

## FRANCHISE DISCLOSURE DOCUMENT



ATWORK FRANCHISE, INC.  
a Tennessee corporation  
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Knoxville, Tennessee 37920  
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The franchise offered is for a staffing business that provides temporary clerical, administrative, and light industrial personnel to customers located within a specific territory.

The total investment necessary to begin operation of an AtWork franchise ranges from \$153,500 to \$210,500. This includes \$45,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Development Department at 3215 W. John Sevier Highway, Knoxville, Tennessee 37920 and (865) 609-6911.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance date:** March 29, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
<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 A 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 AtWork business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an AtWork franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

Your state may have a franchise law, 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 E.

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 risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Tennessee. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Tennessee than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, 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 APPLY TO TRANSACTIONS GOVERNED BY**  
**THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment 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 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 services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee 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:

Michigan Attorney General's Office  
Consumer Protection Division  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the franchise agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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## Item 1.

### **The Franchisor, and any Parents, Predecessors, and Affiliates**

#### **Introduction**

To simplify the language in this franchise disclosure document (this “disclosure document”), “AtWork,” “we,” and “us” mean AtWork Franchise, Inc., the franchisor. “You” means the person who buys a franchise from us. We do not permit individuals to enter into franchise agreements or operate franchises. You must, therefore, operate your franchise as a corporation, limited liability company, or general or limited partnership. Your owners will have to guarantee your obligations and be bound by the provisions of your franchise agreement and other agreements as described in this disclosure document. Each owner’s spouse will also be required to sign the guaranty to consent to such owner’s execution of the guaranty.

#### **The Franchisor**

We are a Tennessee corporation. We were incorporated on April 20, 1992, and we have offered franchises since that time. We conduct business under our corporate name and the name “AtWork.” Our principal business address is 3215 John Sevier Highway, Knoxville, Tennessee 37920. From 1992 through 2002 we offered only AtWork Personnel Services franchises, and from 2003 through 2011 we offered franchises limited to other specific secondary businesses (such as a business that placed medical personnel). These franchises may be operated under different terms than our current offering. Except as described above, we have not offered franchises in any other lines of business. We do not operate businesses of the type being offered in this disclosure document. We do not have any other business activities.

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

#### **Our Parent, Predecessors and Affiliates**

We do not have a parent or any predecessors.

As of December 31, 2023, our affiliate, G.C. Hall, LLC (“GC Hall”) operated 4 company-owned outlets. GC Hall shares our principal business address. GC Hall has operated businesses of the type being offered in this disclosure document since December 2011. GC Hall has not offered franchises in any line of business.

Our affiliate, Pipeline Talent Solutions, LLC (“Pipeline”), is a Tennessee limited liability company formed on August 8, 2019 and shares our principal business address. Our affiliate, AtWorkGroup LLC (“AtWorkGroup”), is a Tennessee limited liability company formed on November 20, 2013 and shares our principal business address. Pipeline and AtWorkGroup serve as guarantors and program owners under the Workers’ Compensation Program (defined in Item 8). Neither Pipeline nor AtWorkGroup have offered franchises in any line of business.

#### **Overview of Franchisor’s Business and Franchise Offered:**

As a Personnel Services Business franchisee, you would be in the business of operating a staffing office (an “Office”), from which you will provide temporary clerical, administrative, and light industrial personnel (a “Personnel Services Business”) to customers located within a specific territory (a “Protected Territory”). You will also receive the non-exclusive right to offer full-time placements to customers in the Protected Territory. In this disclosure document, we sometimes refer to the franchise that you acquire as “your Business.”



Your Business will operate under the name “AtWork” and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). Businesses will offer the services and goods we authorize, and use our distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “Franchise System”).

To acquire a franchise for a Personnel Services Business, you must enter into a Franchise Agreement (the “Franchise Agreement”), which is attached as Exhibit B to this disclosure document.

The Franchise Agreement, along with our franchisee policy manuals (the “Operations Manual”), which we may modify as we see fit, govern the development and operation of your Business. The AtWork franchise model contemplates that personnel that you place with customers are employed by you, but we bill and collect staffing fees from customers and remit your share of those fees monthly, after deducting certain charges and offsets, including Royalties and Marketing Fund Contributions owed to us. We refer to such personnel as “Assigned Temporary Workers.”

If you are an existing franchisee who meets our eligibility standards, and you wish to add a territory to your Business, you must sign an Addendum to Franchise Agreement for Additional Territory (an “Additional Territory Addendum”). Our current form of Additional Territory Addendum is attached as Exhibit C to this disclosure document. Not every franchisee will qualify to be granted an additional territory. We may choose to stop offering the opportunity for existing franchisees to receive an additional territory at any time and, instead, require them to sign a new Franchise Agreement.

### **Overview of Industry and Competition:**

The market for staffing services is a highly developed, multi-billion-dollar industry and includes any employer who hires or could benefit from temporary help or full-time placement of employees.

You will compete with a wide range of businesses offering various types of operations within the field of staffing, from small independently owned enterprises to large national and international companies. You will offer services to a broad range of customers, however most customers consist of employers who have 20 or more employees per location. The demand for staffing services by some customers is seasonal depending on the nature of their business.

### **Overview of Industry-Specific Regulations**

The staffing industry is heavily regulated. You must comply with all federal, state and local laws that apply to the establishment and operation of AtWork businesses. These laws and regulations include health, sanitation, insurance, non-smoking, equal-employment opportunity, OSHA regulations, non-discrimination, employment, sexual harassment laws, the Fair Labor Standards Act (and similar state or local statutes), and laws governing the payment of wages (including, overtime wages, minimum wages, and paid sick leave).

Many of the laws, rules and regulations vary from jurisdiction to jurisdiction. You must learn and comply with the laws, rules and regulations for the type of business you will have and the area where it will be located.

Your Business may also be subject to federal, state or local licensing and bonding requirements. There are wide variations in licensing and bonding requirements, including the relative cost and difficulty in obtaining them. You must learn and comply with the requirements for the area where your business will be located.

Failure to comply with the laws, rules, regulations, licensing, and bonding requirements could adversely affect your business and operations and could subject you to tax, civil, and criminal penalties. The laws, rules, regulations, licensing and bonding requirements that will govern your business may change over time and these changes could adversely affect your business and operations.

You should consider these laws, rules, regulations and licensing requirements when evaluating your purchase of a franchise. We do not assist prospective franchisees in this regard, so we strongly recommend you consult with a qualified attorney for an understanding of them.

## **Item 2.**

### **Business Experience**

#### **Co-Chairman / Chief Executive Officer: John D. Hall, Jr.**

Mr. Hall has been our Co-Chairman and Chief Executive Officer since we were incorporated in April 1992. From April 1992 to October 2007, he also served as our President.

#### **Co-Chairman: Glenda Hall**

Ms. Hall has been our Co-Chairman since we were incorporated in April 1992.

#### **Chief Administration Officer: John D. Hall, III**

John D. Hall, III has been our Chief Administration Officer since September 2012. From October 2007 to September 2012, he was our President.

#### **Chief Financial Officer: Craig Kirby**

Mr. Kirby has been our Chief Financial Officer since September 2020. From June 2020 to August 2020, he was exploring new opportunities. He previously held various roles with EmployBridge, including Vice President Finance, Strategic Customer Analytics from January 2018 to May 2020, and Vice President Finance, Strategic Relationship and Risk from April 2012 to December 2017. Mr. Kirby worked from EmployBridge's office in Knoxville, Tennessee.

#### **President / Chief Operating Officer: Jason Leverant**

Mr. Leverant has served as our President / Chief Operating Officer since November 2012, and previously served as the Vice President of Sales between October 2007 and September 2012. Mr. Leverant has also served on the Board of Directors of the American Staffing Association in Alexandria, Virginia, since October 2022. Mr. Leverant has served on the Board of Jobs for America's Graduates – Tennessee in Nashville, Tennessee, since January 2017.

**Senior Vice President of Franchise Performance: Larry Marion**

Mr. Marion has been our Senior Vice President of Franchise Performance since March 2018. From February 2016 to March 2018, he served as our Vice President of Field Operations – Central Region. As of April 2024, Mr. Marion will transition to our Senior Vice President of Field Operations.

**Vice President of Learning & Development: Alena Watts**

Ms. Watts has been our Vice President of Learning and Development since July 2023. From April 2023 to July 2023, she served as our Software Implementation Director. Before that, Ms. Watts served as Vice President of Learning and Development for EmployBridge in Atlanta, Georgia from October 1995 to November 2022.

**Vice President of Field Operations: Amy Bollinger**

Ms. Bollinger has been our Vice President of Field Operations since July 2023. Before that, she held various other roles for us including Vice President of Learning & Development (March 2021 to July 2023), Vice President of Field Operations (January 2020 to March 2021), Director of Learning and Development (January 2015 to January 2020), and Training Manager, Special Projects and Franchise Development (May 2014 to January 2015).

**Vice President of Risk Management: Robert Lewellen**

Mr. Lewellen has been our Vice President of Risk Management since December 2020. From May 2020 to December 2020, Mr. Lewellen was exploring new opportunities. From June 2005 to May 2020, Mr. Lewellen was employed by EmployBridge in Atlanta, Georgia, in which he served in various roles, including Vice President of Safety (January 2016 to May 2020) and Director of Safety and Loss Prevention (June 2005 to January 2016).

**Vice President of Franchise Recruiting: Nick Wallace**

Mr. Wallace has been our Vice President of Franchise Recruiting since March 2022. From October 2014 to March 2022, Mr. Wallace was employed by Shelter Insurance in Columbia, Missouri, where we held various roles including Manager of Recruiting and Development (October 2014 to April 2021) and Regional Manager – AmShield (April 2021 to March 2022).

**Vice President of Marketing: Robin Bayless**

Ms. Bayless has been our Vice President of Marketing since February 2023. From March 2021 to February 2023, Ms. Bayless was employed by Cellular Sales as National Marketing Manager in Knoxville, Tennessee. Prior to that, Ms. Bayless was employed by TooJay's Deli Management Group as Vice President of Marketing in West Palm Beach, Florida from August 2015 to March 2021.

**Director of Information Technology: Keith Brewer**

Mr. Brewer has been our Director of Information Technology since March 2021. From February 2020 to March 2021, he was our Director of Learning and Development. From April 2006 to February 2020, he held various roles with Coca-Cola Consolidated in Knoxville, Tennessee, including Corporate Training Manager (June 2016 to February 2020) and Territory Manager (April 2006 to June 2016).

**Vice President of Franchise Performance – West: John Nossaman**

Mr. Nossaman has been our Director of Information Technology since September 2023. From January 2023 to August 2023, he was between positions. From June 2022 to December 2022, he was employed by Workforce Management as Vice President in Colorado Springs, Colorado. Prior to that, he was a Director of EmployBridge from February 1994 to February 2022 in Atlanta, Georgia. From March 2022 to May 2022, he was between positions.

Unless otherwise noted, each of the individuals identified above serves in his or her present capacities in Knoxville, Tennessee.

**Item 3.**  
**Litigation**

No litigation is required to be disclosed in this Item.

**Item 4.**  
**Bankruptcy**

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

**Item 5.**  
**Initial Fees**

**Initial Franchise Fee:** You will pay us a nonrecurring initial franchise fee of \$40,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is due and fully earned by us when you sign the Franchise Agreement. If your Operating Partner (defined in Item 15) or your Manager (if applicable) is unable to complete our initial Training Programs (defined in Item 11) to our satisfaction, we may terminate the Franchise Agreement, and if you and your owners agree to execute general releases in a form satisfactory to us, we will refund 50% of the Initial Franchise Fee to you, less our out-of-pocket expenses. Otherwise, the Initial Franchise Fee is not refundable under any circumstances.

**VetFran Discount:** We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program. We provide a 20% discount off the Initial Franchise Fee for veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program.

**Risk Management Reserve Deposit:** We require you to allow us to hold and maintain a risk management reserve (the “Risk Management Reserve”) to cover disputed invoices that are charged back, improper payment of Assigned Temporary Workers, charges for misclassified workers, and other authorized deductions, and we will be allowed to draw on your Risk Management Reserve to pay for such costs and expenses. Before you begin operating your Business, you must remit to us \$5,000 to hold as your initial Risk Management Reserve. This amount is uniform for all franchisees who sign a new Franchise Agreement. Upon expiration or termination of the Franchise Agreement, the balance of your Risk

Management Reserve will be payable to you after final settlement of all accounts receivable for Assigned Temporary Workers and the payment to us of all chargebacks and other amounts then due to us or our affiliates under the Franchise Agreement or otherwise. The amounts in your Risk Management Reserve are not otherwise refundable.

**Referral Fee:** If an existing franchisee refers a prospective franchisee to us who ultimately purchases a franchise for a Business, we currently pay the referring franchisee up to \$20,000 as a referral fee. We may discontinue this referral program or change the amount of the referral fee at any time.

