama	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
California	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New York	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Total	2020	4	1	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	7	0	0	0	0	13

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2020 to 2022**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
New York	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0
Total	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	1	0

\*This outlet is owned by our affiliate.

**Table No. 5**  
**Projected Openings as of December 31, 2022**

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

Exhibit “D” lists the names, addresses and telephone numbers of all of our operating franchisees. Exhibit “D” also lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, transferred or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed confidentiality clauses with certain former franchisees which would restrict them from speaking openly with you about their experience with us.

There are no trademark-specific franchisee organizations associated with the franchise system at this time.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached to this disclosure documents as Exhibit “E” will be audited financial statements dated December 31, 2022, 2021 and 2020.

If unaudited financials are required, these will be attached as Exhibit “E”.

## **ITEM 22. CONTRACTS**

The following are attached to this disclosure document:

Exhibit “A” – Franchise Agreement  
Exhibit “G” – Release

## **ITEM 23. ACKNOWLEDGMENT OF RECEIPT**

Exhibit “H” to this Disclosure Document are detachable receipts. You are to sign both and keep one copy and return the other copy to us.

**EXHIBIT "A"**  
**STATE AGENCIES AND ADMINISTRATORS/AGENT FOR SERVICE OF PROCESS**

<p><u><b>CALIFORNIA</b></u>  Commissioner of Financial  Protection and Innovation  320 West 4th Street, #750  Los Angeles, CA 90013  (213) 576-7500  1-866-275-2677</p> <p><u><b>FLORIDA</b></u>  Florida Department of Agriculture  &amp; Consumer Services  Attn: Finance and Accounting  Mayo Buildings, Room 121  407 S. Calhoun Street  Tallahassee, FL 32399</p> <p><u><b>HAWAII</b></u>  (agent for service of process)  Commissioner of Securities  Business Registration Division  Securities Compliance  Department of Commerce and  Consumer Affairs  335 Merchant Street, Room 203  Honolulu, Hawaii 96813  (808) 586-2722</p> <p>(state administrator)  Business Registration Division  Securities Compliance  Department of Commerce and  Consumer Affairs  335 Merchant Street, Room 203  Honolulu, Hawaii 6813  (808) 586-2722</p> <p><u><b>ILLINOIS</b></u>  Illinois Attorney General  Chief, Franchise Division  500 South Second Street  Springfield, IL 62706  (217) 782-4465</p>	<p><u><b>MARYLAND</b></u>  (for service of process)  Securities Commissioner  Securities Division  200 St. Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360</p> <p>(state agency)  Office of the Attorney General  Securities Division  200 St. Paul Place  Baltimore, Maryland 21202-2020  (410) 576-6360</p> <p><u><b>MICHIGAN</b></u>  Franchise Administrator  Consumer Protection Division  670 Law Building  Lansing, MI 48913  (517) 373-7117</p> <p><u><b>MINNESOTA</b></u>  Department of Commerce  Director of Registration  85 Seventh Place East, #500  St. Paul, MN 55101-3165  (651) 296-4026</p> <p><u><b>NEW YORK</b></u>  (for service of process)  Secretary of State  New York State Department of  Corporations  99 Washington Avenue  Albany, New York 12231  (518) 474-4750</p> <p>(for other matters)  New York State Attorney General  Division of Economic Justice  Investor Protection Bureau  28 Liberty Street  New York, NY 10005</p>	<p><u><b>RHODE ISLAND</b></u>  Department of Business Regulation  233 Richmond Street, #232  Providence, Rhode Island 02903  (401) 222-3048</p> <p><u><b>SOUTH DAKOTA</b></u>  Department of Revenue and  Regulation  124 South Euclid  Pierre, South Dakota 57501-3185  (605) 773-4013</p> <p><u><b>VIRGINIA</b></u>  (for service of process)  Clerk of the State Corporation  Commission  1300 East Main Street  Richmond, Virginia 23219  (804) 371-9672</p> <p>(for other matters)  State Corporation Commission  Division of Securities and Retail  Franchising  1300 East Main Street, Ninth Floor  Richmond, VA 23219  (804) 371-9051</p> <p><u><b>WASHINGTON</b></u>  (for service of process)  Director Department of Financial  Institutions  Securities Division  150 Israel Road SW  Tumwater, WA 98501  (360) 902-8760</p> <p>(for other matters)  Department of Financial  Institutions  Securities Division  150 Israel Road SW  Tumwater, WA 98501</p>
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<p><u>INDIANA</u> (for service of process) Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531</p> <p>(state agency) Secretary of State Securities division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p>(212) 416-8222 <u>NORTH DAKOTA</u> Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505 (701) 328-4712</p>	<p>(360) 902-8760 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 345 West Washington Avenue 4th Floor Madison, WI 53703 (608) 266-3364</p>
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**EXHIBIT “B”  
FRANCHISE AGREEMENT**

**HAPPIER AT HOME, LLC**  
**FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE OF AGREEMENT**

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## GUARANTY AND ASSUMPTION OF OBLIGATIONS

### EXHIBITS

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EXHIBIT II	IRREVOCABLE POWER OF ATTORNEY
EXHIBIT III	STATE LAW ADDENDUM
EXHIBIT IV	FRANCHISEE DISCLOSURE QUESTIONNAIRE
EXHIBIT V	ADDITIONAL SERVICES AMENDMENT

**HAPPIER AT HOME, LLC  
FRANCHISE AGREEMENT**

This Franchise Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between HAPPIER AT HOME, LLC, a New York limited liability company (“us,” “our,” or “we”), and \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”).

**RECITALS**

WHEREAS, we and our Affiliates (as defined below) have the rights to and have developed and refined the method of operating a business that provides companion care and non-medical geriatric care advocacy for elderly clients under the System (as defined below) and Marks (as defined below).

WHEREAS, you recognize the benefits from being identified with and licensed by us and desire a franchise to establish and operate a Companion Care Business (as defined below) using the Marks and System, and we are willing to grant such a franchise, on the terms and conditions in this Agreement.

NOW, the parties agree as follows:

**1. DEFINITIONS**

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

**A.** “Affiliates” means, individually or collectively, any and all entities controlling, controlled by, or under common ownership with us.

**B.** “Companion Care Business” means any business operating under the Marks and System, whether owned by us or our Affiliates, or the franchisees or licenses of us or our Affiliates.

**C.** “Companion Care Services” means those services caregivers provide to assist with a variety of daily activities for elderly clients including but not limited to meal planning and preparation, transportation, shopping errands, house cleaning, bathing, dressing, mental stimulation, exercises, overnight and live-in services, respite care and information and referral services.

**D.** “Competitive Business” means any business that engages in, owns, invests in, manages or controls any business providing companion care for seniors or the elder, geriatric care management or any services that are similar or the same as the Services (as defined below) other than another a Companion Care Business.

**E.** “Confidential Information” means all trade secrets, equipment and material, methods, techniques, formulas, contracts, customer lists, customer information, suppliers, supplier lists, pricing, marketing, computer programs, products, skills, performance specifications, technical and financial information and results, and other information and know-how relating to the System, or relating to or useful in our business, the Franchised Business or other Companion Care Businesses, including the Manual (as hereinafter defined).

**F.** “Franchised Business” means the Companion Care Business that you will operate under the Marks and System and in accordance with the provisions of this Agreement.

**G.** “Geriatric Advocacy” means acting as a guide, advocate and resource for families caring for seniors including but not limited to being an advocate with health and service providers, re-assessment and monitoring for changing needs, resources for transitions to independent/assisted living or nursing home, coordination of services to assist in maintaining goals, home safety inspections and evaluation of equipment needs, attending discharge meetings, scheduling and accompaniment to medical appointments, and general resource and connection to support services. These are all non-medical services.

**H.** “Gross Sales” means the total amount of all sales of products and services billed and provided from, through, or in connection with the Franchised Business, whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes.

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

**J.** “Marks” means the service marks, trademarks, trade dress, trade names and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of the Franchised Business (defined below). Currently, the Marks include “Happier at Home”.

**K.** “National Accounts” means those accounts with more than one location covered by an agreement for Services that are not all located solely in the territory of one franchisee.

**L.** “Principal Owner” means you if you are a sole proprietor, the majority shareholder of you if you are a corporation, a partner owning a majority interest of you if you are a partnership, or a member owning the majority interest of you if you are a limited liability company. In the event there are multiple owners with equal interest in you, then you will designate 1 of these owners to be the Principal Owner for purposes of this Agreement.

**M.** “Services” means the types of services that you are permitted and/or required to perform in the operation of the Franchised Business. At the present time, such Services consist of providing Companion Care Services and Geriatric Advocacy Services. We reserve the right to modify, change and add to the types of Services that may be provided by Companion Care Businesses, from time to time.

**N.** “System” means the specially developed method of operating a business that provides Services under the Marks, using certain business formats, methods, procedures, designs, marketing and sales procedures, the software, standards and specifications, which may be changed, improved, modified and further developed by us or our affiliates from time to time.

**O.** “Term” means, individually or collectively, the Initial Term, any Continuation Term and any Renewal Term of this Agreement.

**P.** “Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift, conveyance, lease or other disposition of an interest in this Agreement, you or the Franchised Business, including: (a) a transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest; (b) a merger, consolidation, reorganization, business combination or other issuance of additional stock or ownership interests; (c) a transfer in bankruptcy or

dissolution of marriage or otherwise by operation of law or by order of court; (d) a transfer to a personal representative upon the disability of, or transfer upon the death of, a Principal Owner; (e) the grant or creation of any lien or encumbrance on any ownership interest or asset; (f) the grant of any option, call, warrant, conversion rights or rights to acquire any equity or voting interest; (g) an assignment of contract rights; or (h) a sale of assets (including the inventory, furniture, fixtures, equipment and other operating assets of the Franchised Business, other than in ordinary course of business).

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

## **2. GRANT OF FRANCHISE**

**A. GRANT.** Subject to the provisions of this Agreement, we grant to you and you accept from us, the non-exclusive right to use the System and Marks to open and operate one Companion Care Business. We will grant you a protected territory, as set forth in Exhibit I attached hereto, within which you will operate the Franchised Business (“Protected Territory”). The Protected Territory will be based somewhat on zip codes and will be comprised of a minimum of 300,000 people including not less than 40,000 people over the age of 65 (according to the most recent U.S. Census data available at the time you and we sign this Agreement). You will maintain all rights to the Protected Territory subject to the terms and conditions of this Agreement. You must sign a separate Franchise Agreement for each Companion Care Business.

**B. TERRITORIAL RIGHTS AND OBLIGATIONS.** Provided you are not in default under the terms of this Agreement and subject to Sections 2.C, and D below, neither we nor our Affiliates will operate, nor grant a franchise for the operation of, any Companion Care Business within the Protected Territory. You will conduct and operate the Franchised Business and provide Services only to customers located within the Protected Territory. Notwithstanding the foregoing, you may provide Services to customers situated outside your Protected Territory so long as such customers are not located in the protected territory of another Companion Care Business. You acknowledge that you have no territorial protection to do so. Upon our establishing a Companion Care Business in the area outside of your Protected Territory, which we are free to do at any time, you may continue to provide Services to such customer even though they are now located in the area of another Companion Care Business. However, in such event, you must pay them 10% of the Gross Sales attributable to that customer (“Territory Fee”). In the interests of maintaining harmony and to best serve customers, if any Companion Care Business is involved in a territory dispute with another Companion Care Business, these parties are encouraged to attempt to resolve their dispute through negotiation. However, if the parties are unable to resolve the dispute, each party shall present their position to us and we will have the sole and absolute right to resolve it. We reserve the right to set forth guidelines for the conduct of the proceedings in relation to the resolution of any such disputes. Our decision shall be binding on the parties with respect to the particular Territory Dispute at issue; however, any determination by us will not be binding on our resolution of future Territory Disputes. You expressly acknowledge and agree that we and our Affiliates or other franchisees may compete with you for clients within and outside of the Protected Territory; however other franchisees are not permitted to solicit clients within the Protected Territory.

**C. RESERVATION OF RIGHTS.** We, on our and our Affiliates behalf, reserve all rights not specifically granted to you pursuant to this Agreement, including but not limited to the following:



1. (i) the right to own or operate, or license others to own or operate, Companion Care Businesses immediately adjacent to your Protected Territory or anywhere outside of your Protected Territory; (ii) the right to operate or license others the right to operate similar businesses or any other businesses and services under trademarks or service marks other than the Marks in any location, both inside and outside of your Protected Territory; (iii) the right to operate or license others to operate new businesses that are not the same as a Companion Care Business under the Marks in any location, both inside or outside of your Protected Territory; and (iv) the right to offer any products or services (including the products and services you offer at your Franchised Business) through other channels of distribution (including the Internet, social media, and direct marketing media) both inside and outside of your Protected Territory. We are not required to pay you if we exercise any of the rights specified above inside your Protected Territory.

2. The right, now or in the future, to purchase, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of these businesses (which you acknowledges may be within the Protected Territory).

3. The right to sell ourselves, our assets, the Marks and/or the System to a third party; go public; engage in a private placement of some or all of our securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. If we assign our rights in this Agreement, we do not need to remain in the geriatric care business or to offer or sell any products or services to you.