**Item 6.**  
**Other Fees**

**OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty	7% of Gross Revenues <sup>(2)</sup> (subject to adjustment) <sup>(4)</sup> or 9% of Gross Revenues (subject to adjustment) <sup>(4)</sup> for full-time placements	We account for these fees monthly by the 25 <sup>th</sup> of each month for the preceding month <sup>(3)</sup>	If you make any full-time placements through your Business, the Royalty derived from such placements will be 9% of Gross Revenues (subject to adjustment) <sup>(4)</sup> .
Marketing Fund Contribution	0.5% of Gross Revenues <sup>(2)</sup>	We account for these contributions monthly by the 25 <sup>th</sup> of each month for the preceding month <sup>(3)</sup>	You must contribute this amount to the Marketing Fund. We may increase the Marketing Fund Contribution up to 1.0% of Gross Revenues upon notice to you.
Chargeback of aged Gross Invoice Amounts	Varies based on the amount a customer fails to pay	Upon demand	We currently charge back to the franchisee any Gross Invoice Amounts that age beyond 90 days.
High-Risk Surcharge	1.5% of the total Gross Revenues that remain uncollected for over 60 days.	We account for these fees monthly by the 25 <sup>th</sup> of each month for the preceding month <sup>(3)</sup>	If an invoice for an Assigned Temporary Worker is unpaid for 60 days from invoice date, we will charge you a High-Risk Surcharge of 1.5% of the total unpaid balance.
Risk Management Reserve	Minimum of \$5,000 at all times and additional 1% of Gross Revenue until you meet the maximum in the Risk Reserve Schedule based on your annual sales <sup>(1), (5)</sup>	\$5,000 upon opening of Office and additional 1% of Gross Revenue withheld monthly up to maximum	We require you to allow us to hold and maintain a Risk Management Reserve to cover disputed invoices that are charged back, improper payment of Assigned Temporary Workers, charges for misclassified workers, and other authorized deductions, and we will be allowed to draw on your Risk Management Reserve to pay for such costs and expenses.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Technology Services Fee	\$99 per month, per user	Monthly.	Used for ongoing subscription, maintenance, and support of various technology systems, platforms, and resources. This fee is subject to change.
Annual Meeting Registration Fee	\$500 per attendee for the first 2 attendees and \$250 for each additional attendee	Before attendance at our annual meeting	We require your Operating Partner and your Manager (if applicable) to attend an annual meeting of franchise owners and/or meetings for regional franchise owners. Attendance at any additional training courses, programs or events, or any annual or regional franchise owner meetings, will not be required for more than 5 days during a calendar year (which days may not necessarily be consecutive). This fee is subject to change.
Interest on Late Payments	1.5% per month (or lower if required by state law)	As required	Applies to late payments you owe to us. Payment of late fee by you does not waive any of our rights under the Franchise Agreement or law.
Attorney's Fees Upon Default or Termination	Our direct costs incurred due to your default or termination under the Franchise Agreement	As required	We have the right to set off any amount you or your owners owe us or our affiliates, including reasonable attorneys' fees incurred by us, if any, in connection with your default or termination of the Franchise Agreement pursuant to your default hereunder, against any amounts we or our affiliates owe you, your owners or your affiliates.
Non-sufficient Funds Check	\$50 for each NSF check	Each time a customer submits an NSF check to us or we cannot debit the customer's bank account	If a customer writes us a check that is returned, cancelled or dishonored, or if we debit a customer's bank account and the customer's account has insufficient funds or is inaccessible, you must pay us a nonsufficient funds fee of \$50.
Credit Card Processing	Amount of credit/debit card processing fee (typically 3% to 4% of invoiced amount)	Each time a customer pays us with a credit or debit card	If a customer pays an invoice by credit card or debit card or other electronic means that generates a processing fee (thereby reducing the amount that we actually receive from the amount set forth on the applicable invoice), you must reimburse us the amount of the processing fee incurred.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Insufficient Funds	\$100 for each time we cannot debit your account	As required	You must pay us a fee of \$100 each time we attempt to debit your business account and we receive a notice of insufficient funds.
Local Advertising Expenditure	\$2,500 per calendar quarter	Quarterly	We may, at any time, issue you a notice that the amounts required to be spent by you for local advertising must, instead, be paid to us or our designee, in which case we will spend this amount on your behalf on local advertising. We may also require you to contribute your local advertising expenditure to the Marketing Fund (defined below), if one is established.
Advertising, Marketing, and Promotional Materials	Our direct cost of production plus related shipping, handling, and storage charges	When purchased	If established, the Marketing Fund will give you a sample of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.
Transfer Fee	50% of current initial franchise fee at the date of transfer for one territory.	At time of transfer	If your Protected Territory consists of multiple territories, then (a) 50% of current initial franchise fee multiplied by (b) one plus the number additional territories added to your Protected Territory.
Indemnification	Amount of damages suffered	As incurred	You must indemnify and hold us harmless for all loss, damage, claims or demands from your Business.
Interim Operations Fee	10% of Gross Revenue, plus our (or the third party's) out-of-pocket costs and expenses	As incurred	We may temporarily assume operation of your Business if you abandon or fail to actively operate your Business or if you are in default of the Franchise Agreement.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Lost Revenue Damages (Liquidated Damages)	An amount equal to the then net present value of the Royalties and Marketing Fund Contributions that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of 5 years following termination the scheduled expiration of the then-current term of the Franchise Agreement (the “Damages Period”)	Upon termination of the Franchise Agreement	See Note (6).
Data Security and Privacy Audit	Our costs of conducting the audit.	Upon our request	We or our designee may conduct a data security and privacy audit of your Business and your Computer System to ensure that you are complying with our requirements for handling personal information. You will pay the cost of such audit.
Audit	Our costs of conducting the audit.	Immediately when incurred	Payable only if audit shows an understatement of Gross Revenues greater than 2%
Additional Territory Fee	50% of our then-current initial franchise fee at the time you sign the Additional Territory Addendum. (Currently, our initial franchise fee is \$40,000, so the Additional Territory Fee would be \$20,000.)	When you sign an Additional Territory Addendum	See Note (7).
Additional Territory – increased Minimum Performance Standard	We estimate the minimum will be doubled, but the actual increase will depend on the size of the additional territory and the additional Gross Revenue generated. <sup>(2)</sup>	We account for these fees monthly by the 25 <sup>th</sup> of each month for the preceding month. <sup>(3)</sup>	The increase would only apply if you signed the Additional Territory Addendum.
Additional Territory – Risk Management Reserve	We estimate an additional \$5,000 will be required to be added to your Risk Management Reserve minimum. <sup>(6)</sup>	When you sign the Additional Territory Addendum.	The increase would only apply if you signed the Additional Territory Addendum.



Notes:

(1) All fees are imposed by and payable to us, except as otherwise noted in the table, and are non-refundable except for the Risk Management Reserve. Upon expiration or termination of the Franchise Agreement, the balance of your Risk Management Reserve will be payable to you after final settlement of all accounts receivable for Assigned Temporary Workers and the payment to us of all chargebacks and other amounts then due to us or our affiliates under the Franchise Agreement or otherwise. The amounts in your Risk Management Reserve are not otherwise refundable. Unless otherwise noted, we uniformly impose the fees described in the table.

You must make all payments due us or our affiliates in the manner we designate. You authorize us and/or any third party we designate to debit your business checking account automatically for any or all amounts due.

(2) The term “Gross Revenue” means all revenue or consideration that you receive, directly or indirectly, from operating your Business, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Revenue includes the proceeds of any business interruption insurance or similar insurance. Gross Revenue does not include any federal, state, or municipal use or service taxes collected from customers and paid to the appropriate taxing authority.

(3) On or before the 25th day of each calendar month, we will remit to you an amount (the “Balance Payment”) of the Gross Invoice Amount during the applicable month from customers for services performed by Assigned Temporary Workers as reported by you (the “Gross Purchase Price”), less any Applicable Deductions at such time. “Gross Invoice Amount” means, for any period, the gross amount invoiced by us to customers of your Business during such period for services performed by Assigned Temporary Workers as reported by you. “Direct Payroll Costs” means the aggregate of Worker Expenses and disability insurance where required by law, but do not include the employer contribution costs of employee elected benefits (such as health insurance plan contributions, supplemental insurance, and matching 401(k) retirement plans), or your overhead or fees payable to us. “Worker Expenses” means all wages, employer payroll taxes, bonuses and fringe benefits paid to your Assigned Temporary Workers, including holiday pay, travel allowances, and other direct employee benefits, workers’ compensation insurance premiums and costs, unemployment claims management, and other payments that an employer would have to make to federal, state and local government agencies as the employer of the Assigned Temporary Workers. Other than (a) workers’ compensation insurance premiums and costs and (b) bonuses and fringe benefits, we will pay all Worker Expenses for your Assigned Temporary Workers on your behalf. “Applicable Deductions” means the aggregate of: Direct Payroll Costs; credit insurance (if we deem credit insurance necessary); other fees, deductions, accruals, contributions to your Risk Management Reserve, and chargebacks; any current or past due fees or indebtedness you owe us or our affiliates under the Franchise Agreement or otherwise, including the Royalty; as well as mutually agreed upon customer discounts, pass-throughs, and other offsets, if any. Applicable Deductions will not include non-payment of Gross Invoice Amounts for Credit Risk. “Credit Risk” means, with respect to any Gross Invoice Amounts, the risk of non-payment of such Gross Invoice Amounts due solely to the financial

inability of the customer to pay such Gross Invoice Amounts or the insolvency of such customer. In no event will Credit Risk include the risk of non-payment on Gross Invoice Amounts that are subject to a Dispute. "Dispute" means any dispute or claim in any respect, regardless of merit, arising out of or in connection with Gross Invoice Amounts or any other related transactions, such as any alleged dispute as to price, invoice terms, quantity, quality, late delivery or non-performance of services, and claims of release from liability, counterclaim or any alleged claim of deduction, offset, or counterclaim or otherwise.

(4) We may adjust the Royalty by up to 0.5% every 6 months, to be effective beginning January 1 and/or July 1; provided, that we may not increase the Royalty by more than 1.0% in any two-year period. However, the Royalty may be discounted for certain customers that you can demonstrate to us as qualifying for a "low gross margin" discount. Under this discount program, if you satisfy the criteria to obtain a discount, the discounted Royalty ranges from 6.5% to 4.5% of Gross Revenue. This program may be modified or discontinued in the future.

(5) The Risk Reserve Schedule depends on your annual Gross Revenues and is subject to revision on an annual basis. The current Risk Reserve Schedule is as follows:

<b>Annual Gross Revenues</b>	<b>Reserve Amount Required</b>
\$0 - 2,000,000	\$15,000
\$2,000,000 - 4,000,000	\$20,000
\$4,000,001 - \$8,000,000	\$30,000
\$8,000,001 - \$10,000,000	\$40,000
\$10,000,001 and above	\$50,000

If you sign the Additional Territory Addendum, the Risk Management Reserve for such additional territory will be determined separately from the initial territory under your Franchise Agreement pursuant to our then-current Risk Reserve Schedule.

(6) You will be required to pay us this fee if we terminate the Franchise Agreement based on your default or if you terminate the Franchise Agreement without cause. The amount will be calculated by multiplying (1) the number of calendar months in the Damages Period by (2) the aggregate of the combined Royalty and Marketing Fund Contribution percentages, by (3) the average monthly Gross Revenue of your Business during the 12 full calendar months immediately preceding the termination date. However, if as of the termination date, your Business has not been operating for at least 12 months, this amount will be calculated based on the average monthly Gross Revenue during our previous fiscal year immediately preceding the termination date of all offices operating under the Marks during the entirety of that fiscal year.

(7) If you are signing the Additional Territory Addendum in order to receive an additional territory, you will pay us an "Additional Territory Fee" equal to 50% of our then-current initial franchise fee at the time you sign the Additional Territory Addendum. Currently, our initial franchise fee is \$40,000, so the Additional Territory Fee would be \$20,000.

**Item 7.**  
**Estimated Initial Investment**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure<sup>(1)</sup></b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To be Made</b>
Initial Franchise Fee <sup>(2)</sup>	\$40,000	Lump sum	On signing of Franchise Agreement	Us
Lease/Rent and Deposit <sup>(3)</sup>	\$900 - \$3,500	As arranged	Before opening	Landlord
Leasehold Improvements <sup>(3)</sup>	\$500 - \$2,500	As arranged	Before opening	Landlord or contractor
Office Equipment and Supplies <sup>(3)</sup>	\$15,000 - \$20,000	As arranged	Before opening	Vendors and designated suppliers
Utility Deposit <sup>(3)</sup>	\$0 - \$500	As arranged	Before opening	Local utilities
Risk Management Reserve Deposit <sup>(4)</sup>	\$5,000	Lump sum	Before opening	Us
Insurance Deposit <sup>(5)</sup>	\$9,500 - \$12,000	As arranged	Before opening	Vendors and designated suppliers
Grand Opening Advertising <sup>(6)</sup>	\$5,000	As arranged	Before opening	Vendors and suppliers
Advertising <sup>(7)</sup>	\$5,000 - \$7,500	As arranged	Before opening	Vendors and suppliers
Printed Material and Signage <sup>(3)</sup>	\$600 - \$1,000	As arranged	As needed	Vendors
Telephone <sup>(3)</sup>	\$500 - \$2,000	As arranged	Before opening	Utility of your choosing
Costs to Attend Initial Training <sup>(8)</sup>	\$3,000 - \$4,500	As arranged	As incurred	Airlines, hotels, restaurants, etc.
Professional Services and Miscellaneous Start-Up Costs <sup>(9)</sup>	\$5,000 - \$7,000	As arranged	As incurred	Attorneys, accountants, consultants
Additional Funds – 6 to 9 months <sup>(10)</sup>	\$66,000 - \$102,500	As arranged	As incurred	Employees, landlord, suppliers, utilities, etc.

Type of Expenditure <sup>(1)</sup>	Amount	Method of Payment	When Due	To Whom Payment Is To be Made
<b>TOTAL</b>	<b>\$153,500 – \$210,500</b>			

NOTES:

(1) General. Amounts payable to us are non-refundable, unless otherwise indicated. Amounts payable to others (landlord, contractors, vendors, local agents, airlines, hotels, restaurants, suppliers, attorneys, accountants and consultants etc.) may be refundable based on their policies.

(2) Initial Franchise Fee. The Initial Franchise Fee is due and fully earned by us when you sign the Franchise Agreement. If your Operating Partner (defined in Item 15), your Manager (if applicable), or any of your initially hired employee(s) is unable to complete our initial Training Programs (defined in Item 11) to our satisfaction, we may terminate the Franchise Agreement and, if you and your owners agree to execute general releases in a form satisfactory to us, we will refund 50% of the Initial Franchise Fee to you, less our out-of-pocket expenses. Otherwise, the Initial Franchise Fee is not refundable under any circumstances.

(3) Office Equipment and Supplies. These amounts will vary depending on the location and size of your Office, the type of equipment you purchase and the overall set-up of your Business. This category includes the cost of purchasing a computer system for your business. A typical set-up involves a single storefront office with a size of 1,000 to 1,250 square feet located in a strip mall or other similar location. We may require you to purchase components of your computer system, including computers and printers, from a designated supplier.

(4) Risk Management Reserve Deposit. We require you to allow us to hold and maintain a Risk Management Reserve to cover disputed invoices that are charged back, improper payment of Assigned Temporary Workers, charges for misclassified workers, and other authorized deductions, and we will be allowed to draw on your Risk Management Reserve to pay for such costs and expenses. Before you begin operating your Business, you must remit to us \$5,000 to hold as your initial Risk Management Reserve. Upon expiration or termination of the Franchise Agreement, the balance of your Risk Management Reserve will be payable to you after final settlement of all accounts receivable for Assigned Temporary Workers and the payment to us of all chargebacks and other amounts then due to us or our affiliates under the Franchise Agreement or otherwise. The amounts in your Risk Management Reserve are not otherwise refundable.

(5) Insurance. As part of the Workers’ Compensation Program (defined in Item 8), we will accrue, on your behalf, workers’ compensation insurance premiums and costs for your employees and Assigned Temporary Workers and you will be able to draw on this accrual account as necessary to pay such premiums and costs directly to the relevant insurer or governmental agency. You will be required to arrange all other specified insurance, including comprehensive general liability insurance, motor vehicle

liability insurance, and property damage insurance from vendors we designate. The cost will vary depending on the location and size of your Office, as well as from state to state depending on what is required and what you determine is necessary.

(6) Grand Opening Advertising. Beginning 2 weeks before the opening date of your Business and ending 6 weeks after your opening date, you must spend at least \$5,000 on a grand opening advertising program pursuant to a plan that you prepare and submit to us for approval.

(7) Advertising. Beginning on the date when you first begin operating your Business, you agree to spend a minimum of \$2,500 on local advertising approved by us during each calendar quarter. You must pay this amount for each additional territory that may be added to the Protected Territory and for each franchise agreement you sign. If you sign the Additional Territory Addendum, we may increase your local advertising obligation to account for the increase in size of your Protected Territory.

(8) Cost to Attend Initial Training. You will pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that your Operating Partner or any employee (including the Manager, if any) incurs during the initial Training Programs. This estimate assumes that 3 individuals attend the initial Training Programs. If you send additional employees, you may incur more expenses.