**D. NATIONAL ACCOUNTS.** We may develop National Accounts from time to time and you may develop accounts that may qualify as a National Account. National Accounts obtained by you for Services must be referred to us and shall be treated as a National Account; however, we reserve the right to reject any such account as a National Account in our sole judgment and discretion. National Accounts shall be negotiated solely by us or our Affiliates, even if the National Account was procured by you. All National Accounts shall be deemed to be our property and you shall have no claim to such National Account. Any information supplied to us by you regarding National Accounts, and supplemental information as may be required by us may be disseminated to other Companion Care Businesses that may provide Services to those accounts. You agree that providing account information to such other Companion Care Businesses is in the best interest of the System as a whole and for enhancement of opportunities of all within the System.

If one or more locations of a National Account falls within your Protected Territory, we will first offer you the opportunity to provide Services for said locations on the terms and conditions that we have established with such National Account. You are not required to service a National Account, and if you fail to accept such offer in the manner and within the time period that we specify, we have the right to service the account ourselves, or may authorize other Companion Care Businesses, or our Affiliate-owned business, to provide such Services without any compensation to you. However, the decision to accept you as a provider of Services for the National Account shall ultimately rest with the National Account. You acknowledge that if the National Account refuses to accept Services from you, then we shall be free to offer the opportunity to provide Services to the National Account within the Protected Territory to other Companion Care Businesses or our Affiliate-owned business.

### **3. TERM OF FRANCHISE AGREEMENT AND RENEWAL**

**A. TERM.** The initial term of this Agreement shall be for a period of 10 years from the date of execution of this Agreement, unless sooner terminated in accordance with this Agreement (the “Initial Term”).

**B. CONTINUATION.** If you continue to operate the Franchised Business with our express or implied consent following the expiration of the Term of this Agreement, the continuation will be a month-to-month extension of this Agreement, unless otherwise set forth in writing. All provisions of this Agreement will apply while you continue to operate the Franchised Business (“Continuation Term”). The Term of this Agreement will then be terminable by either party on 30 days written notice to the other party.

**C. YOUR RIGHT TO RENEW.** Upon expiration of the Initial Term of this Agreement, you have the right to renew up to 4 times for an additional term of 10 years on each renewal (each a “Renewal Term”) subject to the following for each Renewal Term:

1. You have notified us in writing a minimum of 180 days prior to the expiration of the Initial Term or the then ending Renewal Term (as the case may be) of your desire to renew this Agreement;

2. You have substantially complied with all provisions of this Agreement, and renovate your office and upgrade and replaced any equipment, software, hardware, and materials utilized in the operation of the Franchised Business, in compliance with the specifications outlined in the then current franchise agreement and Manual for Companion Care Businesses;

3. You and your owners execute the then-current form of our franchise agreement and any ancillary agreements (with appropriate modifications to reflect the fact that the Agreement relates to the grant of a renewal franchise). The then-current form of the franchise agreement and ancillary agreements may contain significantly different terms than this Agreement;

4. To the extent permitted by applicable law, you and your owners execute general releases in a form satisfactory to us, of any and all claims against us and our Affiliates, and ours and their owners, officers, directors, employees and agents; and

5. You pay us a renewal fee of 25% of the then current initial franchise fee being charged (“Renewal Fee”). The Renewal Fee will be charged in lieu of the Initial Franchise Fee.

### **4. FEES**

**A. INITIAL FRANCHISE FEE.** You must pay us an initial franchise fee of \$49,000 (“Initial Franchise Fee”) when you sign this Agreement. If you already own a Companion Care Business, and you purchase another one, your Initial Franchise fee will be \$36,000.

If you or your principal owner is a veteran of the U.S. Armed Services who has been honorably discharged and who has had at least one year of active service, you will receive a 5% reduction of the Initial Franchise Fee.

The Initial Franchise Fee is fully earned when paid and is non-refundable.

**B. ROYALTY FEE.** You are required to pay us a monthly “Royalty Fee” of the greater of the Minimum Royalty Fee or 5% of Gross Sales from the prior month. However, during the first year of your Franchise Business, the Royalty Fee will only be 5% of Gross Sales from the prior month. The “Minimum Royalty Fee” is \$1,00 per month for the second year of your Franchise Agreement, \$1,200 per month for during the 3<sup>rd</sup> year of your Franchise Agreement, \$1,400 per month during the 4<sup>th</sup> year of your Franchise Agreement and \$1,700 per month thereafter during the remainder of the term of the Franchise Agreement. For each Additional Population Package you purchase, the applicable Minimum Royalty will increase by 1/3. For example, if you purchase 2 Additional Population Packages in the 3<sup>rd</sup> year of the Franchise Agreement, your Minimum Royalty will be \$1,200 + 1/3 of \$1,200 or \$400 (for the first Additional Population Package) + 400 (for the second Additional Population Package) = \$2,000.

**C. MARKETING CONTRIBUTION.** You are required to pay us a monthly “Marketing Contribution” equal to 1% of Gross Sales from the prior month.

**D. WEBSITE FEE.** You must pay us a Website Fee of \$6,000 when you sign this Agreement for the development of your website which will be linked to our website. You are responsible for all maintenance and upgrades or changes to your website after it is developed by us.

**E. EMAIL FEE.** You must pay us a monthly Email Fee (“Email Fee”). Currently the Email Fee is \$12-\$15 per month per email.

**F. DIGITAL MARKETING/SEO FEE.** You must pay us a monthly Digital Marketing/SEO Fee of \$425. We can increase this Fee upon 30 days prior written notice to you, however, we will not increase it more than once every 12 months.

**G. METHOD OF PAYMENT.** All fees and amounts due to us and our Affiliates must be paid pursuant to the terms of this Section 3.F. Currently we require all payments by Electronic Funds Transfer (“EFT”). You must comply with the procedures specified in the Manual or as otherwise communicated for such EFT program and will perform the acts and sign the documents, including authorization forms that we, our bank, and your bank may require to accomplish payment by EFT, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account. In addition, you will pay all costs associated with utilizing an EFT payment program. You must always have enough money in your account to pay all fees and amounts due through EFT. The monthly Royalty Fee, Marketing Contributions, Digital Marketing/SEO and Email Fee will be due and payable by the 10<sup>th</sup> day of each month. You are responsible for any penalties, fines or other expenses associated with the EFT program and sign all documents in order to effectuate the EFT program.

**H. TAXES AND ASSESSMENTS.** You agree to indemnify and/or reimburse us and our Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable governmental authority as a result of the conduct of the Franchised Business or the license of any of our or our Affiliates’ intangible property to you (whether required to be paid by us or our Affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our Affiliates for these taxes does not extend to income-type taxes which are imposed on us or our Affiliates’ income.

**I. INTEREST ON LATE PAYMENT.** Royalty Fees, Marketing Contributions, Email Fees and other amounts which you owe to us bear interest after their respective due dates at the lesser of 1½% per month or the highest applicable legal rate in the state in which the Protected Territory is predominantly located. You acknowledge that the foregoing does not constitute our agreement to accept payments after same are due or a commitment by us to extend credit to, or otherwise finance your

operation of the Franchised Business. Our right to interest is in addition to any other remedies that we may have.

**J. APPLICATION OF PAYMENTS.** We have the sole discretion to apply any payments by you to any past due indebtedness of yours for Royalty Fees, Marketing Contributions, Email Fees, Digital Marketing/SEO Fee and purchases from us or our Affiliates, interest or any other indebtedness owed by you to us or our Affiliates.

**K. NO RIGHT OF OFFSET.** You agree to make prompt payment, without deduction or set-off, of all charges which are properly due, including the Royalty Fees, Marketing Contributions, Email Fees, Digital Marketing/SEO Fee and other amounts owed to us or our Affiliates. You cannot withhold any payment to us or our Affiliates on the grounds of non-performance by us of any of our obligations hereunder.

**L. UNDER-REPORTING.** If it is found that you under-reported Gross Sales, you will reimburse us for the amount of the fees set forth above that would have been due had Gross Sales been reported accurately, plus interest.

**M. ADDITIONAL POPULATION PACKAGE.** As long as we have not granted rights to a third party in the zip codes you desire and you are in compliance with the terms of this Agreement, you may enlarge your Protected Territory in order to increase the size of your Protected Territory by adding additional zip codes contiguous with your Protected Territory which will include approximately 100,000 people ("Additional Population Package"). Typically, the area within your Protected Territory will contain approximately 300,000 people. For every additional increase of 100,000 people you will pay us a fee of \$25,000 ("Additional Population Fee"). The Additional Population Fee is fully earned when paid and is not refundable under any circumstances.

## **5. OUR OBLIGATIONS**

**A. TRAINING PROGRAM.** Before commencing the operation of the Franchised Business, your Principal Owner and one additional employee (if any) must attend and satisfactorily complete our initial training program. In the event you or your owners have an ownership interest in an entity that currently operates another Companion Care Business, we will provide such training only if we deem it necessary. The initial training program is provided at no charge to you. However, you are responsible for any salary, travel and living expenses that your Principal Owner and your employee incurs during training. If your Principal Owner fails to satisfactorily complete the initial training program, we may treat such failure as a material default under this Agreement.

**B. SUBSEQUENT TRAINING.** We may require you, your Principal Owner or experienced employees to attend subsequent training. We may offer training programs to you, your Principal Owner or your experienced employees and may require you or your Principal Owner and/or experienced employees to participate. We are permitted to charge a reasonable fee for any subsequent training we may offer or require. You must pay the compensation of the trainees as well as such trainees' travel, lodging and personal expenses during any subsequent training. We may, in our sole discretion, require you to attend annual meetings for the franchise system. We reserve the right to charge a reasonable fee and you will be required to pay for any salaries, travel, meals, lodging and incidental expenses incurred by you or your employees attending the meeting.

**C. CONTINUING ADVISORY ASSISTANCE.** We will make available continuing advisory assistance in the operation of the Franchised Business, rendered in such manner and available

from time to time, as we may deem appropriate. If we send our representatives to your Franchised Business to provide assistance, we reserve the right to charge a reasonable fee for this type of assistance.

**D. DIGITAL MARKETING AND SEARCH ENGINE OPTIMIZATION.** We will provide search engine optimization for our website which, in turn, should help drive customers to your Franchised Business. We will also provide posting on social media. This will not provide all of your targeted direct marketing and you are strongly encouraged to do additional marketing for your Franchised Business.

**6. OPERATING PROCEDURES** You must operate the Franchised Business in conformity with all uniform methods, standards and specifications as we may from time to time prescribe in the Manual or as contained in other written instructions, to ensure that the highest degree of quality and service is uniformly maintained. You agree to the following:

**A. AUTHORIZED SERVICES.** The reputation and goodwill of Companion Care Businesses are based upon, and can be maintained and enhanced only by the furnishing of high quality Services. We provide to you during the training program and through the Manual or otherwise communicated to you with a list of the Services which are required and authorized to be offered by Companion Care Businesses. We may add products and additional services or change products or services which you may, in our sole discretion, be required to offer. We may develop additional programs and services that, upon written notice from us, you must offer. We do not contemplate that you will be paid by any third party payors such as insurance companies or governmental agencies.

**B. OPTIONAL SERVICES.** We may develop new products and services that we deem optional. You may offer your customers such optional products and services in your sole discretion. If you wish to offer such optional services, prior to offering the optional services, you must give us 30 days prior written notice and must conform to all standards and specifications set forth in the Manual or otherwise communicated to you for such optional services, including taking additional training, pay any additional fees and possibly purchasing additional equipment. Once accepted by you and you have completed the training, paid all initial fees and purchased or leased any new equipment, these optional services become Services under the terms and conditions of this Agreement.

Notwithstanding the foregoing, if you want to expand the types of services under the definition of Companion Care Services and you believe you will still be in compliance with all laws in your state, county and city, you will be required to do the following: (i) obtain an Opinion Letter from an attorney specializing in health care in your state. This opinion letter must include what additional services would be permissible under your state law for your Franchised Business and what the Franchised Business, its owners and its caregivers need to do in order to provide these additional services in compliance with your state law; (ii) based on the information in the opinion letter, you will then need to provide proof of compliance with your state laws, such as provide us with proof of the additional training it required; and (iii) execute an amendment to the Franchise Agreement to effectuate the change. A copy of the current basic form of the Additional Services Amendment is set forth in Exhibit V, although it may need to be updated and/or revised in order to comply with local, state or federal laws governing your Franchised Business.

**C. APPROVED SUPPLIES AND APPROVED SUPPLIERS.** You must purchase all products, services, supplies, equipment and materials required for the operation of the Franchised Business that meet our specifications and are from manufacturers, suppliers or distributors designated by us, or from other suppliers we approve who meet our specifications including but not limited to the payroll company scheduling software and accounting software. Specification of a supplier may be conditioned on requirements relating to, among other things, length of time the supplier has conducted

business, quality of products, frequency of delivery, standards of services, including prompt attention to complaints, as well as payments, contribution, or other consideration to us, our Affiliates and/or the National Marketing Fund, if any, and may be temporary, in each case in our reasonable discretion. We may from time-to-time withhold, condition and/or revoke our approval of particular items or suppliers in our reasonable discretion. We and our Affiliates may receive rebates, commissions and other benefits from suppliers in relation to items purchased by you and other franchisees. We have the right to condition or revoke your right to participate in any supplier programs if you are in default under this Agreement.

If you wish to purchase or lease any goods, products, equipment, supplies or use suppliers, that are not approved by us as meeting our specifications, you must first notify us. We may require you to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, supplies or suppliers meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. Generally, we will advise you within a 30 day period whether these goods, products, equipment, supplies or suppliers meet our specifications. We may require samples from alternate suppliers or vendors to be delivered to us or to a designated independent testing laboratory (or other place we determine) for testing before approval and use. We may also require you to pay a reasonable charge.