(9) Professional Services. The estimated costs associated with your investigation and any professional reviews are included under the heading Professional Services, as well as estimated incorporation, business license and other miscellaneous costs.

(10) Additional Funds. This range covers our estimate of additional funds you will need for the first 6 to 9 months of your business's operation. The high end of this range anticipates that you will employ a Manager to oversee the day-to-day operation of your Business. This range covers expenses such as overhead, but it does not include your personal salary or draw. This range is an estimate only and your expenses may be higher. Our estimate does not include any revenue your business may generate during the start-up phase. When preparing this estimate, we relied upon our affiliate's experience in operating AtWork businesses and the experience of our franchisees.

We do not offer direct or indirect financing. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

## **Item 8.**

### **Restrictions on Sources of Products and Services**

We have the right to require that franchisees purchase certain items or services from a designated supplier. You must use and sell all services, and only the services, that we have authorized you to use or provide. We have the right to change the authorized services.

You must use certain services provided by us. Specifically, we will provide you with payroll calculation, invoice preparation and related services and you will pay us the Royalty described in Item 6.

### **Computer Software and Support**

You must purchase a computer system for your Business that meets our minimum specifications as described in our confidential Operations Manual. We currently provide you with the staffing software and basic support necessary for your business. You must obtain computer equipment sufficient to operate this software. We may, but currently do not, require you to purchase or lease all or a portion of your computer system, including but not limited to computers and printers for your Business, from a designated vendor.

### **Specifications, Signage, and Office Supplies**

To protect and maintain the goodwill and public recognition of our Marks and manner of doing business, you must comply with our specifications in your Franchise Agreement and Operations Manual regarding signs, business cards, stationery, office supplies, advertising and other items utilizing the AtWork names and/or logos. We purchase certain of these materials, such as timecards, in bulk and offer them to franchisees at our cost, which may result in savings to you if you make your purchases from us, but it is not currently required that franchisees purchase any of these items from us or our affiliates (though it may be in the future). We also negotiate prices for some supplies and services provided by third-party vendors, which may result in savings to you if you make your purchases from these vendors. We do not endorse or guarantee any products or services provided by others and you are not required to make any of these purchases from us or the vendors we tell you about. You instead may purchase these approved materials and services from whatever source you choose.

### **Insurance**

During the term of the Franchise Agreement, you must maintain in force at your sole expense comprehensive general liability, personal injury liability, property liability, hired/non-owned automobile, commercial liability umbrella, and other types of insurance we require. Currently, we require you to obtain such insurance from designated vendors according to the specifications we approve. All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

In addition, to the extent permitted by applicable law and subject to you meeting eligibility requirements, we require you to obtain workers' compensation for your Business from a designated vendor as part of a group workers' compensation program which we administer (the "Workers' Compensation Program"). If your participation in the Workers' Compensation Program is not permitted by applicable law or you do not meet eligibility requirements, you must maintain in force at your sole expense workers' compensation containing the minimum coverage we prescribe from time to time and must have deductibles not to

exceed the amounts we specify, and we may periodically increase the amounts of coverage required under this insurance policy at any time.

The current minimum insurance requirements are as follows:

Type of Insurance	Limits	Minimum Coverage Amount
General Liability	Each Occurrence	\$1,000,000
	Damage to Rented Premises (each Occurrence)	\$100,000
	Medical Expense (any one person)	\$5,000
	Personal & ADV Injury	\$1,000,000
	General Aggregate	\$2,000,000
	Products-Comp/OP Aggregate	\$2,000,000
Staffing Professional Liability	Each Occurrence and Aggregate	\$1,000,000
Hired / Non-Owned Auto Liability	Bodily Injury/Property Damage (Per Person)	\$1,000,000
Owned Auto Liability (if you own or lease autos)	Combined Single Limit	\$1,000,000
Employment Practices Liability (including coverage for your temporary staff)	Each Occurrence and Aggregate	\$1,000,000
Commercial Crime	Employee Theft	\$100,000
	Theft of Client Property	\$100,000
	Forgery or Alteration	\$100,000
	Computer Fraud	\$100,000
Umbrella Liability	Each Occurrence and Aggregate	\$1,000,000
Workers Compensation & Employers' Liability	W/C Statutory Limits	Statutory per state law
	E.L. Each Accident	\$500,000
	E.L. Disease - Each Employee	\$500,000
	E.L. Disease Policy Limit	\$500,000

Your general, professional and auto liability policies must name us and any affiliates or lenders we designate as Additional insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Your liability policies must provide primary liability coverage with no contribution from us. Your general liability, professional liability, auto liability and workers compensation policies must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must periodically furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. The insurance coverage required above may not contain a deductible of more than \$25,000 without prior written consent from us.

We may, at any time, establish and require your participation in additional mandatory insurance programs. We may also require you to use designated insurance suppliers for such insurance program.

### **Workers' Compensation Program**

To the extent permitted by applicable law and subject to eligibility requirements, we require qualifying Personnel Services Businesses to participate in the Workers' Compensation Program. Under the Workers' Compensation Program, we will accrue, on your behalf, workers' compensation insurance premiums and costs for your internal staff and Assigned Temporary Workers, and you will be able to draw on an accrual account as necessary to pay such premiums and costs directly to the relevant insurer or governmental agency. Upon your execution of the Franchise Agreement, if your Business qualifies to participate in the Workers' Compensation Program, we require you to enter into (a) the Workers' Compensation Power of Attorney attached hereto as Exhibit D-1, under which you will authorize our affiliates, Pipeline and AtWorkGroup, to execute, on your behalf, the participation documents for the Workers' Compensation Program, and (b) the Workers' Compensation Program Agreement attached hereto as Exhibit D-2, governing the terms of your participation in the Workers' Compensation Program as between you and us.

Certain states have specific carrier requirements and may require the purchase of workers' compensation insurance from a state agency or approved carrier. If your Business is subject to such applicable law, you will not participate in the Workers' Compensation Program, and you will be required to obtain workers' compensation insurance subject to the applicable limits and minimum coverage set forth in the above table. Your claims history may also be affected by your selection of customers and their types of businesses and your decisions in the recruiting of Assigned Temporary Workers. Your workers' compensation modifier and resulting premiums may impact your ability to service certain customers and the profitability of your Business.

### **Unemployment Insurance**

With respect to unemployment insurance for your Assigned Temporary Workers and internal staff, the state in which you operate your Business will determine the unemployment insurance rate, and we will deduct the cost of unemployment insurance from the amounts we pay you. (See Item 6.) Your claims history and resulting unemployment insurance rate may be affected by your decisions in the recruiting of Assigned Temporary Workers and your internal staff. Your unemployment insurance rate may impact your ability to service certain customers and the profitability of your Business.

You will be required to interview, test, and screen Assigned Temporary Workers and obtain other pre-employment services from vendors that we designate.

Except as described above, you do not currently have to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items from us or any other designated source to establish and operate your Business. If established, we will give you written specifications for the minimum standards of any products, equipment and supplies, and we would expect to issue and modify these specifications by updating the Operations Manual.



Except as described above, neither we nor our affiliates are currently an approved supplier for any service or good that you must purchase or lease (but we may be in the future). There are no approved suppliers in which any of our officers owns an interest.

### **Use of Alternative Suppliers**

If you would like to purchase or use any products, services, supplies or materials from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier before purchasing any such products, services, supplies or materials. We are not obligated to respond to your request. Our criteria for approving suppliers are not typically made available to franchisees. Under our current evaluation procedure, we will notify you in writing of the approval or rejection of the proposed supplier within a reasonable time after completion of the investigation. If we fail to respond within 60 days, your request will be deemed denied. We may elect to withhold approval of the supplier for any reason. You acknowledge that we are likely to reject your request for a new supplier without conducting any investigation if we have already designated an exclusive supplier for that product or service. We may periodically re-inspect the facilities and products of any approved supplier. We may revoke our approval if the supplier does not continue to meet any of our criteria.

During the fiscal year ended December 31, 2023, neither we nor our affiliates derived any revenue from required purchases or leases by franchisees.

There are no purchasing or distribution cooperatives related to AtWork franchises. We do not provide any material benefits (for example, renewal or granting additional franchises) to franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers. We may negotiate purchase arrangements with some of our suppliers (including price terms) for the benefit of our franchisees, but we are under no obligation to do so. We do not currently receive payment, in the form of preferred pricing or rebates, from any suppliers due to franchisee purchases from such suppliers. However, at the conclusion of the Workers' Compensation Program, if the franchisees are entitled to any rebate based on both the consolidated program savings and individual franchisee savings, such rebate will be reduced by our administration fee of up to 0.5% of payroll expense. During the fiscal year ended December 31, 2023, neither we nor our affiliates derived any revenue from vendors based on required purchases by franchisees.

The estimated proportion of purchases and leases subject to our specifications compared to your total purchases and leases in establishing your business is 10%. The estimated proportion of purchases and leases subject to our specifications compared to your total purchases and leases in operating your business is 5%.

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**Item 9.**  
**Franchisee's Obligations**

**FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection and acquisition/lease	2.A, 2.B; Section 1 of Additional Territory Addendum	11; 12
b. Pre-opening purchase/leases	2.D, 2.E	7, 11
c. Site development and other pre-opening requirements	2.C., 2.G	7, 11
d. Initial and ongoing training	3.A, 3.B	6, 7, 11
e. Opening	2.G	11
f. Fees	3.E, 4, 9.D; Sections 3–7 of Additional Territory Addendum	5, 6, 7, 11
g. Compliance with standards and policies/operating manual	3.C, 7	1, 11
h. Trademarks and proprietary information	5, 11	11, 13, 14
i. Restrictions on products/services offered	7.D	11, 13, 16
j. Warranty and customer service requirements	7.K	11
k. Territorial development and sales quotas	1.E, 7.L	6, 12
l. Ongoing product/service purchases	7.B, 7.C, 7.D	8
m. Maintenance, appearance, and remodeling requirements	7.C	7, 11
n. Insurance	8	6, 8
o. Advertising	9; Section 6 of Additional Territory Addendum	6, 7, 11
p. Indemnification	10.D	6
q. Owner's participation/management/staffing	1.D, 7.H, 7.J	11, 15
r. Records and reports	12	6
s. Inspections and audits	13	6
t. Transfer	14; Section 7 of Additional Territory Addendum	6, 17
u. Renewal	15	17
v. Post-termination obligations	17	17

Obligation	Section in Franchise Agreement	Item in Disclosure Document
w. Non-competition covenants	6.A, 17.E	15, 17
x. Dispute resolution	19	17

**Item 10.**  
**Financing**

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

**Item 11.**  
**Franchisor's Assistance, Advertising, Computer Systems and Training**

**Except as listed below, AtWork Franchise, Inc., is not required to provide you with any assistance.**

Before you begin operating your Business we or our designee will:

1. Designate your Protected Territory. (Franchise Agreement, 1.C.)
2. Approve the location for your Office. (Franchise Agreement, 2.A.)
3. Provide your Operating Partner, your Manager (if any), and your initially hired employees with training programs in the operations of a Business as more fully described below. (Franchise Agreement, 3.A.)
4. Provide you online access to the Operations Manual in an electronic format via a restricted website, intranet, or via other electronic means (including by sending to you via e-mail), which (Franchise Agreement, 3.C.)
5. Provide you with a list of specifications for equipment, supplies, advertising, inventory and other products and services we require you to use to operate your Business and a list of approved, recommended, or designated suppliers of these items. We do not deliver or install these items. (Franchise Agreement, 7.E)

**Site Selection and Lease Negotiation**

You must, on your own initiative and at your own expense, lease (or buy) and occupy the approved location for your Office. We do not provide you with any assistance in approving or negotiating the lease (or purchase agreement) for the location of your Office. If you sign the Additional Territory Addendum, you must obtain a separate Office for each additional territory.

We do not generally own the premises of your Office. We must approve the location of the Office, which location must have a size of between 1,000 to 1,250 square feet unless otherwise approved by us. If the location for the Office is not determined at the time you sign the Franchise Agreement, then you will submit to us a complete report for a site you propose for your Business. Unless you have our prior written approval to search for a proposed site outside of your Protected Territory, all site reports that you submit to us must be for a site within your Protected Territory. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. Some of the factors that we consider in approving a site for your Office include demographic characteristics, traffic patterns, parking, the character of the neighborhood, proximity of competition, and the size, appearance and other physical characteristics of the premises. We will use reasonable efforts to accept or not accept the proposed site within 30 days after receiving your report. There is no specific consequence in the Franchise Agreement if you fail to find an approved site for your Office within a given amount of time, however, you must begin operating your Business on a full-time basis on the first Monday following your completion to our satisfaction of all phases of the Training Programs, which in no event may be later than 90 days after the effective date of the Franchise Agreement. Your failure to meet this deadline will give us the right to terminate your Franchise Agreement.

### **Operations Manual**

The table of contents of the current version of the Operations Manual is included as Exhibit G. Our current version of the Operations Manual has 260 pages. Under the terms of the Franchise Agreement, we are entitled to revise the Operations Manual at any time, and you will be obligated to adhere to those revised specifications and requirements.

### **Time Between First Payment and Business Opening**

You must begin full-time operation of your Business on the first Monday following your completion to our satisfaction of all phases of the Training Programs, which in no event may be later than 90 days after you and we sign the Franchise Agreement. The typical length of time between signing the Franchise Agreement and opening your Business is 90 days. The main factors in determining the length of time between signing the Franchise Agreement and opening your business have been the amount of time required to obtain the required insurance coverage and hiring staff.

During your operation of your Business we or one of our affiliates (or our designee) will:

1. Continue to provide you online access to the Operations Manual in an electronic format via a restricted website, intranet, or via other electronic means (including by sending to you via e-mail) (Franchise Agreement, 3.C.)
2. We will process all of the Worker Expenses on your behalf and prepare and file all necessary payroll tax reports regarding your Assigned Temporary Workers. (Franchise Agreement, 3.D.)

3. Other than (a) workers' compensation insurance premiums and costs and (b) bonuses and fringe benefits, we will pay all of the Worker Expenses of Assigned Temporary Workers on your behalf. (Franchise Agreement, 3.D.)
4. We will accrue, on your behalf, workers' compensation insurance premiums and costs for your Assigned Temporary Workers and you will be able to draw on this accrual account as necessary to pay such premiums and costs directly to the relevant insurer or governmental agency. (Franchise Agreement, 3.D.)
5. Hold and maintain a Risk Management Reserve to cover disputed invoices that are charged back, improper payment of Assigned Temporary Workers, charges for misclassified workers, and other authorized deductions, and we will be allowed to draw on your Risk Management Reserve to pay for such costs and expenses. Although we will hold and administer your Risk Management Reserve, your Risk Management Reserve will remain your property. Upon termination of the Franchise Agreement, we will pay the balance of your Risk Management Reserve to you after final settlement of all accounts receivable for Assigned Temporary Workers and the payment to us of all chargebacks and other amounts then due to us or our affiliates. (Franchise Agreement, 3.E.)
6. We will transmit all invoices to customers for services performed by Assigned Temporary Workers as reported by you, and all customer payments will be made to us or one of our affiliates. (Franchise Agreement, 4.H.)
7. On or before the 25th day of each calendar month, we will remit to you the Balance Payment. (Franchise Agreement, 4.H.)
8. Issue you refurbishment notices setting forth required renovations to your Office and its operating assets, including signage, pursuant to System Standards. (Franchise Agreement – Section 7.C.)
9. We may periodically set a minimum price that you may charge for products or services offered by your Business (Franchise Agreement, Section 7.I.)
10. Maintain and administer a Marketing Fund (defined below). (Franchise Agreement – Section 9.D.)