**D. SPECIFICATIONS, EQUIPMENT, STANDARDS AND PROCEDURES.** We endeavor to maintain high standards of quality and service by all Companion Care Businesses. To this end, you agree to cooperate with us by maintaining high standards in the operation of the Franchised Business. You must comply with all of the procedures and systems we institute both now and in the future, including those relating to the Services you offer in connection with the Franchised Business, computer software and hardware requirements, equipment, supplies, suppliers, terms and conditions of use of our website, good business practices, advertising and other obligations and restrictions set forth in this Agreement, the Manual (as may be amended from time to time) or otherwise in communicated to you. You must grant us complete access to your computer software within 10 days after you complete the initial training program. We may require you to make capital expenditures to upgrade, change or modify the equipment, furniture or fixtures to reflect our then current standards for Companion Care Business. You must obtain all fixtures, equipment (including software and hardware), furnishing and signs are required in the Manual or otherwise communicated to you. In addition, you must maintain your office and all fixtures, equipment, furnishing and signs in the highest degree of cleanliness, orderliness, sanitation and repair and in accordance with the Manual or otherwise communicated to you. You may not make any material alternations, additions, replacements or improvements to your Franchised Business without our prior written consent. Compliance with these standards may be an ongoing obligation of yours, and may be a condition of our consenting to a renewal of this Agreement, or our consenting to a Transfer of this Agreement. Mandatory specifications, standards and operating procedures described by us in the Manual, or otherwise communicated to you in writing, constitute provisions of this Agreement as if fully set forth in this Agreement.

**E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.** You must secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Business. You must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Even though you are not providing medical services, some states may require you to obtain a state license to operate your Franchised Business in order to provide non-medical in-home companion care. You are solely responsible for understanding any license requirements in your state and complying with the applicable requirements. You will be required to provide us proof that you have obtained or are in the process of obtaining all licenses and permits at your initial training program. Some states may impose additional obligations relating to training, policies, and types of employees and you must comply with all of these obligations. In addition, you are responsible for

determining whether you are required to comply with the federal Health Insurance Portability and Accountability Act ("HIPAA"). We do not recommend that you seek Medicare/Medicaid certification, nor will we support you in doing so.

All of your advertising and promotion by must be completely factual and must conform to the highest standard of ethical advertising. You must, in all dealings with your customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business or the goodwill associated with the System, the Marks, and other Companion Care Businesses.

**F. INSURANCE.** You must maintain in force at your sole expense the minimum amounts and types of insurance as specified in the Manual or otherwise communicated to you. You must also maintain in force at your sole expense worker's compensation insurance if you have employees in amounts required by the jurisdictions in which you operate. Regardless of the amounts set forth in the Manual or otherwise communicated to you, it shall be your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of the Term of this Agreement. You should determine, through consultation with your advisors, if additional insurance is necessary, and you recognize that any levels of insurance required by us are merely minimum requirements.

Upon 30 days prior notice to you, we may increase the minimum insurance requirements and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

All insurance policies must be issued by one or more insurance carriers with an A.M. Best rating of A or higher. All liability insurance policies must name us, and our designated Affiliates, as additional insureds, on a primary and non-contributory basis and must contain endorsements waiving rights of subrogation, where permitted by law. The policies must also provide that we receive at least 30 days prior written notice of termination, expiration, cancellation or modification of any policy and 10 days' notice of non-payment of any premium.

You must submit to us a copy of the certificate of or other evidence of each insurance policy and continue to do so annually upon obtaining any insurance policy or each extension or renewal of any insurance policy. If you at any time fail or refuse to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence of insurance, we, at our option and in addition to our other rights and remedies under this Agreement, may obtain insurance coverage on your behalf, and you must promptly execute any applications or other forms or instruments required by us to obtain any insurance and pay to us, on demand, any costs and premiums incurred by us as a result.

Your obligation to obtain and maintain the insurance described is not limited in any way by reason of any insurance maintained by us, nor does your performance of the obligations relieve you of any obligations under this Agreement.

**G. CONFIDENTIAL OPERATIONS MANUAL.** We will provide you, for the duration of the Term, with access to the Manual. You agree that you must comply with the mandatory requirements in the Manual and said compliance is an essential part of your obligations under this Agreement. You must, at all times, be responsible for ensuring that your employees and all other persons under your control comply with the mandatory provisions of the Manual in all respects. The Manual will constitute our Confidential Information and shall remain our property. The Manual cannot be photocopied, reproduced or disseminated without our written consent. The Manual may be modified from time to time by us in our sole discretion, and you agree that from time to time we may reasonably change the System. You expressly agree to comply with each modification, addition or deletion of the

System or Manual at your sole cost and expense. You acknowledge that such changes may be necessary and may involve the expenditure of substantial sums of money by you. We agree to impose such requirements and changes in a reasonable, non-discriminatory manner among other franchisees. You must at all times insure your copy of the Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us shall be controlling.

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole discretion and as we may deem to be in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular territory, density of population, business potential, business practice or other condition important to the successful operation of such franchise owner's business. We may grant variations from standard specifications and practices as we determine in our sole discretion, and we shall have no obligation to grant other franchisees like or similar variations.

**H. INNOVATIONS.** All ideas, concepts, techniques, innovations, developments, improvements, suggestions or materials concerning a Companion Care Business, whether or not protectable intellectual property and whether created by or for you or your owners, affiliates, employees or representatives, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any such item does not qualify as a "work made-for-hire" for us, you must assign, or must require your owners, affiliates, employees or representatives to assign, your or their ownership interest of such item to us. You agree to take, or direct your owners, affiliates, employees or representatives to take, whatever action required by us to document such assignment or to assist us in obtaining any and all intellectual property rights in such item. However, if this provision is found to be invalid or unenforceable, you and your principals grant to us a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique, innovation, development, suggestion or material.

**I. OPENING OF THE FRANCHISED BUSINESS.** You agree to begin operation of the Franchised Business within 90 days after this Agreement is accepted by us. You are considered open for business when you or your Principal Owner completes the initial training program. You must actively work toward obtaining the licensure you need in order to operate your Franchised Business as soon as you execute this Agreement. You may, but are not required to, lease actual office space for the Franchised Business for the first year of this Agreement, but then you are required to lease virtual office space in which to operate the Franchised Business. Thereafter, you must operate the Franchise Business from an actual office anywhere within the Protected Territory. You must not open or close any office nor change the location of any office without first notifying us. Any relocation of the Franchised Business must be within the Protected Territory upon written notice to us.

**J. USE OF NAME AND SYSTEM.** You agree that during the Term you will operate, advertise and promote the Franchised Business under the name "Happier at Home" without prefix or suffix and to adopt any other Marks we require and use the Marks and System licensed hereunder solely in the manner prescribed by us.

**K. ACTUAL PARTICIPATION.** You recognize the importance of the Principal Owner's participation in the management of the Franchised Business and that the Principal Owner's agreement to participate in the operation of the Franchised Business is a material inducement for us to enter into this Agreement. Therefore, you agree that the Principal Owner who has satisfactorily completed our initial training program is required to use his or her best efforts and is personally responsible for the operation of the Franchised Business. In any event, the Principal Owner is required to carefully monitor and be responsible for the performance of anyone else who will provide Services in the operation of the



Franchised Business. Any designated manager who will operate the Franchised Business, as well as your other employees, are required to sign a confidentiality and non-competition agreement in a form we approve.

**L. COOPERATION FOR FINANCIAL PERFORMANCE REPRESENTATIONS.**

You will maintain your books and records in accordance with generally acceptable accounting principles, consistently applied. If we at any time desire to utilize a financial performance representation or similar document in connection with the sale of franchises, you agree to provide us, at no cost, with such reasonable information as we may require in order to properly prepare such representation, and will permit us to utilize such information as we deem necessary.

**M. CUSTOMER COMPLAINTS.** You must notify us if you have any customer complaints which could exceed \$1,000 to remedy or which you cannot remedy in 30 days. In such event, we have the right to contact the customer and negotiate a solution. You will be responsible for our reasonable costs and expenses in negotiations and remedying the customer complaint.

**N. STAFFING.** You shall maintain a competent, conscientious, and trained staff. You shall be solely responsible for all employment decisions and functions of the Franchised Business including, without limitations, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees, and you shall inform your employees as to such requirements. Any manager or any replacement manager for the Franchised Business must satisfactorily complete our training program. You must have a minimum of 10 part-time employees when you begin operation of your Franchise Business. Because you are going to be sending your employees into your client's homes and in order to protect our Marks, we require you to obtain background checks and registry checks on all of your employees prior to hiring them.

**7. ADVERTISING**

**A. NATIONAL MARKETING FUND.** We have established a National Marketing Fund (the "Fund"). You are required to pay your Marketing Contributions into the Fund. The Fund will be used to provide advertising, marketing and promotional activities we deem beneficial to the System. We agree to use the Marketing contributions received from you for the payment of costs associated with the creation, production, distribution, media placement, maintenance and upgrading of our website, and administration of local, state, regional or national advertising programs we may develop or have developed, and for any taxes incurred on these funds. The Fund is intended to maximize recognition of the Marks and the patronage of the Companion Care Businesses generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Companion Care Businesses, we do not ensure that the Fund expenditures in or affecting any geographic area will be proportionate or equivalent to the Fund contributions by Companion Care Businesses operating in that geographic area or that any particular Companion Care Business will benefit directly or in proportion to your Fund contributions. We have the right to determine the type of advertising and the media in which it will appear, as we feel is appropriate. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising, consistent with applicable law. We do not have to spend the money in the Fund during any specific time period. Marketing and advertising may be handled by the outside advertising agency which we select.

Unaudited financial statements of the Fund will be made available to you on your reasonable request. If we do not use all of the funds deposited in the Fund in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. We are entitled to reimbursement from the Fund to cover our administrative and overhead expenses associated with operating the Fund. We have a contractual obligation to hold all Fund contributions for the benefit

of the contributors and to use the contributions only for the purposes described above. We have no fiduciary obligation to you for administering the Fund.

**B. YOUR OWN ADVERTISING.** In addition to the Marketing Contributions, we strongly suggest that you spend no less than 2% of your Gross Sales for advertising and promotion of your Franchised Business. We must consent to your use of any advertising and sale promotion materials before you use them. You must submit all of your advertising and sale promotion materials to us or our designee at least 20 days prior to use. If we do not reject these materials within 20 days, we will be deemed to have consented to your use of them. You must also purchase an initial subscription to an approved power listing service and an approved senior care resource website for your first year of operations.

You will not advertise, or use in advertising or other form of promotion, the Marks without the appropriate trademark, and service mark symbols (“®”, “TM” or “SM”) as we direct. You will not advertise your products or services or use the Marks on the Internet except with our prior consent.

We require you to engage one of our approved suppliers to provide you social media management and search engine optimization on a monthly basis.

We may provide you marketing material at a reasonable costs.

In addition to the other advertising requirements, you must spend a minimum of \$3,000 for grand opening marketing and sales promotions within 60 days of the opening of your Franchised Business. Additionally, you must provide to us, within 90 days after the opening of your Franchised Business, proof of your advertising and sales promotion expenditures in the form, and with the detail, including copies of all grand opening advertising materials and receipts, as we request. This grand opening advertising shall the purchase of various marketing materials such as brochures, business cards, tabletop display and table covering for trade shows.

**C. INTERNET AND OTHER ELECTRONIC ADVERTISING.** You may not advertise or use any of the Marks on the Internet except after obtaining our consent. Any advertising on the Internet shall be pre-approved by us and on terms specified by us. Further, you may not use the Marks (or any marks or names confusingly similar to the Marks) as an Internet domain name, user or account name, or in the content of any world wide website, including any social media website (such as LinkedIn, Facebook or Twitter). We have established an Internet website [www.happierathome.com](http://www.happierathome.com) which we control. We may provide contact information for Companion Care Businesses, including the Franchised Business, on our website for so long as we determine. All of the information on these or any other pages of our website remains subject to our control and approval. Subject to our right to consent, you may be permitted to create a mobile app or social media account from which to advertise your Franchised Business on the Internet (such as on LinkedIn, Facebook or Twitter). Any such permission shall only be for such time as we permit and shall be on the terms and condition we specify from time to time in the Manual or otherwise communicated to you, which may restrict the content that you are permitted to post to such social media outlet. We have the right to require a modification of or cease granting you permission to develop, operate or maintain any website, or social media outlet at any time and to require you to give us administrative control and/or log-in information for any social media site you operate for the promotion of the Franchised Business. Except as otherwise provided in the Manual or otherwise in writing, you may not maintain a presence on the Internet for your Franchised Business. Any advertising on the Internet, delivered by facsimile, electronic mail or other electronic means shall be pre-approved by us and on terms specified by us.

## **8. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS**

You will maintain and preserve for at least 7 years from the dates of their preparation, full, complete and accurate books, records and accounts in the form and manner prescribed by us from time to time. You must provide to us any reports or financial information with respect to your Franchised Business as we request. At a minimum, you must send us monthly sales reports, profit and loss statements, annual tax returns of you and your owners, balance sheets and statements of profit and loss and cash flow in accordance with the terms of the Manual or otherwise communicated to you. However, you will not be obligated to disclose confidential tax returns if such disclosure would violate applicable state law. In addition you must send us any other periodic reports, information and supporting records as we prescribe. All reports, financial statements and information must be on forms we prescribe or approve and must be verified and signed by you.