## Advertising

### Grand Opening Marketing Program.

You must spend at least \$5,000 for a grand opening advertising program for your Business to take place during the period beginning 2 weeks before the opening date of your Business and ending 6 weeks after your opening date (the “Grand Opening Advertising Program”). You must comply with our guidelines for your Grand Opening Advertising Program and conduct the Grand Opening Advertising Program in accordance with a plan which you will prepare and submit to us for approval at least 60 days prior to the opening date of your Business. We may require you to use the advertising, marketing and/or public relations programs, firms, media and materials we approve for your Grand Opening Advertising Program. We have the right to approve the type of expenditure that will count towards your minimum expenditure on your Grand Opening Advertising Program.

### Local Advertising

Starting when you begin operating your Business, you must spend a minimum of \$2,500 on advertising approved by us during each calendar quarter. Your local advertising expenditures are separate from and in addition to your Marketing Fund Contributions obligation. If you sign the Additional Territory Addendum, we may increase your local advertising obligation to account for the increase in size of your Protected Territory. On or before the 30th day after each calendar quarter, you must provide us with an accurate accounting of your advertising expenditures and marketing activities during the immediately preceding calendar quarter. You agree to list and advertise your Business on all major Internet search engines (for example, Google My Business and CitySearch) and all major Internet consumer review websites (for example, Yelp). We may, at any time, issue you a notice that the amounts required to be spent by you for advertising must, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts to advertise and promote your Business on your behalf.

Before you use any advertising and promotional materials not prepared by or previously approved by us, you will submit samples of such materials to us for approval. If we do not approve the materials in writing within 15 days from the date we receive the materials, the materials are deemed to be disapproved. If we approve the materials, you may use them. However, we may, without compensating you for any of your costs associated with the manufacture or distribution of the unused materials, withdraw our approval. You must not use any advertising or promotional materials that we have not approved or have disapproved. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

### National Marketing Fund.

We have established a national advertising and marketing fund (the “Marketing Fund”). We intend for the Marketing Fund to promote the Marks, Personnel Services Businesses, and the “AtWork” brand generally. You must contribute to the Marketing Fund an amount up to 1.0% of your Business’s Gross Revenues

("Marketing Fund Contribution"). Currently, the Marketing Fund Contribution is 0.5% of your Business's Gross Revenues, but we may revise the Marketing Fund Contribution upon prior notice subject to the foregoing cap. The Marketing Fund Contribution is payable in the same manner as the Royalty. Personnel Services Businesses owned by us or our affiliates will contribute to the Marketing Fund on the same basis as our franchisees.

We or our affiliates or other designees will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic, virtual, or digital media; developing, implementing, and maintaining a Franchise System website and related strategies; administering regional and multi-regional marketing and advertising programs, including programmatic job distribution programs, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and administering software, apps, and related integrations; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Marketing Fund will not be used principally to solicit new franchise sales.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to reimburse us or our affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Marketing Fund contributions.

The Marketing Fund will not be our asset. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. We will hold all Marketing Fund contributions for the benefit of the contributors and use contributions for the purposes described above. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Marketing Fund contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses. You may obtain the statement upon written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate.

We intend for the Marketing Fund to promote recognition of the applicable Marks, the AtWork brand and patronage of AtWork Businesses. Although we will try to use the Marketing Fund to develop advertising

and marketing materials and programs, and to place advertising and marketing, that will benefit all AtWork Businesses contributing to the Marketing Fund, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions by AtWork Businesses operating in that geographic area or that any AtWork Business benefits directly or in proportion to its Marketing Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing. Some franchisees may not be required to contribute to the Marketing Fund, and some franchisees may contribute to the Marketing Fund at different rates. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of an AtWork Business franchise owner and, upon 30 days' prior notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will, at our option, either spend all unspent monies in accordance with the procedures above, until such amounts are exhausted, or distribute the funds in the Marketing Fund to the contributing AtWork Business owners on a pro rata basis.

We established the Marketing Fund in 2023 but did not require contributions until January, 2024, and accordingly did not have any Marketing Fund expenditures in the 2023 fiscal year.

#### Franchise Advisory Council

We have formed a Franchise Advisory Council ("FAC") that is composed of franchisees selected by members of our operations team. The FAC meets quarterly (both in-person and by conference call or webinar) to advise us on topics such as operations, services, software, communications, and new initiatives. The FAC serves in an advisory capacity only. We may change or dissolve the FAC at our discretion.

There are currently no local or regional advertising cooperatives in which you are required to participate.

#### Computer Systems

We maintain a central computer and industry-specific software for our front and back office procedures for operating a staffing service business. We currently provide you with the necessary staffing software to connect your business to our central computer through your personal computer, which staffing software fees are included in the Technology Fee. We will have independent access to this information and data in order to process it for you and us. There are no contractual limitations on our right to access this information.



You must purchase at least 3 computers for your internal staff. These computers must run Windows 10 or newer software, and be equipped with antivirus software we approve. In addition, you must purchase printers, modems, and other network peripherals that meet our specifications as detailed in our Operations Manual. In addition to computers for your internal staff, you must purchase an additional 2 to 3 computer workstations for applicant-testing purposes.

We estimate the cost of purchasing the computer system and related office equipment will range from \$4,000 to \$12,000 depending on the location and size of your Office, the type of equipment you purchase and the overall set-up of your Business.

We do not assume any responsibility for maintaining, repairing or upgrading any computer equipment or related office equipment that you operate. You are not required to have an ongoing maintenance or support agreement, but you may find it advantageous to do so. The cost will depend, in part, on the services you choose and the length of the contract.

We may require you to purchase all or a portion of your computer system, including but not limited to computers and printers for your Business, from a designated vendor. In addition to any components of your computer system that we require you to purchase from a designated vendor, if any, we may supply you with a recommended equipment list and vendors for your business.

### **Training Programs**

We will provide you with training programs in the operations of a Business (collectively, the “Training Programs”). The Training Programs currently consists of a Launch Camp, which each of your owners and your Manager (if any) must attend and our Foundation Learning program, which each of your owners your Manager, and your initially hired employees must attend. However, the Training Programs are subject to change without prior notice to you due to updates in materials, methods, manuals and personnel. You may invite additional employees to attend the Launch Camp portion of the Training Programs if space allows, though we may limit the number of additional attendees for Launch Camp. We may require that your trainees obtain such professional certifications as we require before they may attend the Training Programs. We may vary the Training Programs based on the experience and skill level of the individual(s) attending.

We will provide the Training Programs at the times and locations we determine, which may include sending our trainer(s) to the Office to conduct any part of the Training Programs. We may provide the Training Programs or portions thereof virtually, such as through video-conferencing software or through eLearning technologies. Your Operating Partner, your Manager (if applicable), and your initially hired employee(s) must complete the Training Programs to our satisfaction before commencing operation of your Business. If your Operating Partner, your Manger (if applicable), or any of your initially hired employee(s), fails to complete the Training Programs to our satisfaction, we may require such individual to attend additional training. In addition, if, during the term of the Franchise Agreement, we determine that your Operating Partner, your Manger (if applicable), or any employee requires refresher training, we

may require such individuals to retake all or a portion of the initial Training Programs. Additional training will be provided at a time and location of our choice. If your Operating Partner, your Manager, or any employee required by us, is unable to complete the additional required training to our satisfaction, we may terminate the Franchise Agreement. If we terminate the Franchise Agreement because your Operating Partner, your Manager, or an employee required by us, is unable to complete the Training Programs to our satisfaction, and you and your owners agree to execute general releases in a form satisfactory to us, we will refund 50% of the Initial Franchise Fee, less our out-of-pocket expenses, to you.

You are responsible for providing a training program for all your employees other than the attendees of the Training Programs. All employees must complete the program to our satisfaction before providing services for your Business. We may approve the length and content of all training programs you provide to your employees. If we determine that one or more of your employees is not properly trained to provide the services offered by your Business, we may require such person to cease providing services for your Business and/or to be trained by us at our then-current training fee.

We may make available to you eLearning courses throughout the term of the Franchise Agreement for your owners, Operating Partner, Manager (if applicable), and your employees. You must oversee and ensure that your employees complete such eLearning and training courses as we designate during the term of the Franchise Agreement, and you agree to provide us evidence of such completion.

From time to time, we may provide virtual learning trainings available to your owners, Operating Partner, Manager (if applicable), and employees.

The initial Training Programs are currently held on a monthly basis. Additional programs may be held on an as-needed basis to accommodate the needs of franchisees. If you appoint a new Operating Partner or Manager, he or she must attend the then-current Training Programs within 30 days of the appointment date unless we determine that you are sufficiently trained to provide a comparable substitute training program to such Manager. If we permit you to train any Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Manager has been adequately trained before providing any services for your Business. If we determine that any Manager that you trained is not sufficiently trained to provide services for your Business, we may require such person attend our Training Programs. If we determine that you are sufficiently trained to provide a comparable substitute training program to any Manager, we may elect not to make the Training Programs available to such person until the next time our Training Programs would otherwise be offered.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that your Operating Partner or any employee (including the Manger, if any) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to the Office to conduct training, including food, lodging and transportation.

Our training program is conducted primarily by our Vice President of Learning & Development, Alena Watts, and other instructors from our corporate office. Ms. Watts has 30 years of experience in the

subjects taught and 1 year of experience with us. Other individuals who may provide portions of our training program include: Larry Marion (27 years of experience in the staffing industry and 8 years of experience with us); Keith Brewer (7 years of experience in the staffing industry and 3 years of experience with us); Jason Leverant (18 years of experience in the staffing industry and 16 years of experience with us); and our Training Coordinator, Montre Cospy (6 years in the staffing industry and 2 years of experience with us).

The instructional material used in the Training Programs is the Operations Manual.

### TRAINING PROGRAM

<b>Launch Camp</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
Pre-Opening and Daily Operations	3	0	Our Corporate Office, Knoxville, TN
Budgeting for Success	1	0	Our Corporate Office, Knoxville, TN
Learning Programs	30 minutes	0	Our Corporate Office, Knoxville, TN
Technology and Cyber Security	30 minutes	0	Our Corporate Office, Knoxville, TN
Financial/Credit/Collections/ Payroll/Funding	1 hour and 15 minutes	0	Our Corporate Office, Knoxville, TN
Marketing	45 minutes	0	Our Corporate Office, Knoxville, TN
Risk Management	1	0	Our Corporate Office, Knoxville, TN
Branch Shadowing	6	0	At an existing AtWork business
<b>Total</b>	<b>13</b>	<b>0</b>	

<b>Foundational Learning Program</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
<b>Day 1</b>			
Who is AtWork	4		Our Corporate Office, Knoxville, TN
<b>Day 2</b>			
Operations Fundamentals	7		Our Corporate Office, Knoxville, TN
<b>Day 3</b>			
Business Development	7		Our Corporate Office, Knoxville, TN
<b>Day 4</b>			
Business Development	7		Our Corporate Office, Knoxville, TN
<b>Day 5</b>			
Talent and Action Plans	3		Our Corporate Office, Knoxville, TN
<b>Total</b>	<b>28</b>	<b>0</b>	

**Additional Training and Conferences**

We may require your Operating Partner, your Manager, and/or certain other employees of your Business to attend various training courses, trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. Besides attending these training courses, programs and events, we require your Operating Partner and your Manager (if applicable) to attend an annual meeting of franchise owners and/or meetings for regional franchise owners. These meetings will be held at our discretion and at locations we designate. However, any attendance at any additional training courses, programs or events, or any annual or regional franchise owner meetings, will not be required for more than 10 days during a calendar year (which days may not necessarily be consecutive). We currently charge \$500 per attendee for the first 2 attendees and \$250 for each additional attendee at our annual meeting.

**Item 12.**  
**Territory**

**Your Office Site and Protected Territory**

Under the Franchise Agreement, we grant to you the right and obligation to own and operate one Personnel Services Business under our Marks and according to our System at a specific approved Office location within your Protected Territory. Once approved, you may not relocate your Business to a location other than the approved Office without our approval. In considering a request for relocation, our approval will be conditioned on the same factors that we use in considering your initial Office location, namely demographic characteristic, traffic patterns, parking, the character of the neighborhood, proximity of competition, and the size, appearance and other physical characteristics of the proposed office premises.

Your Protected Territory will be agreed upon between you and us before you sign the Franchise Agreement and will be identified in Exhibit A to the Franchise Agreement. Your Protected Territory will be described by reference to specified counties, or by reference to specific streets, ZIP codes, governmental jurisdictions, or other natural boundaries, through reports that are prepared by the US Census Bureau ([www.census.gov](http://www.census.gov)) or a similar resource.

Under the Franchise Agreement, you will also receive the non-exclusive right to offer full-time placements to customers in the Protected Territory. Other AtWork franchisees may have the right to offer full-time placements within the Protected Territory, and you agree to abide by any restrictions we place on your right to offer full-time placements.

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.

The exact geographic area of each Protected Territory will be decided on a market-by-market basis. The Protected Territory will have population of approximately 200,000 individuals. Major metropolitan markets will be divided into multiple territories.

If during the term of the Franchise Agreement the population of the Protected Territory increases by more than 50% (as measured by whichever demographic reports we elect to use), we may reduce the size of your Protected Territory. However, you would be permitted to retain any then-existing accounts for customers you serviced in your original Protected Territory.

If you are an existing franchisee who meets our eligibility standards, and you wish to add a territory to your Business, you must sign the Additional Territory Addendum and pay us the Additional Territory Fee described in Item 6. Upon signing the Additional Territory Addendum and payment of the Additional Territory Fee, the additional territory will be added to your Protected Territory. The exact geographic area of each additional territory will be decided on a market-by-market basis but will generally have a minimum population of approximately 200,000 individuals. You will be required to operate a separate Office within each additional territory.

You may not provide services to any customers outside of your Protected Territory unless we have provided our prior written consent. We will grant our consent only upon your satisfaction of the following conditions:

- (1) The area in which you wish to provide service is not included in another franchisee's territory or in an area currently served by a company-owned business.
- (2) You may not conduct any advertising targeting customers outside your Protected Territory unless you can completely discontinue the advertising on 30 days' notice or less.
- (3) When the area is granted to another franchisee, you agree to immediately stop providing services and turn over your list of prospects and customers in the external area to the franchisee to which the area has been granted without seeking or accepting any compensation for doing so. You must immediately discontinue any advertising you have directed to customers in the area.
- (4) You agree to immediately stop serving customers in the external area if we withdraw our consent to your operating there. Failure to stop serving customers in the external area within thirty 30 days after written notice is grounds for our termination of your franchise.