You acknowledge that we shall have independent, unlimited access to the information generated by the software you are required to use in the operation of the Franchised Business. Such information will include the customer information, pricing, accounts receivable, electronic mail and any other information which we may require you to maintain on such computer system and software.

## **9. INSPECTIONS AND AUDITS**

**A. OUR RIGHT TO INSPECT.** To determine whether you are complying with this Agreement, and/or to determine whether you are complying with all applicable specifications and quality standards in connection with your use of the System and Marks, we or our designated agents, have the right, at any reasonable time and without prior notice to you to, among other things:

1. Observe you and any employees or agents of the Franchised Business during the performance of any Services;
2. Inspect your office premises; and
3. Contact and interview any customers of the Franchised Business.

We assume no liability to you or third parties with respect to such inspections, and you understand that the purpose of the inspections is to protect the System, Marks and goodwill arising therefrom, and not to assume any responsibility for any deficiencies or defects, etc. We may require that you furnish your customers with an evaluation form prescribed by us, pre-addressed and postage prepaid, to us. You must fully cooperate with our representatives making any inspection or observing your or any of your employees or agents' work in the Franchised Business.

**B. OUR RIGHT TO AUDIT.** We have the right to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales, service, value added, and income tax records and returns and other records of the Franchised Business. You must fully cooperate with our representatives and independent accountants hired to conduct any inspection or audit.

Further, if an inspection or audit is made necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement exceeding 2% of the amount that you actually reported to us for the period examined, you agree to reimburse us for the cost of the audit and all expenses related thereto.

In the event any inspection or audit discloses an understatement of Gross Sales, then you must pay us, within 15 days after receipt of the inspection or audit report, any Royalty Fees, Marketing

Contributions, Email Fees, Digital Marketing/SEO Fees or other amounts due on the amount of the understatement, plus interest from the date originally due until the date of payment. Further, in the event the understatement of Gross Sales is determined by any examination or audit to be greater than 2%, you must, in addition to payment of the fees and interest due thereby, reimburse us for the cost of the audit or examination, including the charges of any independent accountants, and travel expenses, room and board and compensation of our employees conducting such audit or examination. The foregoing remedies are in addition to all other remedies and rights we have under this Agreement or under applicable law. This provision survives the termination or expiration of this Agreement.

## **10. MARKS**

**A. OWNERSHIP AND GOODWILL OF MARKS.** You acknowledge that the Marks are valid service and/or trademarks, which we own. You recognize that valuable goodwill is attached to the Marks, and that you will use the Marks only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of your use of the Marks inures to the benefit of us. You further acknowledge that the right to use the Marks and the grant contained in this Agreement is non-exclusive. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights. All provisions of this Agreement applicable to the Marks apply to any additional service marks, trademarks, trade dress, trade names, logos and commercial symbols hereafter authorized for use by, and licensed to, you.

**B. LIMITATIONS ON USE OF MARKS.** You agree to use the Marks as the sole identification of the Franchised Business, provided that you identify yourself as the independent owner in the manner prescribed by us. You must not use any Mark as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in the performance or sale of any unauthorized services or products or in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently and in the manner prescribed by us on forms authorized by us. You agree to give notices of trademark and service mark registrations and copyrights as we specify and to obtain fictitious or assumed name registrations as applicable law requires.

**C. RESTRICTIONS ON INTERNET AND WEBSITE USE.** You acknowledge that we or our Affiliate are the lawful, rightful and sole owner of the [www.happierathome.com](http://www.happierathome.com) Internet address (URL), and you unconditionally disclaim any ownership interest in that or any similar Internet address. You agree not to register any Internet address name under any Internet domain, class or category that contains the phrase "Happier at Home" or any abbreviation, acronym or variation of that phrase. We and our Affiliates retain the sole right to advertise on the Internet and create a website using the Marks or any variation of the Marks. We and our Affiliates retain the sole right to determine the content on any website we create. We retain the right to pre-approve your use of linking and framing between your web pages and all other websites. You will, within 5 days after our request, dismantle any frames and links between your web pages and any other websites.

**D. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.** You will not directly or indirectly contest or aid in contesting the validity of our ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest our or our Affiliates' rights to register, use or license others to use the Marks or the System. You will not at any time (whether during or after the Term of this Agreement) directly or indirectly infringe on our rights to or in the Marks. You agree to promptly notify us of any claim, demand or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. We will have the sole discretion to determine if we will defend the use of the Marks, and we are not obligated to defend the Marks. We have the right to control any administrative proceeding or litigation involving the Marks. You will execute any

and all instruments and documents, render assistance and do such acts as may, in the opinion of our counsel, be necessary or advisable to protect our interests or the interests of our Affiliates in any such litigation or proceedings, or to otherwise protect and maintain our interest or the interest of our Affiliates in the Marks.

**E. DISCONTINUANCE OF USE OF MARKS.** We will have the right to change the Marks to be used by you at any time and for any reason we deem appropriate. You will pay the costs associated with any change in the Marks we make, and you will make these changes promptly.

## **11. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**

We and you are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between you and us. You will conspicuously identify yourself at the premises of the Franchised Business and in all dealings with the public as an independently owned business. Neither we nor you will make any agreements or representations in the name of or on behalf of the other that our relationship is other than franchisor and franchisee.

Under no circumstances will we be liable for any act, omission, debt, or other obligation of you. You will indemnify, defend and save harmless us and our employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns (each an "Indemnatee") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable legal fees and expenses, amounts paid in settlement or compromise) of any kind and nature whatsoever, including damages or injuries suffered by any Indemnatee, which may be imposed on, incurred by or asserted against any Indemnatee in any way arising out of the acts or omissions of you or your employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns pursuant to or in connection with the operation of the Franchised Business.

## **12. TRANSFER**

**A. BY US.** We are free to assign all of our rights and obligations under this Agreement, and upon such assignment we will be relieved of all liability under this Agreement, and all rights and obligations will accrue to our successor or assignee.

**B. BY YOU.** The rights and duties created by this Agreement are personal to you. We have granted this franchise in reliance upon our perception of the individual and collective character, skill, attitude, and business and marketing abilities of you and your owners. Therefore, there can be no Transfer without our prior written consent. Any consent by us will not operate as a consent to any future Transfer, and no future Transfer will be valid without our prior written consent to that specific Transfer. Any attempted Transfer in violation of this paragraph is voidable at our option. If we elect not to exercise our right of first refusal pursuant to Section 12.D below, we will not unreasonably withhold our consent to a Transfer, provided that the following conditions are satisfied:

1. Governmental Compliance. The Transfer is conducted in compliance with applicable laws, regulations and licensing requirements;

2. Prior Compliance. You have performed your obligations and duties under this Agreement and you are not in default under this Agreement, or any other agreement with us or our Affiliates;

3. Payments. You have satisfied all of your obligations to us or our Affiliates and suppliers under this Agreement and all other agreements you have with us or our Affiliates;

4. Release. You, including all owners, officers and directors (as well as all guarantors under this Agreement) must execute a general release, in the form approved by us, of any and all claims against us and our Affiliates, and ours and their respective owners, officers, directors, employees and agents;

5. Requirements of Transferee. The transferee meets the established standards for new franchisees, is of good moral character, and has a good credit rating, sufficient financial resources to operate the Franchised Business and competent qualifications. Neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in or performs services for a Competitive Business. At our option, the transferee and its owners and their spouses, as the case may be, must assume all of your obligation under this Agreement and any and all ancillary documents, or execute the most current franchise agreement for the state in which the Franchised Business is located and any and all ancillary documents including the Guaranty and Assumption of Obligations;

6. Transfer Fee. We are paid a "Transfer Fee" of 50% of our then-current initial franchise fee in lieu of the Initial Franchise Fee;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Franchised Business and comply with other reasonable requirements we may impose;

8. Completion of Training. The transferee or the transferee's Principal Owner, if any, successfully completes the initial training program;

9. Updates to Equipment. The transferee updates the office and the equipment used in the Franchised Business to comply with the then-current standards imposed by us; and

10. Economically Reasonable Terms. Although we will not be required to determine the value of business upon a Transfer, if, in our reasonable judgment, the purchase price or terms of the Transfer are not economically feasible to the transferee, we can withhold our consent to such Transfer. Our consent is not, however to be construed as an implication or warranty that the terms of the sale are in fact economically feasible. We may, in good faith, notify you and the transferee, stating the reasons for which we have elected to withhold approval of the proposed Transfer.

**C. DEATH OR DISABILITY OF YOU**. Notwithstanding the foregoing restrictions on Transfers, a Transfer to your or your Principal Owner's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of you or your one of your owners, is permissible if such heirs, personal representatives or conservators, as applicable, meet our standards for new franchisees; at our option, assume all of your obligations under this Agreement, all ancillary documents and executes a new Guaranty and Assumption of Obligations, or execute the then-current form of franchise agreement and all ancillary documents, including the Guaranty and Assumption of Obligations; and have satisfactorily completed our initial training program at such heir's, personal representative's or conservator's sole cost and expense. No Transfer pursuant to this Subsection shall be subject to the Transfer Fee.

**D. OUR RIGHT OF FIRST REFUSAL**. Notwithstanding the foregoing paragraphs (other than paragraph 12.C), if you receive a bona fide, executed, written offer to acquire an interest in this Agreement, you or the Franchised Business from a responsible, fully disclosed third party purchaser, you must submit a copy of the offer to us. You must also provide us with any other information we request to evaluate the offer. We have the right, exercisable by delivering written notice to you within 30 days from

the date of last delivery by you of the offer and any other documents we request, to acquire such interest for the price and on the terms and conditions contained in the offer, except that regardless of the terms of the offer we may substitute cash for any form of payment proposed in the offer; require you to include customary warranties and representations in the purchase agreement; and structure the transaction as an “asset purchase,” rather than a “stock purchase.” We will not be obligated to pay any “finder’s” or broker’s fees that are a part of the proposed sale and will not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred (for example, we will not be obligated to pay any earn out or other share of the profits from our operation of the Franchised Business after the Transfer is completed). If we decline to exercise our right of first refusal, you will have 90 days after the earlier of our decline to exercise the right or the expiration of the right, to sell such interest to the bona fide third party purchaser upon the terms and conditions described in the offer notice submitted to us, subject to compliance with Section 12.B. In the event you fail to complete the sale of such interest to this third party on these terms within this 90 day period, you must again comply with this paragraph and give us the first right to acquire such interest prior to any sale. Our election to not exercise our right of first refusal as to any particular offer will not affect our right of first refusal as to any subsequent offer.

### **13. DEFAULT AND TERMINATION**

#### **A. TERMINATION BY US.**

1. With 30 Day Opportunity to Cure. We may, at our option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the Term of this Agreement for “good cause”. Without limitation as to other situations, good cause for termination exists if you or any guarantor of this Agreement:

(a) Does not perform all of the lawful terms, conditions and obligations of this Agreement or the mandatory obligations under the Manual; or

(b) Misrepresents Gross Sales; or

(c) Loses any permit or license which is a prerequisite to the operation of the Franchised Business for a period of 5 days; or

(d) Misuses the Marks or Confidential Information, or engages in conduct which, in our sole opinion, reflects unfavorably upon the operation, maintenance, goodwill and/or reputation of the franchise system or the Franchised Business; or

(e) Is adjudged bankrupt, becomes insolvent or makes a general assignment for the benefit of creditors (subject to paragraph 12.A.3.(d) below); or

(f) Fails to keep the Franchised Business open for a period of 3 consecutive days without justifiable cause; or

(g) Fails to pay your or their lawful debts and taxes when the same become due; or

(h) Commits any other act which constitutes good cause under applicable state law or court decisions.

Subject to applicable law and except as otherwise provided in this Agreement, we will give you at least 30 days' prior written notice of default (except that, if state law permits, we will have the right to terminate earlier if the "good cause" constitutes a default that is not curable). The notice will state the reason(s) for default and will provide that you have 30 days from the date of the notice to correct any claimed deficiency. If the default is corrected within this period, the notice will be void. If the default is not corrected within this period, we have the right to terminate the Term of this Agreement immediately.

2. With 10 Day Opportunity to Cure. We may also terminate the Term of this Agreement for non-payment of sums due to us or our Affiliates or suppliers; or your failure to open the Franchised Business for business 90 days after our acceptance of this Agreement. Subject to applicable law and except as otherwise provided in this Agreement, if termination is based on the foregoing, we will give you at least 30 days' prior written notice of such default (except that, if state law permits, we will have the right to terminate earlier if the claimed deficiency constitutes a default that is not curable). The notice will state the reason(s) for default and will provide you with at least 10 days from the date of the notice to correct any claimed deficiency. If the deficiency is corrected within this period of time, the notice will be void. If the deficiency is not corrected within this period of time, then we have the right to terminate the Term of this Agreement effective 30 days after the date we gave you the initial notice of default.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, we will be permitted to terminate the Term of this Agreement immediately and with notice when the basis or grounds for termination is: (a) conviction of a felony or any other criminal misconduct that, in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (b) fraudulent activity that in our sole opinion materially and adversely affects the operation, maintenance, reputation or goodwill of the Franchised Business or the System; (c) abandonment of the Franchised Business; (d) your bankruptcy or insolvency or that of your guarantors; (e) the giving of more than 2 no account or insufficient funds checks to us or our Affiliates within a 12 month period, or our or our Affiliates receipt of any similar notice when utilizing any EFT payment; (f) your making or having made any material misrepresentation or omission in the application for this franchise; (g) repeated failure or refusal to comply with the lawful provisions of this Agreement, (i.e., 2 or more times in any 12 month period), whether or not such failures or refusals are corrected after notice and whether or not such failures relate to the same provision; or (h) any other act or omission that permits termination without notice and/or an opportunity to cure under applicable state law.