Other than this limited exception, you may not solicit or accept orders from consumers outside the Protected Territory through any channel of distribution (including the Internet, catalog sales, telemarketing, or other direct marketing) without our prior written consent. If another AtWork franchisee violates this or any similar restriction under an agreement with us, we are not obligated to compensate you for any staffing services such franchisee may have provided in your Protected Territory.

### **Rights We Reserve**

Other than your Protected Territory, you have no territorial protection and we (and our affiliates) retain all rights with respect to the placement of Personnel Services Businesses and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include:

- (1) the right to establish and operate, and allow others to establish and operate any businesses (including business offering full-time placements), other than Personnel Services Businesses, using the Marks or the Franchise System, at any location within or outside of the Protected Territory, and on any terms and conditions we approve;
- (2) the right to serve or authorize others to serve National/Regional/Onsite Account Customers (defined below) at locations within your Protected Territory on an ongoing basis if you are unqualified or unable to do so, or if a particular National/Regional/Onsite Account Customer specifies to us in writing that it wishes to use another franchisee, according to the procedures and upon the terms described in the Operations Manual, as revised from time to time, for our National/Regional/Onsite Account Contract Program (defined below), if one is instituted;

- (3) the right to establish and operate, and allow others to establish and operate, other Personnel Services Businesses using the Marks or the Franchise System, at any location outside the Protected Territory, and on any terms and conditions we approve;
- (4) the right to establish and operate, allow others to establish and operate, or acquire the ownership interests or assets of another business that establishes or operates, any business using trade names, trademarks, service marks and commercial symbols other than the Marks (including other personnel services businesses), anywhere in the world (including in the Protected Territory), regardless of the nature or location of the customers of such business, which may offer products and services that may be identical or similar to products and services offered by Personnel Services Businesses;
- (5) the right to establish, and allow others to establish, other distribution channels (including the internet) wherever located or operating, including within your Protected Territory, regardless of the nature or location of the customers, with whom such other distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Personnel Services Businesses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Personnel Services Businesses customarily sell under any terms and conditions we approve;
- (6) the right to acquire the assets or ownership interests of one or more businesses that operate, or grant franchises or licenses to operate, one or more personnel services businesses located or operating within or outside the Protected Territory, notwithstanding the fact that such personnel services businesses may be the same as or similar to Personnel Services Businesses; and in the event of such an acquisition, we or our affiliates (as applicable) will have the right to continue to operate such personnel services businesses and to develop additional personnel services businesses of such concept, and to grant others the right to develop and operate personnel services businesses of such concept, both within and outside the Protected Territory;
- (7) the right to be acquired (regardless of the form of transaction) by a business, whether or not such business is a Competitive Business (defined in Item 17), even if such business operates, franchises and/or grants licenses for the operation of staffing businesses which may be the same as or similar to Personnel Services Businesses within the Protected Territory; and in the event of such an acquisition, the acquirer and its affiliates (as applicable) will have the right to continue to operate such personnel services businesses and to develop additional personnel services businesses of such concept, and to grant others the right to develop and operate staffing businesses of such concept, both within and outside the Protected Territory; and
- (8) engage in all other activities not expressly prohibited by the Franchise Agreement, both within and outside of the Protected Territory.

We are not required to compensate you if we exercise any of these rights.

### **Minimum Performance Standard**

You do not have to achieve any certain sales volume or market penetration to retain your rights to the Territory. However, by entering into a Franchise Agreement, you agree that the amount of Royalties that is generated by your Business during any “Agreement Year,” which is defined as each 12-month period starting on the date you begin operating your Business and each anniversary of that date, will be no less than the following (the “Minimum Performance Standard”):

- During your first Agreement Year, there is no minimum.
- During your second Agreement Year, your Business must generate a Royalty of at least \$50,000.
- During your third Agreement Year, your Business must generate a Royalty of at least \$75,000.
- During your fourth Agreement Year and each subsequent Agreement Year through the end of the term of the Franchise Agreement, your Business must generate a Royalty of at least \$100,000.

We may terminate the Franchise Agreement if you fail to satisfy the required Minimum Performance Standard in any Agreement Year. Our establishment of the Minimum Performance Standard is not our representation that your Business will achieve any minimum level of sales.

### **Businesses Operated Under Other Trademarks**

Although we are not restricted from doing so, we and our affiliates have not established and do not currently intend to establish any other franchises or company-owned outlets offering similar services or goods under a different trademark anywhere in the United States.

### **Additional Rights**

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises or territories.

### **Item 13.**




#### **Trademarks**

We grant you the non-exclusive right to use certain Marks in the operation of your Business. You must use the Marks as we require. You may not use any of the Marks as part of your firm or corporate name. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. All rights in and goodwill from the use of the Marks accrue to us and our affiliates.

The following is a description of the principal Marks that we will license to you. These Marks are registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”). The following table does not



necessarily include every Mark that we own, and the Franchise Agreement gives us the right to add, modify, or remove marks from those that we license to you.

Mark	Registration Date	Registration Number
ATWORK	March 14, 2006	3,069,093
	April 4, 2006	3,077,470
@WORK	January 21, 2014	4,469,606
ATWORK FOR YOU	December 12, 2000	2,412,649
	June 4, 2019	5,767,864
	March 10, 2020	6,007,737
	March 24, 2020	6,017,776

All required affidavits of use and renewals have been filed and accepted for continuation of the registrations of these Marks. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court under the Marks listed above. We also are unaware of any pending infringement, opposition, or cancellation proceeding, or of any pending federal or state material litigation regarding our use or rights in any Mark, and we know of no superior rights or infringing uses that could materially affect your use of the Marks listed above. There are no agreements currently in effect which limit our rights to use or license the use of any of the Marks in a manner that is material to the franchise.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark. We and/or our affiliates may take any action we deem appropriate (including no action) and control exclusively any litigation other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, is necessary or advisable to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take. We also agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of the

proceeding, and complied with our directions in responding to it. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement. We may adopt new Marks and discontinue the use of existing Marks, and you will be required to make the corresponding changes to your Office and your Business at your expense.

#### **Item 14.**

##### **Patents, Copyrights and Proprietary Information**

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise.

Various marketing, sales, training and management materials which we have created, including the Operations Manual, marketing materials, newsletters, training and informational materials, printing, advertising and promotional materials, and related items, used in operating a Business, are protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, for the purpose of operating and promoting your Business, but you do not receive any rights in those materials.

There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees.

No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated under any agreement to protect or defend our copyrights, although we may do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We have developed and may continue to develop confidential information for the operation of a Business, including: the Operations Manual, marketing materials, training materials, methods, techniques, formats, specifications, systems (including accounting systems), procedures, recommended prices and pricing methods, sales and marketing techniques, and marketing and advertising programs and materials.

The confidential information includes our trade secrets. We disclose it to you on the condition that you do not use the information in any other business, or in violation of the Franchise Agreement, during and after the term of the franchise, that you not make unauthorized copies of any portion of the information, and that you implement all procedures we require to prevent unauthorized use or disclosure of the information. We may require you to have your employees and contractors execute a nondisclosure agreement and will have the right to regulate the form of and to be a party to or third-party beneficiary under any such agreement with independent enforcement rights. We attach a form of Confidentiality Agreement to the Franchise Agreement, but this form may or may not be enforceable in a particular jurisdiction, and you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement that your employees, agents and independent contractors sign.

### **Item 15.**

#### **Obligation to Participate in the Actual Operation of the Franchise Business**

We do not permit individuals to enter into franchise agreements or operate Businesses. You must, therefore, operate your Business, and you must sign the Franchise Agreement, as a corporation, limited liability company, or general or limited partnership. You must identify one of your owners who is a natural person with at least a 51% ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, to act as your “Operating Partner.” The Operating Partner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to the Franchise Agreement.

If your Operating Partner does not wish to supervise your Business on a full-time basis, you must appoint a manager who has completed the Training Programs to work full-time to supervise the operation of your Business (the “Manager”). We may establish minimum qualifications for any such Manager, which may include completion of Training Programs, confirmation that they will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require. If any Manager ceases to act as your Business’s Manager, your Operating Partner must manage your Business until such time as a replacement Manager has satisfactorily completed the Training Programs and meets our then-current minimum qualifications. The Manager does not need to own an equity ownership in you.

Each of your owners must sign a Guaranty and Assumption of Obligations, which is attached as an exhibit to the Franchise Agreement, guaranteeing the performance of your obligations under the Franchise Agreement. The spouse of each owner will also be required to consent in writing to his or her spouse’s execution of the guaranty, which serves to bind the assets of the marital estate to the guarantor’s performance of the Guaranty and Assumption of Obligations.

### **Item 16.**

#### **Restrictions on What the Franchisee May Sell**

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. We have the right to change the authorized goods and services. There is no limit to this right. In connection with a Business, you may offer staffing services relating only to temporary clerical, administrative, management, and light industrial personnel.

You must recruit, screen, test, interview, hire and assign Assigned Temporary Workers according to our standards and procedures and in compliance with all applicable laws and regulations. You will be employer of record for all Assigned Temporary Workers and internal staff, but we may notify you in writing that we intend to be the employer of record for all Assigned Temporary Workers.

You must solicit and negotiate with customers in your Protected Territory to furnish Assigned Temporary Workers according to our standards and procedures and in compliance with all applicable laws and regulations. We may require you to submit proposed customer contracts to us for review before executing or accepting such contracts, and we may reject such contracts or require revisions to such contracts. We

may reject any prospective customer. We will own the customer information and customer lists for the customers to whom you provide Assigned Temporary Workers.

You may not provide service to a customer at any location outside your Protected Territory except under the limited conditions described in Item 12 of this disclosure document. Upon our payment to you of the first Balance Payment for any Gross Invoice Amount, we will become absolute owner of the Gross Invoice Amount relating to such Balance Payment.

We may institute and administer a “National/Regional/Onsite Contract Program,” operated according to written procedures in the Operations Manual, as revised from time to time, to enable franchisees in our systemwide franchise network to accommodate the needs of National/Regional/Onsite Account Customers. A “National/Regional/Onsite Account Customer” means a customer that conducts its business in more than one company or franchisee territory and that we have designated as a “National/Regional/Onsite Account Customer.” If we institute a National/Regional/Onsite Contract Program, and we determine that you qualify to participate (using the qualification standards that we establish in the Operations Manual from time to time, which may include standards such as your length of experience within offering staffing services), you may be required to serve National/Regional/Onsite Account Customers at locations within your Protected Territory according to the procedures and upon the terms for the program described in the Operations Manual, as revised from time to time. If you are unqualified or unwilling to serve a National/Regional/Onsite Account Customer in your Protected Territory, or if a National/Regional/Onsite Account Customer specifies to us in writing that it wishes to use a particular franchisee, then we have the right to serve or authorize others to serve National/Regional/Onsite Account Customers at locations within your Protected Territory on an ongoing basis.

**Item 17.**

**Renewal, Termination, Transfer and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary of Franchise Provision</b>
a. Length of the franchise term	1.C; Section 2 of Additional Territory Addendum	10 years. If you sign an Additional Territory Addendum, the term will be extended for 10 years following the effective date of the Additional Territory Addendum.
b. Renewal or extension of the term	15.A	One additional term equal to the term of new franchises being granted at such time.

Provision	Section in Franchise Agreement	Summary of Franchise Provision
c. Requirements for franchisee to renew or extend	15.A, 15.B	Substantial compliance with your Franchise Agreement during its term, including the Minimum Performance Standard; compliance with the Franchise Agreement and all system standards when you renew; maintain possession of and agree to remodel and/or expand the Office, and otherwise modify your Business as we require to comply with system standards then-applicable for new Personnel Services Businesses; you sign the franchise agreement we then use to grant franchises for Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in the Franchise Agreements attached to this disclosure document (which may include higher Royalties and a reduction in the size of the Protected Territory); you and your owners sign a general release; you give us written notice of your election to acquire a successor franchise no more than 1 year and no less than 180 days before your Franchise Agreement expires
d. Termination by franchisee	16.B	You may terminate if we violate a material and substantial provision of the Franchise Agreement and fail to remedy or make substantial progress towards curing the violation within 60 days after receiving written notice from you (subject to state law).
e. Termination by franchisor without cause	Not applicable	We may not terminate without cause.
f. Termination by franchisor with cause	16.A	We may terminate only upon uncured or noncurable material event of default.
g. "Cause" defined—curable defaults	16.A	30 days to cure: failure to meet minimum sales call requirement; any other provision of the Franchise Agreement. 10 days to cure: violation of law, regulation, or ordinance; failure to have required insurance; failure to pay. Applicable cure period for failure to pay third-party supplier.

Provision	Section in Franchise Agreement	Summary of Franchise Provision
h. "Cause" defined—non-curable defaults	16.A	You make a material misrepresentation; failure to commence operations on time; failure to complete initial training to our satisfaction; abandon your Business; unauthorized transfer; felony conviction; dishonest or unethical conduct; loss of right to occupy the Office; unauthorized use or disclosure of confidential information; failure to pay taxes; insufficient funds in your designated account on 3 or more occasions in a 12-month period; failure to satisfy the Minimum Performance Standard; understate Gross Revenue 3 or more times by 2% or more; 3 or more breaches within a 12-month period; 2 or more of the same breaches within a 12-month period; assignment for benefit of creditors, insolvency, or bankruptcy; your assets are blocked based on violation of terrorism-related laws; any other franchise agreement by you is terminated (also known as a "cross-default"); you deposit or convert any funds received from customers in violation of the Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	17	Pay all amounts owed; cease use of Marks; return confidential information; abide by post-termination noncompete; surrender any websites, social media accounts, or other online presences; pay liquidated damages (if applicable)
j. Assignment of contract by franchisor	14.A	No restrictions on our right to assign.
k. "Transfer" by franchisee—defined	14.B	Includes any transfer of: an interest in the Franchise Agreement; your Business; substantially all of the assets of your Business; any direct or indirect ownership interest in you (regardless of its size); or any direct or indirect ownership interest in any of your owners (if such owners are legal entities).
l. Franchisor approval of transfer by franchisee	14.C	We have the right to approve all transfers.