**B. TERMINATION BY YOU.** You must notify us in writing of any failure of us to perform any of our obligations pursuant to this Agreement. You may terminate the Term of this Agreement only if we materially default in our performance of any terms and conditions in this Agreement, you give us written notice within 30 days of this material default and we fail to cure this material default within 60 days of our receipt of your written notice of default.

**C. CONSEQUENCES OF TERMINATION.** Upon termination or expiration of the Term of this Agreement for any reason whatsoever or upon any Transfer, all of your rights hereunder shall terminate, and you must do the following:

1. Cease to be a franchisee of ours and cease to operate the Franchised Business. You must not thereafter directly or indirectly represent to the public that the former business is or was operated or in any way connected with the System or hold yourself out as a present or former franchisee of ours.



2. Discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of our business, and return any copyrighted materials that have been provided to you by us or our Affiliates, including the Manual and any other materials that contain the Marks.

3. Pay all amounts due to us, our Affiliates and suppliers.

4. Cancel any assumed name registration or equivalent registration obtained by you that contains the Marks, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within 5 days of the termination or expiration of the Term of the Agreement or the Transfer. Thereafter, you must not do business under any name using any Mark (or any abbreviation or derivation thereof, or substantially similar thereto).

5. At our request, you will assign your telephone numbers, white and yellow page telephone references and advertising to us pursuant to the Irrevocable Power of Attorney set forth in Exhibit II attached hereto.

6. You will immediately cease providing services to all customers and forfeit all rights you have to the customer accounts and any and all information about the customers. Upon our request, you will assign us any or all of your customer contracts, and we will have the right to either service the accounts or assign the servicing of the accounts to others. In such event, you will provide us with all records, files and information on each customer upon our request.

7. Comply with all post-term covenant obligations, including without limitation the Confidential Information, non-competition, non-solicitation and indemnification provisions.

Neither a Transfer nor the termination or expiration of the Term of this Agreement will relieve you of any of your obligations to us or our Affiliates existing at the time of such Transfer, termination or expiration, or terminate your obligations that, by their nature, survive a Transfer, or the termination or expiration of the Term of this Agreement. Furthermore, a Transfer or the termination or expiration of the Term of this Agreement will be without prejudice to our rights against you; and in the event of a termination that is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all rights and remedies available at law or in equity.

**D. OUR RIGHT TO PERSONAL PROPERTY.** After the termination or expiration of this Agreement, but not upon an approved Transfer pursuant to Section 12.B, we shall have the right, but not the obligation, to purchase all of your equipment, inventory, supplies and other personal property used in connection with the operation of the business. The purchase price shall be at book value minus any liens. We will have 30 days after the determination of such value, to exercise our rights granted by this Section 13.D, and we will have an additional 30 days to pay for the property we desire to purchase. If we fail to exercise our rights within the time periods set forth above, you will be free to otherwise sell or dispose of the personal property used in connection with the operation of the Franchised Business.

**E. OPERATION OF THE FRANCHISED BUSINESS.** In order to prevent any interruption of the franchise business which would cause harm to the business, if you are unable to operate the Franchised Business for any reason whatsoever, you abandon or fail to actively operate the Franchised Business for any period or you fail to cure a breach within the applicable cure period (if any), you authorize us or our agents and Affiliates to operate the business if we desire to do so, in our sole discretion, for so long as we deem necessary and practical. All income from the operation of the business shall be kept in a separate account, and the expenses of the business, including our reasonable compensation and expenses shall be charged to said account. We may charge you a reasonable management fee that we specify plus any out-of-pocket expenses incurred in connection with the

management of the Franchised Business. We and our designees will have a duty only to use reasonable efforts upon assuming the Franchised Business' management and will not be liable for any debts, losses or obligations that the Franchised Business incurs, or to any creditors for any supplies or other products or services purchased for the Franchised Business in connection with such management. Nothing contained herein shall be construed to require us to operate the business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

#### **14. RESTRICTIVE COVENANTS**

**A. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.** In consideration of our granting you a franchise, and in recognition by you that the Confidential Information constitutes valuable and unique assets owned by or in the custody of us, you hereby agree and covenant that you will not use or disclose the Confidential Information or any part of the Confidential Information in any manner or for any purpose other than in the performance of your obligations pursuant to this Agreement and your operation of the Franchised Business, now and in the future. You must hold all the Confidential Information in the strictest confidence and not use it, reproduce it, distribute it or disclose it to anyone without our prior written consent or as required by law during the Term of this Agreement and thereafter. You agree that the disclosure or use by one of your partners, shareholders, members or owners, or any spouse or member of the immediate family of the foregoing, of any Confidential Information other than in the operation of the Franchised Business, shall be deemed a breach and default by you of this Section. You further acknowledge that it would be an unfair method of competition for you or such partner, shareholder, member, owner, spouse or family member to use, duplicate or disclose any of the Confidential Information or knowledge, know-how or expertise received from us for any use other than the operation of the Franchised Business in accordance with this Agreement.

**B. COMPETING BUSINESS DURING THE TERM OF THIS AGREEMENT.** You acknowledge the uniqueness of the System and that we are making our knowledge, know-how and expertise available to you for the purpose of operating the Franchised Business. You agree that it would be an unfair method of competition to use or duplicate or to allow others to use or duplicate, any of the knowledge, know-how or expertise you receive from us or our Affiliates for any reason other than for the operation of the Franchised Business under this Agreement. You further recognize the importance of devoting substantial time and energy to the Franchised Business. Therefore, you warrant that during the Term of this Agreement, unless you have our prior written consent, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial, beneficial or equity interest in, or have any interest based on profits or revenues of any Competitive Business except as a duly licensed franchisee of ours (except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended).

**C. COMPETING BUSINESS AFTER THE TERM OF THIS AGREEMENT.** For 2 years after a Transfer, the termination or expiration of the Term of this Agreement for any reason, or the entry of final order of a court of competent jurisdiction enforcing this covenant, whichever is later, neither you nor any of your owners will directly or indirectly perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to or have any interest based on profits or revenues of any Competitive Business (except for other outlets franchised from us to you or your owners, and except for a 5% or less beneficial interest in a reporting company registered under the Securities Act of 1933, as amended). The geographical scope of this restriction will cover the area within the metropolitan area which contains your Protected Territory and all metropolitan areas which contain protected territories of other Companion Care Businesses.

**D. NON-SOLICITATION.** For a period of 2 years after any Transfer, or the expiration or termination of the Term of this Agreement, whether for any reason or no reason, voluntary or involuntary,

or for cause or without cause, you will not, directly or indirectly, solicit or accept any business from, and will not directly or indirectly contact any existing customers or identified prospective customers with whom you or your employees or other agents have had direct or indirect contact or about whom you or your employees or other agents have learned Confidential Information by virtue of the operation of the Franchised Business (“Customers”), other than Customers with whom you have had no contact within the 2 years preceding such termination, expiration or Transfer.

**E. REASONABLENESS OF RESTRICTIONS.** You and the guarantors of this Agreement acknowledge and confirm that the length of the term and geographical restrictions contained in this Section 14 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. You acknowledge and confirm that your and their full, uninhibited and faithful observance of each of the covenants contained in Section 14 will not cause any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section 14 will not impair your or their ability to obtain employment commensurate with their respective abilities and on terms fully acceptable to you or them, or otherwise to obtain income required for your or their comfortable support and, if such person is an individual, his or her family, and the satisfaction of the needs of his or her creditors.

You acknowledge that to disregard the provisions of this Section 14 would effectively foreclose us from selling other franchises and you could be unjustly enriched and unfairly derive benefit from the goodwill of and training you receive from us. Moreover, our franchisees and the Companion Care Businesses could be severely disadvantaged if you compete against them using the Marks or other Confidential Information. We intend to restrict your activities under Section 14 of this Agreement only to the extent necessary for the protection of our, our Affiliates’ and our franchisees’ legitimate business interests. Each of the foregoing covenants will be construed as severable and independent, and will be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction will determine the business, time or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then the court so holding will reduce the limitation necessary to render such restriction enforceable by the court. We will have the right to reduce the scope of any covenant contained in Section 14, without your consent, effective immediately upon receipt by you of our written notice; and you will comply with any reduced covenant. In addition to any other remedies available at law or equity, we will have the right to injunctive relief for your violation or threatened violation of any covenant described in Section 14. The terms of this non-compete are assignable by us and will inure to our benefit, as well as our successors and assigns. In the event of any assignment, sale, merger or change in our ownership or structure, the resulting entity will step into our place, without any additional consent of or notice to you, as if the terms “us”, “our” or “we” were defined in this Agreement to include such entity.

## **15. DISPUTE RESOLUTION**

**A. MEDIATION.** Before any party may bring an action in court for any controversy, dispute or claim between you and us arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in Rochester, NY, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. You and we will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by you. All negotiations and mediation proceedings (including without limitation,

discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, You and we agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

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

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

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

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

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due),

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

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

**D. DISPUTE RESOLUTION FEE.** In the event that you or your owners or guarantors have not complied with the provisions in this Section on Dispute Resolutions, you shall reimburse us for all of its expenses incurred in curing your breach (including, without limitations, our attorneys' fees, court costs and costs related to dismissing and responding to any improperly filed claim) ("Dispute Resolution Fee"). We have the right to collect these amounts in addition to exercising any and all other rights we may have for non-compliance under this Agreement.

## **16. ENFORCEMENT**

**A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.** Except as expressly provided to the contrary, each section, paragraph, term and provision of this Agreement, and any portion thereof, is considered severable. To the extent that any part of this Agreement is deemed unenforceable by virtue of its scope in terms of area, time or business activity prohibited, but could be enforceable by reducing any or all provisions, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of the Term of this Agreement or refusal to renew this Agreement than is required in this Agreement, or the taking of some other action not required in this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by the law or rule shall be substituted for the comparable provisions.

**B. ENTIRE AGREEMENT.** The terms contained herein and in the preambles and exhibits hereto constitute the entire agreement between the parties regarding the subject matter herein, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein; provided however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that was furnished to you in connection with the offer to operate the Franchised Business. No amendment to this Agreement is binding unless executed in writing by both parties.

**C. NO WAIVER.** Neither our waiver of a breach or default by you, nor our delay or failure to exercise any right upon your breach or default, nor our acceptance of any payment from you, will be deemed a waiver, nor will it impair our rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not prevent our assertion of other defaults or breaches. We may waive any one or more of the requirements imposed under this Agreement for the benefit of any particular franchisee or any particular Companion Care Business, but the waiver in favor of any other franchisee or Companion Care Business will not prevent us from enforcing the requirements against you, all other franchisees and all other Companion Care Businesses.

**D. OBLIGATIONS ABSOLUTE.** You agree that your obligations to make any payments as specified in this Agreement, and any other agreement entered into with us or any of our Affiliates with respect to the Franchised Business, and the rights of us and our Affiliates to receive such payments are absolute and unconditional and are not subject to any abatement, reduction, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims that you have or may have against us and any of our Affiliates or against any other person for any reason whatsoever.

**E. COSTS AND ATTORNEYS' FEES.** If a claim for amounts owed by you to us or our Affiliates is asserted, or if we are required to enforce this Agreement, whether as a result of your breach or otherwise, in any legal proceeding, you must reimburse us for our costs and expenses, including reasonable accounting and attorneys' fees.

**F. DAY-TO-DAY CONTROL.** You have the sole right and responsibility for the manner and means by which the day-to-day operation of the Franchised Business is determined and conducted and for achieving your business objectives. Subject to any approval, inspection and enforcement rights reserved to us, your rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for employees at the Franchised Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Manual to the contrary. We expressly disclaim any responsibility or undertaking to ensure your compliance with the satisfactory and legal operation of the Franchised Business, and we will not in any way be liable to you or any third parties for your failure to comply with any of the terms of this Agreement or your failure to comply with any of our standards or suggestions, it being the understanding of the parties that you and you alone are responsible for the day-to-day operations of the Franchised Business.

**G. GOVERNING LAW/CONSENT TO JURISDICTION.** You acknowledge that this Agreement was accepted in the State of New York. You acknowledge that you have and will continue to develop a substantial and continuing relationship with us at our principal offices in New York, where our decision-making authority is vested and franchise operations are conducted and supervised. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of New York without regard to principles of conflicts of law. If, however any provision of this Agreement would not be enforceable under the laws of New York, and if the Protected Territory is

located outside of New York and the provision would be enforceable under the laws of the state in which the Protected Territory is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Protected Territory is located. Further, any law regulating the relationship between a franchisor and a franchisee or any similar relationship (including the New York Franchise Act and related regulations), will not apply unless its jurisdictional requirements are met independently without reference to this Section 16.G. We may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of New York, and you and each guarantor of this Agreement irrevocably submits to the jurisdiction of these courts and waive any objection to the application of New York law or to the jurisdiction or venue in these New York courts. If a state regulator requires an amendment to this Agreement, the amendment is attached to this Agreement in Exhibit III. We will not, however, be precluded from contesting the validity, enforceability, or applicability or such regulator's required amendment in any action relating to this Agreement or to its rescission or termination.