Provision	Section in Franchise Agreement	Summary of Franchise Provision
m. Conditions for franchisor approval of transfer	14.C	You submit an application regarding the proposed transferee; you provide us executed purchase documents; you sign a consent to transfer, which will contain a general release; you have paid all amounts owed; you have not violated any provision of the Franchise Agreement within 60 days; the transferee has completed initial training to our satisfaction; sign our then-current form of franchise agreement, which may contain terms materially different than the Franchise Agreement attached to this disclosure document; pay transfer fee; you subordinate to us any financing you provide to the transferee; you correct any deficiencies and transferee agrees to remodel and renovate the Office; transfer all licenses and permits.
n. Franchisor's right of first refusal to acquire franchisee's business	14.E	We have the right to match any offer to buy your business (but may substitute cash, our credit will be equal to the credit of the proposed purchaser, and we are entitled to receive customary warranties and representations).
o. Franchisor's option to purchase franchisee's business	18	We can purchase your business upon termination for a price equal to the product of the earnings before interest, taxes, depreciation and amortization (EBITDA) of your Business for the 12-month period ending 10 days immediately preceding the closing date, multiplied by 3.
p. Death or disability of franchisee	14.D	Upon death/disability of Operating Partner, must appoint a new Operating Partner within 30 days. Franchise must be assigned to approved transferee in 12 months.
q. Non-competition covenants during the term of the franchise	6.A	You and your owners cannot be involved in a Competitive Business. A "Competitive Business" means any temporary or full-time staffing business or any business performing any temporary or full-time staffing, employment, contingent-workforce, contract or project-based assignments, or recruiting services of any kind; or any businesses granting franchises or licenses to others to operate the type of staffing business specified above.
r. Non-competition covenants after the franchise is terminated or expires	17.E	You, your owners, affiliates, and family members may not engage in a Competitive Business for 24 months within your Protected Territory or within 25 miles of another AtWork franchisee's protected territory.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary of Franchise Provision</b>
s. Modification of the agreement	3.C, 11.D, 19.M, 19.N	No modifications except with the prior written consent of both you and us, except that we are permitted to amend the Marks at any time. We are permitted to amend the Manuals at any time, and you are required to comply with the Manuals as amended.
t. Integration/merger clause	19.N	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside this disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	19.E	We and you must arbitrate all disputes at a location in or within 50 miles of our current principal place of business (currently, Knoxville, Tennessee) (subject to state law).
v. Choice of forum	19.H	Subject to arbitration requirement, litigation generally must be in courts in or within 50 miles of our current principal place of business (currently, Knoxville, Tennessee) (subject to state law)
w. Choice of law	19.G	Except for Federal Arbitration Act and other federal law, Tennessee law governs (subject to state law).

Applicable state law may require additional disclosures related to the information in this disclosure document. These additional disclosures appear in Exhibit F.

**Item 18.**  
**Public Figures**

We do not currently use any public figure to promote our franchise system, but we may do so in the future.

**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.

As of December 31, 2023, there were 38 franchisees operating 82 Offices. Of these 82 Offices, 6 opened during the 2023 calendar year and did not operate for the entire 2023 calendar year, so we have



excluded them from the results shown in the tables below. The remaining 76 of the 82 franchised Offices operated during the entire 2023 calendar year. In this Item 19, we provide below, for calendar year 2023, the following statistics for the 76 franchised Offices: (1) Gross Revenue; (2) Hours Billed; (3) Gross Profits; and (4) Gross Margins.

**Part A – 2023 Calendar Year Results – 76 Franchised Offices**

In this Part A, we provide below, for calendar year 2023, the Gross Revenue, Hours Billed, Gross Profits, and Gross Margins for all 76 franchised Offices.

Results for 2023 Calendar Year				
	Gross Revenue (Note 1)	Hours Billed (Note 2)	Gross Profits (Note 3)	Gross Margin (Note 4)
Average	\$3,331,516.34	137,204.73	\$726,201.79	21.14%
High	\$33,467,108.53	1,473,713.29	\$14,229,692.81	42.52%
Median	\$1,708,296.80	73,030.34	\$384,277.24	20.61%
Low	\$73,457.60	2,487.98	\$21,295.36	8.41%
Offices Exceeding Average	20 (26.3%)	21 (27.6%)	18 (23.7%)	36 (47.4%)

**Part B – 2023 Calendar Year Results By Years of Operation**

In this Part B, we provide below, for calendar year 2023, the Gross Revenue, Hours Billed, Gross Profits, and Gross Margins for all 76 franchised Offices that operated during the entire 2023 calendar year. We grouped Offices based on the number of years in operation, as follows: 1-3 years (19 Offices), 3-5 years (12 Offices), and 5+ years (45 Offices).

**Gross Revenue of Franchised Offices by Years of Operation**

Results for 2023 Calendar Year Gross Revenue by Office Years of Operation					
Years of Operation	Average	High	Median	Low	Offices Exceeding Average
1-3 Years (19 Offices)	\$1,439,946	\$5,434,634	\$951,012	\$73,458	6 (31.2%)
3-5 Years (12 Offices)	\$2,153,070	\$5,345,850	\$1,708,297	\$267,937	3 (25%)
5+ Years (45 Offices)	\$4,444,432	\$33,467,109	\$2,080,977	\$264,407	12 (26.7%)

**Hours Billed of Franchised Offices by Years of Operation**

Results for 2023 Calendar Year					
Hours Billed by Office Years of Operation					
Years of Operation	Average	High	Median	Low	Offices Exceeding Average
1-3 Years (19 Offices)	51,841	177,275	33,022	2,488	6 (31.2%)
3-5 Years (12 Offices)	87,988	227,006	70,021	11,083	3 (25%)
5+ Years (45 Offices)	186,372	1,473,713	88,899	9,642	11 (24.4%)

**Gross Profit of Franchised Offices by Years of Operation**

Results for 2023 Calendar Year					
Gross Profit by Office Years of Operation					
Years of Operation	Average	High	Median	Low	Offices Exceeding Average
1-3 Years (19 Offices)	\$320,544	\$1,239,248	\$226,527	\$21,295	6 (31.2%)
3-5 Years (12 Offices)	\$428,522	\$1,217,320	\$349,587	\$47,933	3 (25%)
5+ Years (45 Offices)	\$976,861	\$14,229,693	\$493,222	\$38,670	10 (22.2%)

**Gross Margin of Franchised Offices by Years of Operation**

Results for 2023 Calendar Year					
Gross Margin by Office Years of Operation					
Years of Operation	Average	High	Median	Low	Offices Exceeding Average
1-3 Years (19 Offices)	23.59%	35.02%	22.42%	11.87%	8 (42.1%)
3-5 Years (12 Offices)	20.10%	26.52%	19.78%	13.16%	5 (41.2%)
5+ Years (45 Offices)	20.38%	42.52%	19.80%	8.41%	21 (46.7%)

**Notes**

Note (1) – The term “Gross Revenue” as used in this Item 19 means all revenue or consideration that a franchisee receives, directly or indirectly, from operating its Office, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Revenue includes the proceeds of any business interruption insurance or similar insurance. Gross Revenue does not include any federal, state, or municipal use or service taxes collected from customers and paid to the appropriate

taxing authority. The term “Gross Revenue” as used in this Item 19 has the same meaning as in your Franchise Agreement.

Note (2) – The term “Hours Billed” as used in this Item 19 means all hours billed for Assigned Temporary Workers placed on assignment by the Personnel Services Business during the 2023 calendar year.

Note (3) – The term “Gross Profits” as used in this Item 19 means an Office’s Gross Revenue, less its payroll expenses and taxes.

Note (4) – The term “Gross Margin” as used in this Item 19 means the Gross Profits of an Office as a percentage of its Gross Revenue.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Information appearing in the tables about the franchised outlets comes from franchisee reports to us.

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

Other than the preceding financial performance representation, AtWork Franchise, Inc., does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting our Chief Executive Officer, John D. Hall, Jr., at 3215 W. John Sevier Highway, Knoxville, Tennessee 37920 and (865) 609-6911 the Federal Trade Commission, and the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20.**

**Outlets and Franchisee Information**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2021, 2022, 2023<sup>(1)</sup>**

<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>
<b>Franchised<sup>(2)</sup></b>	2021	70	71	+1
	2022	71	81	+10
	2023	81	82	+1
<b>Company Owned<sup>(3)</sup></b>	2021	1	2	+1
	2022	2	4	+2
	2023	4	6	+2
<b>Total Outlets</b>	<b>2021</b>	<b>71</b>	<b>73</b>	<b>+2</b>
	<b>2022</b>	<b>73</b>	<b>85</b>	<b>+12</b>
	<b>2023</b>	<b>85</b>	<b>88</b>	<b>+3</b>

- (1) The numbers in this table and elsewhere in this Item 20 are as of December 31.
- (2) Franchised outlets in this Item 20 are measured by the number of offices operated by franchisees. As of December 31, 2023, there were 38 franchisees operating these 82 offices.
- (3) The company-owned outlets are owned by our affiliate.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than Franchisor)**  
**For Years 2021, 2022, 2023**

State	Year	Number of Transfers
FL	2021	1
	2022	0
	2023	0
MO	2021	1
	2022	0
	2023	1
NC	2021	0
	2022	0
	2023	1
<b>TOTAL</b>	<b>2021</b>	<b>2</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>2</b>

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2021, 2022, 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
AL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
AZ	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
CA	2021	10	1	0	0	0	1	10
	2022	10	2	0	0	0	0	12
	2023	12	1	0	0	0	0	13
CO	2021	1	0	1	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
	2023	1	1	0	0	0	0	2
DE	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
FL	2021	4	0	0	0	0	1	3
	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
GA	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
IL	2021	1	1	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	1	0
KS	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
KY	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
LA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
MD	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
ME	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
MI	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
MO	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	1	3
	2023	3	0	0	0	0	1	2
NC	2021	4	0	0	0	0	0	4
	2022	4	4	0	0	0	0	8
	2023	8	0	0	0	0	0	8
NJ	2021	2	1	0	0	0	0	3

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
	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
NV	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NY	2021	3	1	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
OH	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
OK	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
SC	2021	1	0	1	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
TX	2021	6	0	0	0	0	0	6
	2022	6	4	0	0	0	0	10
	2023	10	1	2	0	0	0	9
UT	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
VA	2021	2	0	0	0	0	1	1
	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
WA	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
WV	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Total<sup>(1)</sup></b>	<b>2021</b>	<b>70</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>71</b>
	<b>2022</b>	<b>71</b>	<b>16</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>81</b>
	<b>2023</b>	<b>81</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>82</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2021, 2022, 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AL	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
TN	2021	1	1	0	0	0	2
	2022	2	2	0	0	0	4
	2023	4	1	0	0	0	5
<b>Total</b>	<b>2021</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2022</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2023</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>6</b>

**Table No. 5**  
**Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
FL	3	3	0
GA	1	1	0
MD	1	1	0
SC	1	1	0
TN	0	0	1
<b>Total</b>	<b>6</b>	<b>6</b>	<b>1</b>

Exhibit H lists the names of all current franchisees and the address and telephone numbers of their outlets as of December 31, 2023.

Exhibit H also lists the name, city and state, and current business telephone number (or if unknown, the last known home telephone number) for each franchisee who had an outlet terminated, cancelled, 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 disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three fiscal years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the AtWork franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We are not currently aware of any trademark-specific franchisee organizations associated with our franchise system.

**Item 21.**  
**Financial Statements**

Attached to this disclosure document as Exhibit A are our audited financial statements for the years ended December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year end is December 31.

**Item 22.**  
**Contracts**

The following contracts and related agreements are attached to this disclosure agreement:

Exhibit B	Franchise Agreement
Exhibit C	Addendum to Franchise Agreement for Additional Territory
Exhibit D-1	Workers' Compensation Power of Attorney
Exhibit D-2	Workers' Compensation Program Agreement
Exhibit F	State-Specific Addenda
Exhibit I	Sample General Release
Exhibit K	Representations and Acknowledgment Agreement

**Item 23.**  
**Receipts**

Attached as Exhibit L are two copies of a Receipt confirming your receipt of this disclosure document. Please sign and date both Receipt pages, keep one for your records, and return the other to us.



**EXHIBIT A**  
**FINANCIAL STATEMENTS**

**ATWORK FRANCHISE, INC.**

**Knoxville, Tennessee**

**FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**





**PUGH & COMPANY, P.C.**  
315 NORTH CEDAR BLUFF ROAD, SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660  
FAX 865-769-1660  
www.pughcpas.com

## INDEPENDENT AUDITOR'S REPORT

Atwork Franchise, Inc.  
Knoxville, Tennessee

### Opinion

We have audited the financial statements of Atwork Franchise, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

### Auditor's Responsibilities for the Audits of the Financial Statements

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



An independently owned member  
**RSM US Alliance**



**TSCPA**  
Members of the Tennessee Society  
Of Certified Public Accountants

In performing an audit in accordance with GAAS, we:

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

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

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
March 27, 2024

## ATWORK FRANCHISE, INC.

## BALANCE SHEETS

	As of December 31,	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$	20	\$ 20
Accounts Receivable, Net		15,161,347	15,975,414
Prepaid Expenses		<u>298,504</u>	<u>295,801</u>
<b>Total Current Assets</b>		<u>15,459,871</u>	<u>16,271,235</u>
<b>PROPERTY AND EQUIPMENT, NET</b>		<u>244,616</u>	<u>242,740</u>
<b>OTHER ASSETS</b>			
Right-of-Use Lease Asset		1,214,840	1,446,723
Deferred Expenses		541,203	489,093
Intangible Assets		3,733,051	1,471,992
Deposits		<u>3,200</u>	<u>3,200</u>
<b>Total Other Assets</b>		<u>5,492,294</u>	<u>3,411,008</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>21,196,781</u></b>	<b>\$ <u>19,924,983</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$	492,083	\$ 953,717
Accrued Expenses		743,844	514,894
Related Party Payables, Net		2,941,943	4,584,847
Franchisee Obligations and Reserves		2,914,219	3,629,373
Revolving Credit Agreement		7,836,245	3,952,872
Current Portion of Lease Liability		<u>235,500</u>	<u>231,880</u>
<b>Total Current Liabilities</b>		<u>15,163,834</u>	<u>13,867,583</u>
<b>LONG-TERM LIABILITIES</b>			
Lease Liability		979,340	1,214,843
Deferred Tax Liabilities		199,574	160,609
Deferred Revenue		<u>371,038</u>	<u>518,730</u>
<b>Total Long-Term Liabilities</b>		<u>1,549,952</u>	<u>1,894,182</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common Stock - No Par Value, Authorized, Issued and Outstanding 100 Shares		1,000	1,000
Retained Earnings		<u>4,481,995</u>	<u>4,162,218</u>
<b>Total Shareholders' Equity</b>		<u>4,482,995</u>	<u>4,163,218</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$</b>	<b><u>21,196,781</u></b>	<b>\$ <u>19,924,983</u></b>

The accompanying notes are an integral part of these financial statements.

**ATWORK FRANCHISE, INC.**

**STATEMENTS OF INCOME**

	For the Years Ended December 31,	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		\$ 9,611,323	\$ 9,187,478
<b>OPERATING EXPENSES</b>		<u>8,599,442</u>	<u>8,313,342</u>
<b>INCOME FROM OPERATIONS</b>		<u>1,011,881</u>	<u>874,136</u>
<b>OTHER INCOME (EXPENSE)</b>			
Interest Income		36,547	41,605
Interest Expense		<u>(681,952)</u>	<u>(309,626)</u>
<b>Total Other Income (Expense)</b>		<u>(645,405)</u>	<u>(268,021)</u>
<b>INCOME BEFORE INCOME TAXES</b>		366,476	606,115
<b>INCOME TAX EXPENSE</b>		<u>(46,699)</u>	<u>(136,680)</u>
<b>NET INCOME</b>		<u>\$ 319,777</u>	<u>\$ 469,435</u>

The accompanying notes are an integral part of these financial statements.

## ATWORK FRANCHISE, INC.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2023 and 2022

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance, January 1, 2022</b>	\$ 1,000	\$ 3,692,783	\$ 3,693,783
Net Income	<u>0</u>	<u>469,435</u>	<u>469,435</u>
<b>Balance, December 31, 2022</b>	1,000	4,162,218	4,163,218
Net Income	<u>0</u>	<u>319,777</u>	<u>319,777</u>
<b>Balance, December 31, 2023</b>	<u>\$ 1,000</u>	<u>\$ 4,481,995</u>	<u>\$ 4,482,995</u>

The accompanying notes are an integral part of these financial statements.

**ATWORK FRANCHISE, INC.**  
**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31,	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ <u>319,777</u>	\$ <u>469,435</u>
Adjustments to Reconcile Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	48,299	39,655
Accrued Interest	236,800	120,843
Deferred Income Taxes	38,965	81,417
(Increase) Decrease in Assets:		
Receivables	814,067	(4,125,070)
Prepaid Expenses	(2,703)	(69,908)
Deferred Expenses	(52,110)	83,132
Increase (Decrease) in Liabilities:		
Payables	(461,634)	582,718
Accrued Expenses	228,950	(403,998)
Deferred Revenue	(147,692)	(174,193)
Franchisee Obligations and Reserves	(715,154)	(33,413)
Total Adjustments	<u>(12,212)</u>	<u>(3,898,817)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>307,565</u>	<u>(3,429,382)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(50,175)	(70,194)
Purchases of Intangible Assets	<u>(2,261,059)</u>	<u>(1,421,992)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(2,311,234)</u>	<u>(1,492,186)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Borrowing (Repayment) - Related Parties	(1,879,704)	2,811,319
Net Borrowing (Repayment) - Revolving Credit Agreement	<u>3,883,373</u>	<u>2,110,249</u>
<b>Net Cash Provided by Financing Activities</b>	<u>2,003,669</u>	<u>4,921,568</u>
<b>NET CHANGE IN CASH</b>	0	0
<b>CASH AT BEGINNING OF YEAR</b>	<u>20</u>	<u>20</u>
<b>CASH AT END OF YEAR</b>	<u>\$ <u>20</u></u>	<u>\$ <u>20</u></u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Income Taxes	\$ 2,160	\$ 400,993
Interest	\$ 565,995	\$ 222,734

The accompanying notes are an integral part of these financial statements.



**ATWORK FRANCHISE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Atwork Franchise, Inc. (Atwork or the Company) is in the business of franchising and servicing franchisees throughout the United States. Atwork grants franchises to franchisees to operate offices which provide temporary employees and other staffing services to their customers. Conventional franchise arrangements generally include an exclusive right and license to own and operate a business at an agreed upon location within a specified territory. The arrangements provide for payment of initial fees, as well as continuing royalties and fees to Atwork based upon a percent of sales. Under these arrangements, franchisees are granted the right to operate, generally for a period of ten years.

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements. Significant accounting policies are:

**Management Estimates** - The preparation of financial statements in accordance 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 and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - The Company recognizes revenue in accordance with Accounting Standards Update (ASC) Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue when or as performance obligations are satisfied.

The Company's revenues consist almost entirely of fees and royalties collected from franchisees and initial franchise fees. The Company's products and services are marketed and sold primarily to customers in the United States. Results of operations are substantially affected by economic conditions, which can vary significantly by market.

The Company's franchise agreements include (a) the right to use the Company's symbolic intellectual property over the term of each franchise agreement, (b) pre-opening services, such as training, and (c) ongoing services, such as development of training materials and franchisee support. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, except for pre-opening services. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). The Company charges an initial franchisee fee for pre-opening services. The Company has elected the practical expedient for certain pre-opening services and recognizes revenue for the pre-opening services performance obligation over time as it performs these services, generally in less than one year. Continuing royalties are calculated as a percentage of franchisee's sales that are related entirely to our performance obligation under the franchise agreement. These royalties are considered variable consideration but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur.

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The franchise agreement also includes a fee for providing administrative services to the franchisee such as processing payroll, remitting payroll taxes, and billing the end customer. As a practical expedient, the Company recognizes revenue in the amount to which it has a right to bill the franchisee for the administrative services provided.

Total revenue recognized at a point in time and over time was as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenue recognized at a point in time	\$ 9,158,629	\$ 8,901,286
Revenue recognized over time	<u>452,694</u>	<u>286,192</u>
	<u>\$ 9,611,323</u>	<u>\$ 9,187,478</u>

Incremental costs to obtain a contract are classified on the balance sheet as "deferred expenses". These fees and commissions are amortized over the contractual term of the franchise agreement, generally ten years.

Contract liabilities are classified on the balance sheet as "deferred revenue". Deferred revenue represents initial franchisee fees in excess of the stand-alone value of services provided for pre-opening activities that are amortized over the contractual term of the franchise agreement, generally ten years. The balance of deferred revenue as of January 1, 2022 was \$692,923.

**Receivables** - The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. Trade receivables are uncollateralized customer obligations due under normal trade terms stated at the amount billed. Receivable advances without recourse that have been transferred to the Company from franchisees meet the criteria for purchase treatment, and accordingly, the accounts receivable and proceeds thereof are owned exclusively by the Company. In accordance with the franchise agreement franchise fees are due at the time services are rendered.

The Company recognizes an allowance for expected credit losses on uncollectible receivables. The allowance is determined using historical loss rates adjusted for management's assessment of current market conditions and supportable forecasts about future economic events. Receivables are charged against this reserve when they are deemed uncollectible by management. The balance of receivables as of January 1, 2022 was \$11,850,344.

**Property and Equipment** - Property and equipment is stated at cost. Depreciation is computed principally using the straight-line method and is based on estimated useful lives of three to thirty-nine years. Significant improvements are capitalized and depreciated over their estimated useful lives, while repair and maintenance expenditures are charged to expense.

**Right-of-Use Lease Asset** - Right-of-use lease assets are recognized upon lease commencement and represent the Company's right to use an underlying asset for the lease term.

**Lease Liabilities** - Lease liabilities are recognized at commencement date and represent the Company's obligation to make lease payments arising from a lease, measured on a discounted basis.

**Intangible Assets** - Intangible assets consists of software developed for use by franchisees, and franchise rights and agreements with indefinite useful lives. Capitalized software costs are amortized over their estimated life. These assets are tested annually by management for impairment.

**Franchisee Obligations and Reserves** - In accordance with the franchise agreements, the Company reserves funds for the franchisees and records these on the balance sheet as franchisee obligations and reserves. These balances are maintained by the Company to cover future obligations and expenses of the franchisees.

**Advertising** - Advertising costs are expensed as incurred. Advertising expense was approximately \$401,000 and \$314,000, respectively, for the years ended December 31, 2023 and 2022.

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities including intangible assets, the allowance for credit losses, tax credits, and the calculation of depreciation expense for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

**Recently Adopted Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Company adopted the lease standard in the first quarter of 2022 using the Modified Retrospective Approach - Effective Date Transition Method. See Note 5 to the financial statements for additional information on the Company's adoption of the lease standard.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The Company adopted the standard in 2023, however, the impact to the financial statements was not considered material.

**Evaluation of Subsequent Events** - Management has evaluated subsequent events through March 27, 2024 which is the date the financial statements were available to be issued and determined that there are no subsequent events that require disclosure.

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

The Company maintains its cash accounts with certain U.S. financial institutions. The Company may periodically have cash deposited in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The cash accounts are insured by FDIC up to \$250,000 per legal ownership. There were no uninsured cash balances as of December 31, 2023 and 2022.

The Company also has credit risk associated with its continuing franchise fees and royalties. The Company's continuing franchise fees and royalties are dependent upon the activities, primarily sales, of the franchises that it services. The variability of these activities can be significant and are dependent upon but not limited to the following: operational changes in the temporary employment industry; changes in state and federal labor practices and regulations; changes in levels of localized and national employment; and changes in the economy in general.

**NOTE 3 - RECEIVABLES**

Accounts receivable consist of the following as of December 31:

	2023	2022
Franchisee Sales Receivables	\$ 14,511,330	\$ 15,690,307
Franchise Fees Receivable	151,489	94,565
Advances to Franchisees	414,652	125,862
Other Receivables	134,320	114,563
Allowance for Credit Losses	(50,444)	(49,883)
	<u>\$ 15,161,347</u>	<u>\$ 15,975,414</u>

#### NOTE 4 - REVOLVING CREDIT AGREEMENT

The Company has a revolving credit agreement which allows maximum borrowings of \$12,500,000 based on borrowing availability. The revolving credit agreement expires on December 15, 2025 and bears interest payable monthly at the Daily Simple Secured Overnight Financing Rate (“Daily Simple SOFR”) plus 2.36%. The revolving credit agreement is collateralized by all assets of the Company and is guaranteed by W.G. Hall, LLC and G.C. Hall, LLC (see Note 6). In addition, the revolving credit agreement contains certain restrictive covenants with which the Company was in compliance. At December 31, 2023, the outstanding balance on the revolving credit agreement was \$7,836,245 (\$3,952,872 in 2022).

The Company has also entered into a \$200,000 standby letter of credit with Sunz Insurance Company as the beneficiary. The standby letter of credit reduces the Company’s available balance on the revolving credit agreement.

#### NOTE 5 - LEASE COMMITMENTS / RELATED PARTY

The Company leases office space for its Knoxville, Tennessee corporate headquarters from its shareholders. This lease agreement includes a 10 year initial term beginning January 2019 with one optional renewal period of 5 years. Monthly lease payments for the initial term are \$21,028. Operating expense under all leases, including short term leases, totaled \$276,000 and \$278,000 for the years ended December 31, 2023 and 2022, respectively.

The Company adopted ASU 2016-02, *Leases* (Topic 842), as of January 1, 2022. The Company elected the package of practical expedients permitted under the transition guidance within the new standard which allowed the Company to not reassess existing contracts to determine if they contain a lease and to carry forward the historical lease classification upon transition. Additionally, as allowed by the standard the Company has elected to not apply the guidance of ASC 842 to leases with a term of 12 months or less and has elected to use a risk-free rate as the discount rate since the implicit rate is not readily determined.

With the adoption of ASC 842, the Company recorded a right-of-use lease asset and lease liability of \$1,675,039 as of January 1, 2022. The adoption of this new standard did not materially impact the statement of income or the statement of cash flows.

The Company assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Company’s right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of lease payments over the defined lease term. The Company assesses lease option renewals using a threshold of reasonably certain, which is a high threshold and, therefore, the Company’s leases do not include renewal periods for the measurement of the right of use asset and the associated lease liability.

The Company has elected the practical expedient to not separate lease and non-lease components. The Company’s real estate lease agreement has lease and non-lease components, which are generally accounted for separately where applicable. The Company assesses each contract individually and applies the appropriate variable payments based on the terms of the agreement. The Company’s lease agreement does not contain residual value guarantees, restrictions or covenants.

Future minimum lease payments under noncancelable operating leases as of December 31, 2023 are as follows. The weighted average remaining term as of December 31, 2023 is approximately 5 years and the weighted average discount rate is approximately 1.55%.

2024	\$	252,336
2025		252,336
2026		252,336
2027		252,336
2028		252,336
Total Minimum Lease Payments		1,261,680
Less: Amounts Representing Interest		46,840
Present Value of Lease Liabilities	\$	<u>1,214,840</u>

**NOTE 6 - RELATED PARTY TRANSACTIONS**

From time to time, the Company may borrow or advance funds from its shareholders or related entities which are controlled by the Company's shareholders. At December 31, 2023, the Company had net payables of approximately \$2,942,000 to the shareholders and these related parties (net payables of approximately \$4,585,000 in 2022).

At December 31, 2023, the Company had advances receivable of approximately \$20,000 (\$66,000 in 2022) from W.G. Hall, LLC and borrowings of approximately \$2,152,000 (\$1,368,000 in 2022) from G.C. Hall, LLC. The Company has determined that W.G. Hall, LLC and G.C. Hall, LLC, which are owned 100% by Atwork's shareholders, are variable interest entities (VIE) and that Atwork is their primary beneficiary but has elected the private company accounting alternative and has not consolidated these entities.

The Company converted approximately \$2,100,000 of the advance receivable from W.G. Hall, LLC to a note receivable as of January 1, 2021. The note requires monthly payments of \$19,548 plus interest at 2.25% (plus the greater of 0.25% or Daily 1 Month SOFR) until December 2030. The outstanding balance of the note was approximately \$1,518,000 at December 31, 2023 (\$1,715,000 in 2022).

In addition, in 2023 the Company recognized revenue of approximately \$1,306,000 (\$861,000 in 2022) from services provided to G.C. Hall, LLC and W.G. Hall, LLC, and has operating receivables of approximately \$2,849,000 from G.C. Hall, LLC and W. G. Hall, LLC at December 31, 2023 (\$2,398,000 in 2022) which are reported in accounts receivable.

The Company also obtains service and products from an entity which is owned by the Company's shareholders. The service and products include software which is used for payroll and billing processes of the franchisees.

While the Company has no contractual obligation to do so, it may voluntarily elect to provide these related entities with additional direct or indirect financial support based on its business objectives. The Company's maximum exposure to losses on these variable interest entities is limited to the total amount of any outstanding balances.

The Company also has net borrowings from Atwork's shareholders which totaled approximately \$2,328,000 at December 31, 2023 (\$4,998,000 in 2022). These borrowings are due on demand and accrue interest.

**NOTE 7 - INCOME TAXES**

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company has included in expenses insignificant amounts for interest or penalties associated with income taxes for the years ended December 31, 2023 and 2022. With few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2020. The provision for income taxes differs from the expected amount computed by applying the statutory federal tax rate due principally to permanent differences in taxable income and tax credits.

Income taxes (benefit) for the years ended December 31, 2023 and 2022 consist of:

	<u>2023</u>	<u>2022</u>
Current	\$ 7,735	\$ 55,263
Deferred	<u>38,964</u>	<u>81,417</u>
	<u>\$ 46,699</u>	<u>\$ 136,680</u>

Deferred income tax assets and liabilities in the accompanying balance sheets include the following:

	<u>2023</u>	<u>2022</u>
Deferred Tax Assets	\$ 480,862	\$ 240,651
Deferred Tax Liabilities	<u>(680,436)</u>	<u>(401,260)</u>
Net Deferred Tax Asset (Liability)	<u>\$ (199,574)</u>	<u>\$ (160,609)</u>

## **NOTE 8 - CONTINGENCIES**

The nature and scope of the Company's business brings it into regular contact with the general public and a variety of businesses and governmental entities in the ordinary course of business. Such activities inherently subject the Company to the hazards of litigation. The Company is from time to time subject to pending claims and lawsuits arising in the ordinary course of business. The Company accrues for such claims when payment is probable and estimable in accordance with GAAP. At this time, in the opinion of management, the ultimate resolution of pending legal proceedings will not have a material adverse effect on operations, financial position, or cash flows.

In 2022, the Company applied for an employee retention credit as provided for under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). This credit is a refundable tax credit against certain employment taxes for eligible employers. Management will record the tax credit once there is reasonable assurance that the assistance will be collected.