**H. BINDING EFFECT.** This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both you and us.

**I. REPRESENTATIVE CAPACITY.** In all of their dealings with you, our officers, directors, employees and agents act only in their representative capacity for us, and not in any individual capacity or on behalf of us or our Affiliates or agents.

**J. TIMING.** Time is of the essence of this Agreement. It will be a material breach of this Agreement for you to fail to perform any of your obligation within the time required or permitted by this Agreement.

**K. APPROVALS.** Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing and signed by us. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

**L. CUMULATIVE RIGHTS AND REMEDIES.** In addition to any other remedies in law or in equity to which it may be entitled, we will be entitled, without bond, to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event you actually or anticipatorily breach this Agreement. If we incur attorneys' fees or other expenses in seeking enforcement or defense of this Agreement, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' fees). No right or remedy conferred upon us is intended to be exclusive, and every right or remedy granted in this Agreement will be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination will include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

**M. RECEIPT OF THE FDD.** You acknowledge receipt of our franchise disclosure document along with this Agreement, at least 14 days before your execution of this Agreement or any payment by you to us. If any unilateral modifications have been made to this Agreement, you acknowledge that you have had at least 7 days to review them.

**N. CONSTRUCTION.** The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of the sections or paragraphs. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If you are comprised of 2 or more persons, the obligations and liabilities to us of each of these persons will be joint and several. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. This Agreement is executed in multiple copies, each of which is deemed an original.

**17. NOTICES AND PAYMENTS.** All notices required under this Agreement will be in writing and will be given: (i) if hand delivered, on the day of delivery; (ii) 3 business days after placement in the United States Mail by registered or certified mail, postage prepaid; or (iii) the day after placement with a courier guaranteeing overnight delivery, in each case addressed to the address listed on the signature page of this Agreement or at such other address as either party will specify in a notice to the other party.

**18. YOUR WARRANTIES AND REPRESENTATIONS**

**A.** You and your guarantors have been advised to make an independent investigation of our operations. We have not and do not represent that you can expect to attain a specific level of sales, profits, or earnings. You and your guarantors have been advised to obtain independent professional and legal advice regarding this franchise. You and your guarantors understand that you and they may sustain losses as a result of the operation or the closing of the Franchised Business. You and your guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on your skills, abilities, initiative and hard work.

**B.** You and your guarantors represent and warrant that the execution, delivery and performance of this Agreement by you, and the Guaranty and Assumption of Obligations by the guarantors, do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

**C.** Under applicable U.S. Law, including executive order 1224, signed on September 23, 2001 (the "Order"), you are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism as defined in the Order. Accordingly, you do not and hereafter will not engage in any terrorist activity. In addition, you are not affiliated with and do not support any individual or entity engaged in, contemplating or supporting terrorist activity. You are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating or supporting terrorist activity, or to otherwise support or further any terrorist activity.

**19. CAVEAT**

**THE SUCCESS OF THE FRANCHISED BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. WE DO NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE FRANCHISED BUSINESS, AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATION OR WARRANTY ON OUR BEHALF. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE READ AND COMPLETED THE QUESTIONNAIRE, A COPY OF WHICH IS ATTACHED TO THIS AGREEMENT AS EXHIBIT IV.**

**YOU UNDERSTAND AND AGREE THAT WE HAVE NO OBLIGATION TO ACCEPT YOUR APPLICATION AND MAY REFUSE TO GRANT YOU A FRANCHISE FOR ANY**



**REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR OUR DECISION. YOU ACKNOWLEDGE THAT UNLESS AND UNTIL WE SIGN THIS AGREEMENT, THE FRANCHISE HAS NOT BEEN GRANTED, YOU ARE NOT A FRANCHISEE OF OURS AND YOU MAY NOT RELY UPON BECOMING A FRANCHISEE OF OURS.**

**20. LIMITATION OF LEGAL ACTIONS**

**A. IN NO EVENT WILL WE BE LIABLE TO YOU FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU.**

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

**C. ANY DISAGREEMENT BETWEEN YOU AND US (AND OUR AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION, AND YOU WAIVE ANY RIGHT TO PROCEED AGAINST US (AND OUR AFFILIATES, STOCKHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.**

**D. YOU WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU, UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN 1 YEAR FROM THE DATE ON WHICH YOU KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.**

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

**21. NON-LIABILITY OF OUR AFFILIATES**

We are the only company obligated to you under this Agreement. You may not look to or any other Affiliate of us, or related companies, other business entities or individuals for performance of this Agreement.

[SIGNATURE PAGE TO FOLLOW]

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

FRANCHISOR:

Happier at Home, LLC

A New York limited liability company

FRANCHISEE:

(If FRANCHISEE is a corporation or limited liability company)

\_\_\_\_\_  
Name of corporation or limited liability company

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

\_\_\_\_\_, \_\_\_\_\_

Address: 31 Oak Meadow Trail  
Pittsford, New York 14534

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

\_\_\_\_\_, \_\_\_\_\_

(If FRANCHISEE is an individual owner, FRANCHISEE must sign below; if a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

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

\_\_\_\_\_

## **GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (the "Agreement") by Happier at Home, LLC (the "Franchisor"), and \_\_\_\_\_ a \_\_\_\_\_ ("Franchisee"), each of the undersigned ("Guarantor" or collectively "Guarantors") personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and as provided in the Agreement, that Franchisee must punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each undersigned agrees to be personally and unconditionally bound by each and every undertaking, agreement and covenant set forth in the Agreement, including but not limited to, the restrictive covenants, including non-disclosure, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks, indemnification, consequences of termination, expiration or Transfer provisions to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the Term of the Agreement or this Guaranty and Assumption of Obligations.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this guaranty is joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty and Assumption of Obligations, which is continuing and irrevocable during the term of the Agreement.

Guarantor consents and agrees that:

(1) Guarantor's liability under this Guaranty and Assumption of Obligations is direct, immediate, and independent of the liability of, and is joint and several with, Franchisee and the other Guarantors of Franchisee;

(2) Guarantor shall render any payment or performance required under the Franchise upon demand if Franchisee fails or refuses punctually to do so;

(3) This Guaranty and Assumption of Obligations will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty and Assumption of Obligations nor any remedy for enforcement is impaired, modified, changed, released or limited in any

manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against the Guarantors or any Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor waives the defense of the statute of limitations in any action or for the collection of any indebtedness or the performance of any obligation guaranteed; and

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this Guaranty and Assumption of Obligations or any negotiations relative to the obligations guaranteed or in enforcing this Guaranty and Assumption of Obligations against Guarantor.

Further, the undersigned also hereby consents to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guaranty and Assumption of Obligations.

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

Print Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Date \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Print Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Date \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT I  
TO THE FRANCHISE AGREEMENT**

**PROTECTED TERRITORY**

The Protected Territory is as follows:

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**EXHIBIT II**  
**TO THE FRANCHISE AGREEMENT**

**IRREVOCABLE POWER OF ATTORNEY**

That \_\_\_\_\_ (“FRANCHISEE”) does hereby irrevocably constitute and appoint HAPPIER AT HOME, LLC (“HM”), FRANCHISEE’s true and lawful attorney-in-fact and agent for FRANCHISEE and in FRANCHISEE’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of HM, are necessary or advisable for the sole purpose of assigning to HM all of FRANCHISEE’s right, title and interest in and to any and all telephone numbers used in connection with the Happier at Home business located at \_\_\_\_\_ and all related Yellow Pages, White Pages and other business listings, including the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone service company providing telephone services to FRANCHISEE, and to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record, and file all such agreements, certificates, instruments and documents as, in the sole discretion of HM, are necessary or advisable for the sole purpose of assigning to HM all of FRANCHISEE’s right, title and interest in and to any Internet and website name pages, domain name listings, and registrations that contain HM’s proprietary trademarks, or any of them, in whole or in part, hereby granting unto HM full power and authority to do and perform any and all acts and things which, in the sole discretion of HM, are necessary or advisable to be done as fully to all intents and purposes as FRANCHISEE might or could itself do, and hereby ratifying and confirming all that HM may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney and regardless of whether FRANCHISEE has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with HM will be required to ascertain the authority of HM, nor be responsible in any way for the proper application of funds or property paid or delivered to HM. Any person, firm or corporation dealing with HM will be fully protected in acting and relying upon a certificate of HM that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and FRANCHISEE will not take any action against any person, firm or corporation acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of FRANCHISEE by HM will be deemed to include such a certificate on the part of HM, whether or not expressed. This paragraph will survive any termination of this Power of Attorney.

This Power of Attorney will terminate 2 years following the expiration or termination of the term of that certain Franchise Agreement by and between HM and FRANCHISEE. But such termination will not affect the validity of any act or deed that HM may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable Power of Attorney coupled with an interest and such Power of Attorney will not be affected by the subsequent disability or incapacity of the principal.

IN WITNESS WHEREOF, the undersigned has executed this Irrevocable Power of Attorney as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

FRANCHISEE:

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

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

Title: \_\_\_\_\_

THE STATE OF \_\_\_\_\_ )

\_\_\_\_\_ )

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

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ of \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that the foregoing instrument was executed for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

Notary Public

My Commission Expires:

\_\_\_\_\_

**EXHIBIT III**  
**TO THE FRANCHISE AGREEMENT**  
**STATE LAW ADDENDUM**



## **CALIFORNIA STATE LAW ADDENDUM**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the franchise disclosure document and Franchise Agreement for HAPPIER AT HOME, LLC for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a et seq., suspending or expelling such person from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

- A. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- B. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- C. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- D. The franchise agreement requires binding arbitration under certain circumstances. The arbitration will occur in Rochester, NY with the costs being borne by the non-prevailing party.
- E. The franchise agreement requires application of the laws of New York law. This provision may not be enforceable under California law.
- F. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- G. Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.
- H. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

In Section 17C of the Franchise Agreement, the following is removed: “and not on reliance of or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representative, attorneys, franchisees, area representatives or brokers which are not contained in or are contrary to the terms set forth in this Agreement or any representation in the franchise disclosure document”

In Section 19 of the Franchise Agreement, the following sentence is removed: “We have not and do not represent that you can expect to attain specific level of sales, profits or earnings.

In Section 20 of the Franchise Agreement, the following is removed: “NOR WILL YOU RELY ON ANY SUCH REPRESENTATIONS OR WARRANTIES.”

The franchise agreement contains provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recover to actual damages for any claims related to your franchise. Under California Corporations Code Section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the FDD, may be one source of this information.

Cover Sheet, Item 5 and Franchise Agreement: The initial franchise fees include fees and payments you make to us and our affiliates for goods and services before your Franchise Business opens for business. The initial franchise fees will be deferred until all of our initial obligations to you have been fulfilled and the opening of your Franchised Business under the Franchise Agreement. The California Department of Financial Protection and Innovation has imposed the deferral requirement because of our financial condition.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

HAPPIER AT HOME, LLC

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

By: \_\_\_\_\_  
Deborah Bernacki, President

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

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

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

**EXHIBIT IV  
TO THE FRANCHISE AGREEMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

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

1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to it? Yes \_\_\_\_ No \_\_\_\_
2. Have you received and personally reviewed the Franchisor’s Federal Disclosure Document (the “FDD”) that Franchisor provided to you? Yes \_\_\_\_ No \_\_\_\_
3. Did you sign a receipt for the FDD indicating the date you received it? Yes \_\_\_\_ No \_\_\_\_
4. Date on which you received the FDD and related Exhibits explaining the Happier at Home Franchise.  
\_\_\_\_\_, 20\_\_\_\_.  
(month, day)
5. Date on which you received a completed copy, other than signatures, of the Franchise Agreement.  
\_\_\_\_\_, 20\_\_\_\_.  
(month, day)
6. Date on which you signed the Franchise Agreement. \_\_\_\_\_, 20\_\_\_\_  
(month, day)
7. Were you given the opportunity to discuss the benefits and risks of operating a Companion Care Business with an attorney, accountant or other professional advisor, and do you understand those risks? Yes \_\_\_\_ No \_\_\_\_
8. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?  
Yes \_\_\_\_ No \_\_\_\_
9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn or that any of Franchisor’s franchisees or company-owned or affiliate-owned businesses earn in operating the business other than what is discussed in Item 19 of the FDD?  
Yes \_\_\_\_ No \_\_\_\_
10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating the business? Yes \_\_\_\_ No \_\_\_\_

11. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD? Yes \_\_\_\_ No \_\_\_\_
12. You understand that the Franchisor is not giving any legal or insurance advice regarding the operation and structure, etc. of the business and we are relying on our own independent counsel with respect to legal and insurance matters. Yes \_\_\_\_ No \_\_\_\_
13. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the 2020 COVID-19 outbreak or other pandemics and that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations.

\* \* \*

Please understand that your responses to these questions are important to the Franchisor and that it will rely on them.

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

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

FRANCHISE APPLICANT

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

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

**EXHIBIT V**  
**TO THE FRANCHISE AGREEMENT**  
**ADDITIONAL SERVICES AMENDMENT**

## ADDITIONAL SERVICES AMENDMENT TO THE FRANCHISE AGREEMENT

This Additional Services Amendment (“ASA Amendment”) is entered into on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Happier at Home, LLC (“us,” “our,” or “we”), \_\_\_\_\_, a \_\_\_\_\_ (“you” or “your”) and guaranteed by your Guarantors (“Guarantors”) which amends and modifies the Franchise Agreement (defined below).

WHEREAS, you and we are parties to a Franchise Agreement dated \_\_\_\_\_, for a Companion Care Business located in \_\_\_\_\_ (“Franchise Agreement”); and

WHEREAS, you have requested that we allow you to offer and have your staff provide additional services to the Companion Care Services you are permitted to offer and provide through your Franchised Business pursuant to Section 6.B of the Franchise Agreement;

WHEREAS, we are willing to allow you to do so in accordance with the terms and conditions set forth herein and in accordance with the Additional Services Program (“ASA Program”) which is described in detail in the Manual which may be changed from time to time; and

NOW, THEREFORE, the parties agree to modify the Franchise Agreement as follows:

1. Representation by Franchisee. You acknowledge that we are relying on the Opinion Letter provided by your attorney who specializes in healthcare law in the state where your Franchised Business is located. Further, you represent that you will comply with all state, federal and local laws regarding your participation in this ASA Program.
2. Section I.C “Companion Care Services”. Add the following: “Notwithstanding the foregoing, you will be permitted to provide the following additional services which will be included in the definition of Companion Care Services through your Franchised Business: \_\_\_\_\_ so long as these additional services meet the standards as set forth in the Franchise Agreement and Manual and the Franchised Business and/or your staff are properly licensed to provide such additional services.”
3. Section 1.H Gross Sales. Add the following: “As a point of clarification, Gross Sales also includes all revenue generated from providing the additional services described in paragraph 2 above in order to determine the amount of the Royalty Fees and Marketing Fees that you must pay us.”
4. The execution of this ASA Amendment does not imply that Franchisee is in full compliance with the Franchise Agreement and does not constitute a waiver of our right to enforce your obligations under the Franchise Agreement.”
5. Except as modified by this ASA Amendment, all of the terms of the Franchise Agreement and the Guaranty and Assumption of Obligations shall remain in full force and effect. This ASA Amendment hereby forms a part of and is incorporated into the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this ASA Amendment on the day and year first above written.

YOU: \_\_\_\_\_

By: \_\_\_\_\_  
Name, title

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

HAPPIER AT HOME, LLC

By: \_\_\_\_\_  
Name, title

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

GUARANTORS:

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

## NEW YORK STATE LAW ADDENDUM

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency



or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

[SIGNATURE PAGE TO FOLLOW]

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

Happier at Home, LLC

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

FRANCHISEE

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

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**EXHIBIT “D”  
LIST OF FRANCHISEES**

**Franchised Outlet**

Happier at Home Shoals  
1001 Avalon Ave.  
Muscle Shoals, AL 35661  
256-381-8060

Caritas Wellness LLC  
1424 Primrose Lane  
Hoover, AL 35244  
205-305-7399

TDESL, LLC  
15725 Whittier Blvd, Suite A  
Whittier, CA 90603  
562-964-3791

NEHAH, LLC  
2117 Boston Avenue  
Bridgeport, CT 06610  
203-308-8982

Innovative Companion Care, Inc.  
4076 East State Road 44  
Wildwood/The Villages, FL 34785

Herron Services, LLC – Opened in 2023  
33604 Old Portland Road  
Adel, IA 50003  
360-420-6401

HTP Happier at Home  
4171 S. Oceana Drive  
New Era, MI 49446  
231-742-1259

JTT Business Solutions LLC  
1479 Kensington Avenue #100  
Buffalo, NY 14215  
(716) 240-4400

JMV Senior Solutions Inc.  
153 N. Main Street  
Fairport, New York 14450  
585-633-5555

Marie & Mario Rodriquez  
Occor Solutions  
5 Montgomery Glen Drive  
Webster, NY 14580  
585-381-3308

Happier at Home NC  
903 N. Main Street  
Tarboro, NC 27886  
252-544-1915

JTTA, LLC – Transferred in 2023  
118 Vintage Park Blvd., Suite W-427  
Houston, TX 77070  
281-936-9036

MV Homecare  
7640 Glenview Dr.  
Richland Hills, TX 76180  
940-390-5920

#### **FRANCHISEES WHICH LEFT THE SYSTEM**

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

CJP Encore, Inc.  
Spring, TX  
832-444-9040

**EXHIBIT “E”**  
**FINANCIAL STATEMENTS**



**HAPPIER AT HOME, LLC  
ROCHESTER, NEW YORK**

**Financial Statements  
Together with  
Independent Auditors' Report  
December 31, 2022 and 2021**

**HAPPIER AT HOME, LLC**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**

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**Amidon  
& Villeneuve**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Shareholder  
Happier at Home, LLC  
Rochester, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Happier at Home, LLC (a New York State Limited Liability Company) which comprise the balance sheet as of December 31, 2022 and 2021, and the related statements of operations, retained earnings, and statement of cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Happier at Home, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "A.C. Villeneuve", followed by the text "CPA'S P.C." in a similar handwritten style.

Amidon & Villeneuve, CPA's P.C.

Rochester, New York  
February 5, 2023

**HAPPIER AT HOME, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2022 and 2021**

See Independent Auditors' Report and notes to Financial Statements

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 147,393	\$ 46,744
Accounts receivable	45,675	12,939
Due from affiliate	-	1,994
Total Current Assets	193,068	61,677
<b>PROPERTY &amp; EQUIPMENT</b>		
Leasehold Improvements	20,706	20,706
Furniture and equipment	9,383	9,383
Less: Accumulated depreciation	(9,598)	(9,303)
Total Property & Equipment, Net	20,491	20,786
<b>INTANGIBLE ASSETS</b>		
Trademark costs	5,710	5,710
Web development Costs	12,200	10,200
Less: Accumulated amortization	(13,093)	(12,288)
Total Intangible Assets, Net	4,817	3,622
<b>TOTAL ASSETS</b>	<u>\$ 218,376</u>	<u>\$ 86,085</u>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,812	\$ 11,073
Due to affiliate	21,778	-
Prepaid deposit on Sale	50,000	-
Loan from shareholder	19,421	34,008
Total Current Liabilities	98,011	45,081
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock	100	100
Additional Paid in Capital	134,864	134,864
Retained (Deficit)	(14,599)	(93,960)
Total Shareholder's Equity	120,365	41,004
<b>TOTAL LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	<u>\$ 218,376</u>	<u>\$ 86,085</u>

**HAPPIER AT HOME, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**

See Independent Auditors' Report and notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Franchise Fee	\$ 206,000	\$ 49,000
Royalty Income	206,981	146,574
Miscellaneous Income	22,099	8,820
Total Income	<u>435,080</u>	<u>204,394</u>
<b>GENERAL AND SELLING EXPENSES</b>		
Advertising and marketing	31,066	31,598
Auto Expense	236	-
Bank and credit card charges	573	750
Amortization and depreciation	1,100	841
Computer software	3,857	3,143
Conferences	52,900	1,370
Consulting	-	7,503
Fees and registration	350	3,364
Interest Expense	-	33
Meals and entertainment	1,065	3,127
Miscellaneous expense	1,968	1,453
Office expense	1,702	4,762
Officer Wages	92,461	4,200
Payroll	97,653	75,465
Payroll processing fees	1,259	1,309
Parking fees and tolls	60	177
Postage	801	399
Professional fees	16,153	22,942
Quickbook payment fees	2,030	1,457
Rent	12,000	10,600
Repairs and maintenance	717	-
Taxes	15,138	7,451
Telephone and utilities	-	101
Trademark watch	2,160	3,424
Training recruitment and education	235	220
Travel	16,143	7,638
Web fees	3,917	3,062
New York State franchise tax expense	175	50
Total Expenses	<u>355,719</u>	<u>196,439</u>
<b>NET INCOME</b>	<u><u>\$ 79,361</u></u>	<u><u>\$ 7,955</u></u>

**HAPPIER AT HOME, LLC**  
**STATEMENTS OF RETAINED (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**

See Independent Auditors' Report and notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<b>Retained (Deficit) - Beginning of Period</b>	(\$93,960)	(\$101,915)
Net Income	79,361	7,955
Shareholder Distributions	<u>-</u>	<u>-</u>
<b>Retained (Deficit) - End of Period</b>	<u>(\$14,599)</u>	<u>(\$93,960)</u>

**HAPPIER AT HOME, LLC**  
**STATEMENTS OF CHANGES IN CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**

See Independent Auditors' Report and notes to Financial Statements

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Net Income	\$ 79,361	\$ 7,955
Amortization and depreciation	1,100	841
Decrease/(increase) in accounts receivable	(32,736)	11,439
Decrease in due from affiliate	1,994	-
Increase/(Decrease) in accounts payable and accrued expenses	(4,261)	9,756
Prepaid deposit on Sale	50,000	-
Increase in due to affiliate	21,778	-
Net Cash Provided by Operating Activities	<u>117,236</u>	<u>29,991</u>
<b>INVESTING ACTIVITIES</b>		
Increase in asset purchase	<u>(2,000)</u>	<u>-</u>
Net Cash (Used) by Investing Activities	(2,000)	-
<b>FINANCING ACTIVITIES</b>		
(Decrease) in loan from shareholder	<u>(14,587)</u>	<u>(3,603)</u>
Net Cash (Used) by Financing Activities	(14,587)	(3,603)
<b>CHANGE IN CASH</b>	100,649	26,388
Cash - Beginning of period	<u>46,744</u>	<u>20,356</u>
Cash - End of period	<u><u>\$ 147,393</u></u>	<u><u>\$ 46,744</u></u>

**Supplemental Disclosure of Cash Flow Information**  
Cash paid during the year for:

Income Taxes	<u>\$ 175</u>	<u>\$ 50</u>
Interest	<u>\$ -</u>	<u>\$ 33</u>



**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Happier at Home, LLC (the Company) was formed in 2007 as a New York Limited Liability Company. The Company provided dependable and affordable geriatric care management and non-medical in home care to keep seniors at home or their choice of residence. Sales were primarily to customers within the Western New York State area.

On December 31, 2012, the Company sold its fixed assets, contracts and active customer list and records to Jewish Senior Life, Inc. Since December 31, 2012, the Company has focused its efforts on further establishing the franchising of its geriatric care management and non-medical in home care concept, which the Company actively started marketing in early 2015.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Revenue Recognition**

The Company recognizes initial franchise revenue from an individual franchise sale when it has substantially performed or satisfied all material services or conditions related to the sale. Substantial performance occurs when the Company has no remaining obligation to refund any cash received and has performed substantially all of the initial services required by the franchise agreement.

**Cash**

The Company maintains cash balances in a financial institution located in Rochester, New York. This account is insured by the Federal Deposit Insurance Corporation in the amount \$250,000. Bank balances may periodically exceed insurance limits. Management does not believe it is exposed to any significant credit risk with respect to cash.

**Accounts Receivable**

Accounts receivable are obligations due from franchisees under term limits of the franchise agreements. Management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. After all attempts to collect a receivable have failed, the receivable is written off as bad debts expense.

**Property and Equipment**

Property and equipment are recorded at cost, including the cost of additions and significant improvements that materially extend assets' lives. When retired or otherwise disposed of, the related costs of accumulated depreciation are cleared from the respective accounts and the net difference, less any amount realized from the disposition, is reflected in income. Expenditures for ordinary maintenance and repairs are charged to expense as incurred.

**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Depreciation**

Depreciation is provided for using primarily accelerated methods over the assets' useful lives, which is five years. The differences between accelerated methods of depreciation and those methods in accordance with generally accepted accounting principles are immaterial to these financial statements.

**Advertising**

The Company expenses advertising costs as they are incurred and obligated, which approximated \$31,066 and \$31,598 for the years ended December 31, 2022 and 2021, respectively.

**Income Taxes**

The Company is an S Corporation for federal and state income taxes. Accordingly, the Company's taxable income or loss will pass directly to the shareholder, thereby eliminating the related income tax consequences at the corporate level.

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2022 and 2021, the Company does not believe that it has taken any positions which would adversely affect its tax status.

The Company's income tax returns are subject to examination by the taxing authorities for a period of three years from the date they were filed.

New York State imposes a minimum franchise tax which amounted to \$175 and \$50 for the years ended December 31, 2022 and 2021, respectively.

**Intangible Assets**

Intangible assets consist of trademark application costs incurred to develop the Company's website. These costs are amortized on a straight-line basis over their estimated useful lives which range from five to fifteen years.

**Use of Estimates**

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

**Fair Value of Financial Instruments**

The Company's financial instruments are cash, accounts receivable and accounts payable. The recorded values of these instruments approximate fair values based on their short-term nature.

Financial instruments are exposed to various, such as credit risk. Due to the risks associated with financial instruments, it is at least reasonably possible that changes in risks could affect the Company's financial statements.

**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 and 2021**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 2: COMMITMENTS**

On December 31, 2012, the Company sold its fixed assets, contracts and active customer list and records to Jewish Senior Life, Inc. As a part of that transaction the Company entered into an agreement not to compete with Jewish Senior Life, Inc. The agreement restricts the Company from soliciting similar business within Monroe County, New York for a period of forty-eight (48) months from the closing date and for a period of twelve (12) months from the closing date outside of Monroe County, New York.

The agreement also restricts Jewish Senior Life, Inc. from using the name "Happier at Home" after the first anniversary date of the closing.

**NOTE 3: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that the deferred advertising funds were held in an account that was not associated with Happier at Home, LLC. The oversight has since been corrected.

**HAPPIER AT HOME, LLC  
ROCHESTER, NEW YORK**

**Financial Statements  
Together with  
Independent Auditors' Report  
December 31, 2021 and 2020**

**HAPPIER AT HOME, LLC**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**

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**Amidon  
& Villeneuve**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Shareholder  
Happier at Home, LLC  
Rochester, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Happier at Home, LLC (a New York State Limited Liability Company) which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of operations, retained earnings, and statement of cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

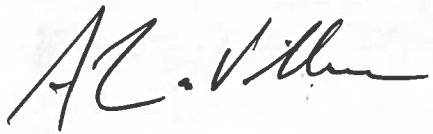
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Happier at Home, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CPA's P.C.

Amidon & Villeneuve, CPA's P.C.

Rochester, New York  
February 1, 2021

**HAPPIER AT HOME, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2021 and 2020**

See Independent Auditors' Report and notes to Financial Statements

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 46,744	\$ 20,356
Accounts receivable	12,939	24,378
Due from affiliate	1,994	1,994
Total Current Assets	61,677	46,728
<b>PROPERTY &amp; EQUIPMENT</b>		
Leasehold Improvements	20,706	20,706
Furniture and equipment	9,383	9,383
Less: Accumulated depreciation	(9,303)	(8,711)
Total Property & Equipment, Net	20,786	21,378
<b>INTANGIBLE ASSETS</b>		
Trademark costs	5,710	5,710
Web development Costs	10,200	10,200
Less: Accumulated amortization	(12,288)	(12,039)
Total Intangible Assets, Net	3,622	3,871
<b>TOTAL ASSETS</b>	<u>\$ 86,085</u>	<u>\$ 71,977</u>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 11,073	\$ 1,317
Loan from shareholder	34,008	37,611
Total Current Liabilities	45,081	38,928
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock	100	100
Additional Paid in Capital	134,864	134,864
Retained (Deficit)	(93,960)	(101,915)
Total Shareholder's Equity	41,004	33,049
<b>TOTAL LIABILITIES &amp; SHAREHOLDER'S EQUITY</b>	<u>\$ 86,085</u>	<u>\$ 71,977</u>



**HAPPIER AT HOME, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**

See Independent Auditors' Report and notes to Financial Statements

	2021	2020
<b>REVENUES</b>		
Franchise Fee	\$ 49,000	\$ 46,550
Royalty Income	146,574	83,080
Miscellaneous Income	8,820	
Total Income	204,394	129,630
<b>GENERAL AND SELLING EXPENSES</b>		
Advertising and marketing	31,598	36,225
Bank and credit card charges	750	161
Amortization and depreciation	841	2,703
Computer software	3,143	3,216
Conferences	1,370	-
Consulting	7,503	1,550
Donations	-	31
Dues and subscriptions	-	100
Fees and registration	3,364	1,924
Interest Expense	33	255
Meals and entertainment	3,127	519
Miscellaneous expense	1,453	-
Office expense	4,762	5,120
Officer Wages	4,200	-
Payroll	75,465	-
Payroll processing fees	1,309	-
Parking fees and tolls	177	-
Postage	399	-
Professional fees	22,942	14,500
Quickbook payment fees	1,457	-
Rent	10,600	15,600
Supplies	-	1,222
Taxes	7,451	-
Telephone and utilities	101	477
Territory development	-	4,235
Trademark watch	3,424	-
Training and education	-	10,848
Training and recruitment	220	450
Travel	7,638	8,546
Web fees	3,062	-
New York State franchise tax expense	50	50
Total Expenses	196,439	107,732
<b>NET INCOME</b>	<b>\$ 7,955</b>	<b>\$ 21,898</b>

**HAPPIER AT HOME, LLC**  
**STATEMENTS OF RETAINED (DEFICIT)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**  
See Independent Auditors' Report and notes to Financial Statements

	<u>2021</u>	<u>2020</u>
<b>Retained (Deficit) - Beginning of Period</b>	(\$101,915)	(\$110,529)
Net Income/(Loss)	7,955	21,898
Shareholder Distributions	<u>-</u>	<u>(13,284)</u>
<b>Retained (Deficit) - End of Period</b>	<u>(\$93,960)</u>	<u>(\$101,915)</u>

**HAPPIER AT HOME, LLC**  
**STATEMENTS OF CHANGES IN CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**

See Independent Auditors' Report and notes to Financial Statements

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Adjustments to Reconcile Net Income to Net Cash		
Provided/(used) by Operating Activities		
Net Income/(Loss)	\$ 7,955	\$ 21,898
Amortization and depreciation	841	2,703
Decrease/(increase) in accounts receivable	11,439	(20,749)
(Increase) in due from affiliate	-	(1,994)
Increase/(Decrease) in accounts payable and accrued expenses	9,756	(3,190)
Net Cash Provided/(used) by Operating Activities	<u>29,991</u>	<u>(1,332)</u>
<b>INVESTING ACTIVITIES</b>		
<b>FINANCING ACTIVITIES</b>		
Increase/(Decrease) in loan from shareholder	(3,603)	26,809
Shareholder distributions	-	(13,284)
Net Cash Provided from Financing Activities	<u>(3,603)</u>	<u>13,525</u>
<b>CHANGE IN CASH</b>	26,388	12,193
Cash - Beginning of period	<u>20,356</u>	<u>8,163</u>
Cash - End of period	<u><u>\$ 46,744</u></u>	<u><u>\$ 20,356</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for:		
Income Taxes	<u>\$ 50</u>	<u>\$ 50</u>
Interest	<u>\$ 33</u>	<u>\$ 255</u>

**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Happier at Home, LLC (the Company) was formed in 2007 as a New York Limited Liability Company. The Company provided dependable and affordable geriatric care management and non-medical in home care to keep seniors at home or their choice of residence. Sales were primarily to customers within the Western New York State area.

On December 31, 2012, the Company sold its fixed assets, contracts and active customer list and records to Jewish Senior Life, Inc. Since December 31, 2012, the Company has focused its efforts on further establishing the franchising of its geriatric care management and non-medical in home care concept, which the Company actively started marketing in early 2015.

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Revenue Recognition**

The Company recognizes initial franchise revenue from an individual franchise sale when it has substantially performed or satisfied all material services or conditions related to the sale. Substantial performance occurs when the Company has no remaining obligation to refund any cash received and has performed substantially all of the initial services required by the franchise agreement.

**Cash**

The Company maintains cash balances in a financial institution located in Rochester, New York. This account is insured by the Federal Deposit Insurance Corporation in the amount \$250,000. Bank balances may periodically exceed insurance limits. Management does not believe it is exposed to any significant credit risk with respect to cash.

**Accounts Receivable**

Accounts receivable are obligations due from franchisees under term limits of the franchise agreements. Management reviews accounts receivable on a periodic basis to determine if any receivables will potentially be uncollectible. After all attempts to collect a receivable have failed, the receivable is written off as bad debts expense.

**Property and Equipment**

Property and equipment are recorded at cost, including the cost of additions and significant improvements that materially extend assets' lives. When retired or otherwise disposed of, the related costs of accumulated depreciation are cleared from the respective accounts and the net difference, less any amount realized from the disposition, is reflected in income. Expenditures for ordinary maintenance and repairs are charged to expense as incurred.

**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

**Depreciation**

Depreciation is provided for using primarily accelerated methods over the assets' useful lives, which is five years. The differences between accelerated methods of depreciation and those methods in accordance with generally accepted accounting principles are immaterial to these financial statements.

**Advertising**

The Company expenses advertising costs as they are incurred and obligated, which approximated \$31,598 and \$36,225 for the years ended December 31, 2021 and 2020, respectively.

**Income Taxes**

The Company is an S Corporation for federal and state income taxes. Accordingly, the Company's taxable income or loss will pass directly to the shareholder, thereby eliminating the related income tax consequences at the corporate level.

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2021 and 2020, the Company does not believe that it has taken any positions which would adversely affect its tax status.

The Company's income tax returns are subject to examination by the taxing authorities for a period of three years from the date they were filed.

New York State imposes a minimum franchise tax which amounted to \$50 for the years ended December 31, 2021 and 2020.

**Intangible Assets**

Intangible assets consist of trademark application costs incurred to develop the Company's website. These costs are amortized on a straight-line basis over their estimated useful lives which range from five to fifteen years.

**Use of Estimates**

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

**Fair Value of Financial Instruments**

The Company's financial instruments are cash, accounts receivable and accounts payable. The recorded values of these instruments approximate fair values based on their short-term nature.

Financial instruments are exposed to various, such as credit risk. Due to the risks associated with financial instruments, it is at least reasonably possible that changes in risks could affect the Company's financial statements.

**HAPPIER AT HOME, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020**  
See Independent Auditors' Report and notes to Financial Statements

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**NOTE 2: COMMITMENTS**

On December 31, 2012, the Company sold its fixed assets, contracts and active customer list and records to Jewish Senior Life, Inc. As a part of that transaction the Company entered into an agreement not to compete with Jewish Senior Life, Inc. The agreement restricts the Company from soliciting similar business within Monroe County, New York for a period of forty-eight (48) months from the closing date and for a period of twelve (12) months from the closing date outside of Monroe County, New York.

The agreement also restricts Jewish Senior Life, Inc. from using the name "Happier at Home" after the first anniversary date of the closing.

**NOTE 3: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that the deferred advertising funds were held in an account that was not associated with Happier at Home, LLC. The oversight has since been corrected.

**EXHIBIT “F”**  
**STATE SPECIFIC ADDENDA**

## **CALIFORNIA STATE LAW ADDENDUM**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the franchise disclosure document and Franchise Agreement for HAPPIER AT HOME, LLC for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither we nor any person identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 78a et seq., suspending or expelling such person from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

- A. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- B. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- C. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- D. The franchise agreement requires binding arbitration under certain circumstances. The arbitration will occur in Rochester, NY with the costs being borne by the non-prevailing party.
- E. The franchise agreement requires application of the laws of New York law. This provision may not be enforceable under California law.
- F. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- G. Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.
- H. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).



OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

In Section 17C of the Franchise Agreement, the following is removed: “and not on reliance of or as a result of any representations made by our owners, officers, directors, managers, employees, agents, representative, attorneys, franchisees, area representatives or brokers which are not contained in or are contrary to the terms set forth in this Agreement or any representation in the franchise disclosure document”

In Section 19 of the Franchise Agreement, the following sentence is removed: “We have not and do not represent that you can expect to attain specific level of sales, profits or earnings.

In Section 20 of the Franchise Agreement, the following is removed: “NOR WILL YOU RELY ON ANY SUCH REPRESENTATIONS OR WARRANTIES.”

The franchise agreement contains provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recover to actual damages for any claims related to your franchise. Under California Corporations Code Section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the FDD, may be one source of this information.

Cover Sheet, Item 5 and Franchise Agreement: The initial franchise fees include fees and payments you make to us and our affiliates for goods and services before your Franchise Business opens for business. The initial franchise fees will be deferred until all of our initial obligations to you have been fulfilled and the opening of your Franchised Business under the Franchise Agreement. The California Department of Financial Protection and Innovation has imposed the deferral requirement because of our financial condition.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

HAPPIER AT HOME, LLC

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

By: \_\_\_\_\_  
Deborah Bernacki, President

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

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

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

## NEW YORK STATE LAW ADDENDUM

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency

or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

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

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

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

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

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

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

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

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

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

[SIGNATURE PAGE TO FOLLOW]

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

Happier at Home, LLC

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

FRANCHISEE

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

**EXHIBIT "G"**  
**RELEASE**

THIS GENERAL RELEASE (the "General Release") is made by the undersigned (hereinafter "Releasor") for the benefit of Happier at Home, LLC, a New York limited liability company (hereinafter, "Franchisor"), on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**RECITALS:**

WHEREAS, Releasor is a Happier at Home franchisee and operates a Companion Care Business (the "Franchised Business") pursuant to that certain \_\_\_\_\_ franchise agreement dated \_\_\_\_\_(the "Franchise Agreement");

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor's consent to \_\_\_\_\_ in connection with the Franchise Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys' fees, accounting fees or experts' fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Franchise Agreement, any related agreements or the franchisor franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Franchise Agreement, the foregoing release shall not apply to any liability under any state franchise law which governs this Release.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor's past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term "Releasor" shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor's past, present and future officers, directors,

owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

Dated: \_\_\_\_\_

Franchisor: Happier at Home, LLC

By \_\_\_\_\_

Releasor: \_\_\_\_\_

By \_\_\_\_\_

**EXHIBIT “H”  
RECEIPTS**

**(YOUR COPY)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Happier at Home, 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. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If Happier at Home, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit “A”.

The name, principal business address and telephone number of each franchise seller offering the franchise: Deborah Bernacki at 31 Oak Meadow Trail, Pittsford, New York 14534 or at 585-645-1975.

Date of Issuance: March 24, 2023

See Exhibit “A” for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 24, 2023, that included the following Exhibits:

- A. State Agencies and Administrators/Agent for Service of Process
- B. Franchise Agreement
- C. Table of Contents of the Manual
- D. List of Franchisees
- E. Financial Statements
- F. State Specific Addenda
- G. Release
- H. Receipt

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**RECEIPT  
(OUR COPY)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Happier at Home, 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. Under Iowa law, if applicable, we must provide this disclosure document to you at the earlier of our first personal meeting to discuss the franchise or 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales. Under Michigan law, if applicable, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under New York law, if applicable, we must provide you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales.

If Happier at Home, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit "A".

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- F. State Specific Addenda
- G. Release
- H. Receipt

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Deborah Bernacki at 31 Oak Meadow Trail, Pittsford, New York 14534.