**ATWORK FRANCHISE, INC.**

**Knoxville, Tennessee**

**FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**





**PUGH & COMPANY, P.C.**  
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## INDEPENDENT AUDITOR'S REPORT

Atwork Franchise, Inc.  
Knoxville, Tennessee

### Opinion

We have audited the financial statements of Atwork Franchise, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

### Auditor's Responsibilities for the Audits of the Financial Statements

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



An independently owned member  
**RSM US Alliance**



**TSCPA**  
Members of the Tennessee Society  
Of Certified Public Accountants



In performing an audit in accordance with GAAS, we:

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

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

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
March 29, 2023

## ATWORK FRANCHISE, INC.

## BALANCE SHEETS

	As of December 31,	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$	20	\$ 20
Accounts Receivable, Net		15,975,414	11,850,344
Prepaid Expenses		<u>295,801</u>	<u>225,893</u>
<b>Total Current Assets</b>		<u>16,271,235</u>	<u>12,076,257</u>
<b>PROPERTY AND EQUIPMENT, NET</b>		<u>242,740</u>	<u>212,201</u>
<b>OTHER ASSETS</b>			
Right-of-Use Lease Asset		1,446,723	0
Deferred Expenses		489,093	572,225
Intangible Assets		1,471,992	50,000
Deposits		<u>3,200</u>	<u>3,200</u>
<b>Total Other Assets</b>		<u>3,411,008</u>	<u>625,425</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>19,924,983</u></b>	<b>\$ <u>12,913,883</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$	953,717	\$ 370,999
Accrued Expenses		514,894	918,892
Related Party Payables, Net		4,584,847	1,652,685
Franchisee Obligations and Reserves		3,629,373	3,662,786
Revolving Credit Agreement		3,952,872	1,842,623
Current Portion of Lease Liability		<u>231,880</u>	<u>0</u>
<b>Total Current Liabilities</b>		<u>13,867,583</u>	<u>8,447,985</u>
<b>LONG-TERM LIABILITIES</b>			
Lease Liability		1,214,843	0
Deferred Tax Liabilities		160,609	79,192
Deferred Revenue		<u>518,730</u>	<u>692,923</u>
<b>Total Long-Term Liabilities</b>		<u>1,894,182</u>	<u>772,115</u>
<b>SHAREHOLDERS' EQUITY</b>			
Common Stock - No Par Value, Authorized, Issued and Outstanding 100 Shares		1,000	1,000
Retained Earnings		<u>4,162,218</u>	<u>3,692,783</u>
<b>Total Shareholders' Equity</b>		<u>4,163,218</u>	<u>3,693,783</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$</b>	<b><u>19,924,983</u></b>	<b>\$ <u>12,913,883</u></b>

The accompanying notes are an integral part of these financial statements.

## ATWORK FRANCHISE, INC.

## STATEMENTS OF INCOME

	For the Years Ended December 31,	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		\$ 9,187,478	\$ 7,813,802
<b>OPERATING EXPENSES</b>		<u>8,313,342</u>	<u>6,574,551</u>
<b>INCOME FROM OPERATIONS</b>		<u>874,136</u>	<u>1,239,251</u>
<b>OTHER INCOME (EXPENSE)</b>			
Interest Income		41,605	45,279
Other Income		0	446,583
Interest Expense		<u>(309,626)</u>	<u>(111,459)</u>
<b>Total Other Income (Expense)</b>		<u>(268,021)</u>	<u>380,403</u>
<b>INCOME BEFORE INCOME TAXES</b>		606,115	1,619,654
<b>INCOME TAX EXPENSE</b>		<u>(136,680)</u>	<u>(203,301)</u>
<b>NET INCOME</b>		<u>\$ 469,435</u>	<u>\$ 1,416,353</u>

The accompanying notes are an integral part of these financial statements.

ATWORK FRANCHISE, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2022 and 2021

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance, January 1, 2021</b>	\$ 1,000	\$ 2,276,430	\$ 2,277,430
Net Income	<u>0</u>	<u>1,416,353</u>	<u>1,416,353</u>
<b>Balance, December 31, 2021</b>	1,000	3,692,783	3,693,783
Net Income	<u>0</u>	<u>469,435</u>	<u>469,435</u>
<b>Balance, December 31, 2022</b>	<u>\$ 1,000</u>	<u>\$ 4,162,218</u>	<u>\$ 4,163,218</u>

The accompanying notes are an integral part of these financial statements.

## ATWORK FRANCHISE, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ <u>469,435</u>	\$ <u>1,416,353</u>
Adjustments to Reconcile Net Income to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation and Amortization	39,655	27,016
Allowance for Doubtful Accounts	0	26,000
Accrued Interest	120,843	33,951
Gain on Loan Forgiveness	0	(446,583)
Deferred Income Taxes	81,417	308,507
(Increase) Decrease in Assets:		
Receivables	(4,125,070)	(1,271,671)
Prepaid Expenses	(69,908)	13,016
Deferred Expenses	83,132	1,415
Increase (Decrease) in Liabilities:		
Payables	582,718	31,120
Accrued Expenses	(403,998)	357,305
Deferred Revenue	(174,193)	(277,213)
Franchisee Obligations and Reserves	<u>(33,413)</u>	<u>520,609</u>
Total Adjustments	<u>(3,898,817)</u>	<u>(676,528)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(3,429,382)</u>	<u>739,825</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(70,194)	(77,599)
Purchases of Intangible Assets	<u>(1,421,992)</u>	<u>0</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,492,186)</u>	<u>(77,599)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Borrowing (Repayment) - Related Parties	2,811,319	2,246,836
Net Borrowing (Repayment) - Revolving Credit Agreement	2,110,249	(3,355,645)
Proceeds from U.S. Small Business Administration Loans	<u>0</u>	<u>446,583</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>4,921,568</u>	<u>(662,226)</u>
<b>NET CHANGE IN CASH</b>	0	0
<b>CASH AT BEGINNING OF YEAR</b>	<u>20</u>	<u>20</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 20</u>	<u>\$ 20</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Income Taxes	\$ 400,993	\$ 96,605
Interest	\$ 222,734	\$ 77,508
<b>Supplemental Disclosures of Non-Cash Financing Activities</b>		
Forgiveness of U.S. Small Business Administration Loans	\$ 0	\$ 446,583

The accompanying notes are an integral part of these financial statements.

**ATWORK FRANCHISE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Atwork Franchise, Inc. (Atwork or the Company) is in the business of franchising and servicing franchisees throughout the United States. Atwork grants franchises to franchisees to operate offices which provide temporary employees and other staffing services to their customers. Conventional franchise arrangements generally include an exclusive right and license to own and operate a business at an agreed upon location within a specified territory. The arrangements provide for payment of initial fees, as well as continuing royalties and fees to Atwork based upon a percent of sales. Under these arrangements, franchisees are granted the right to operate, generally for a period of ten years.

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements. Significant accounting policies are:

**Management Estimates** - The preparation of financial statements in accordance 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 and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** - The Company recognizes revenue in accordance with Accounting Standards Update (ASC) Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue when or as performance obligations are satisfied.

The Company's revenues consist almost entirely of fees and royalties collected from franchisees and initial franchise fees. The Company's products and services are marketed and sold primarily to customers in the United States. Results of operations are substantially affected by economic conditions, which can vary significantly by market.

The Company's franchise agreements include (a) the right to use the Company's symbolic intellectual property over the term of each franchise agreement, (b) pre-opening services, such as training, and (c) ongoing services, such as development of training materials and franchisee support. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation, except for pre-opening services. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). The Company charges an initial franchisee fee for pre-opening services. The Company has elected the practical expedient for certain pre-opening services and recognizes revenue for the pre-opening services performance obligation over time as it performs these services, generally in less than one year. Continuing royalties are calculated as a percentage of franchisee's sales that are related entirely to our performance obligation under the franchise agreement. These royalties are considered variable consideration but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchisee sales occur.

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The franchise agreement also includes a fee for providing administrative services to the franchisee such as processing payroll, remitting payroll taxes, and billing the end customer. As a practical expedient, the Company recognizes revenue in the amount to which it has a right to bill the franchisee for the administrative services provided.

Total revenue recognized at a point in time and over time was as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Revenue recognized at a point in time	\$ 8,901,286	\$ 7,183,657
Revenue recognized over time	286,192	630,145
	<u>\$ 9,187,478</u>	<u>\$ 7,813,802</u>

Incremental costs to obtain a contract are classified on the balance sheet as "deferred expenses". These fees and commissions are amortized over the contractual term of the franchise agreement, generally ten years.

Contract liabilities are classified on the balance sheet as "deferred revenue". Deferred revenue represents initial franchisee fees in excess of the stand-alone value of services provided for pre-opening activities that are amortized over the contractual term of the franchise agreement, generally ten years. The balance of deferred revenue as of January 1, 2021 was \$970,136.

**Receivables** - The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. Trade receivables are uncollateralized customer obligations due under normal trade terms stated at the amount billed. Receivable advances without recourse that have been transferred to the Company from franchisees meet the criteria for purchase treatment, and accordingly, the accounts receivable and proceeds thereof are owned exclusively by the Company. In accordance with the franchise agreement franchise fees are due at the time services are rendered. The Company follows the reserve method of providing for impaired receivables. The allowance for doubtful accounts is determined using historical information and management's current evaluation of the receivable balances. Receivables are charged against this reserve when they are deemed uncollectible by management. The balance of receivables as of January 1, 2021 was \$10,604,673.

**Property and Equipment** - Property and equipment is stated at cost. Depreciation is computed principally using the straight-line method and is based on estimated useful lives of three to thirty-nine years. Significant improvements are capitalized and depreciated over their estimated useful lives, while repair and maintenance expenditures are charged to expense.

**Right-of-Use Lease Asset** - Right-of-use lease assets are recognized upon lease commencement and represent the Company's right to use an underlying asset for the lease term.

**Lease Liabilities** - Lease liabilities are recognized at commencement date and represent the Company's obligation to make lease payments arising from a lease, measured on a discounted basis.

**Intangible Assets** - Intangible assets consists of software developed for use by franchisees, and franchise rights and agreements with indefinite useful lives. Capitalized software costs are amortized over their estimated life. These assets are tested annually by management for impairment.

**Franchisee Obligations and Reserves** - In accordance with the franchise agreements, the Company reserves funds for the franchisees and records these on the balance sheet as franchisee obligations and reserves. These balances are maintained by the Company to cover future obligations and expenses of the franchisees.

**Advertising** - Advertising costs are expensed as incurred. Advertising expense was approximately \$314,000 and \$146,000, respectively, for the years ended December 31, 2022 and 2021.

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** - Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities including intangible assets, the allowance for doubtful accounts, and the calculation of depreciation expense for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

**Recently Adopted Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard is effective for annual reporting periods beginning after December 15, 2021. The Company adopted the lease standard in the first quarter of 2022 using the Modified Retrospective Approach - Effective Date Transition Method. See Note 5 to the financial statements for additional information on the Company's adoption of the lease standard.

**Recently Issued Accounting Pronouncements** - In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

**Evaluation of Subsequent Events** - Management has evaluated subsequent events through March 29, 2023, which is the date the financial statements were available to be issued and determined that there are no subsequent events that require disclosure.

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

The Company maintains its cash accounts with certain U.S. financial institutions. The Company may periodically have cash deposited in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. The cash accounts are insured by FDIC up to \$250,000 per legal ownership. There were no uninsured cash balances as of December 31, 2022 and 2021.

The Company also has credit risk associated with its continuing franchise fees and royalties. The Company's continuing franchise fees and royalties are dependent upon the activities, primarily sales, of the franchises that it services. The variability of these activities can be significant and are dependent upon but not limited to the following: operational changes in the temporary employment industry; changes in state and federal labor practices and regulations; changes in levels of localized and national employment; and changes in the economy in general.

**NOTE 3 - RECEIVABLES**

Accounts receivable consist of the following as of December 31:

	2022	2021
Franchisee Sales Receivables	\$ 15,690,307	\$ 11,500,218
Franchise Fees Receivable	94,565	120,909
Advances to Franchisees	125,862	0
Other Receivables	114,563	279,100
Allowance for Doubtful Accounts	(49,883)	(49,883)
	<u>\$ 15,975,414</u>	<u>\$ 11,850,344</u>



#### **NOTE 4 - REVOLVING CREDIT AGREEMENT**

The Company has a revolving credit agreement which allows maximum borrowings of \$15,000,000 based on borrowing availability. The revolving credit agreement expires in December 2023 and bears interest payable monthly at the Daily Simple Secured Overnight Financing Rate (“Daily Simple SOFR”) plus 2.36%. The revolving credit agreement is collateralized by all assets of the Company. In addition, the revolving credit agreement contains certain restrictive covenants with which the Company was in compliance. At December 31, 2022, the outstanding balance on the revolving credit agreement was \$3,952,872 (\$1,842,623 in 2021).

The Company has also entered into a \$200,000 standby letter of credit with Sunz Insurance Company as the beneficiary. The standby letter of credit expires in June 2023 and reduces the Company’s available balance on the revolving credit agreement.

#### **NOTE 5 - LEASE COMMITMENTS / RELATED PARTY**

The Company leases office space for its Knoxville, Tennessee corporate headquarters from its shareholders. This lease agreement includes a 10 year initial term beginning January 2019 with one optional renewal period of 5 years. Monthly lease payments for the initial term are \$21,028.

Operating expense under all leases, including short term leases, totaled \$1,675,039 and \$1,300,417 for the years ended December 31, 2022 and 2021, respectively.

The Company adopted ASU 2016-02, *Leases* (Topic 842), as of January 1, 2022. Prior period information was not restated and continues to be presented under ASC 840, *Leases*. The Company elected the package of practical expedients permitted under the transition guidance within the new standard which allowed the Company to not reassess existing contracts to determine if they contain a lease and to carry forward the historical lease classification upon transition. Additionally, as allowed by the standard the Company has elected to not apply the guidance of ASC 842 to leases with a term of 12 months or less and has elected to use a risk-free rate as the discount rate since the implicit rate is not readily determined.

With the adoption of ASC 842, the Company recorded a right-of-use lease asset and lease liability of \$1,675,039 as of January 1, 2022. The adoption of this new standard did not materially impact the statement of income or the statement of cash flows.

The Company assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Company’s right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of lease payments over the defined lease term. The Company assesses lease option renewals using a threshold of reasonably certain, which is a high threshold and, therefore, the Company’s leases do not include renewal periods for the measurement of the right of use asset and the associated lease liability.

The Company has elected the practical expedient to not separate lease and non-lease components. The Company’s real estate lease agreement has lease and non-lease components, which are generally accounted for separately where applicable. The Company assesses each contract individually and applies the appropriate variable payments based on the terms of the agreement. The Company’s lease agreement does not contain residual value guarantees, restrictions or covenants.

**NOTE 5 - LEASE COMMITMENTS / RELATED PARTY (Continued)**

Future minimum lease payments under noncancelable operating leases as of December 31, 2022 are as follows. The weighted average remaining term as of December 31, 2022 is approximately 6 years and the weighted average discount rate is approximately 1.55%.

2023	\$	252,336
2024		252,336
2025		252,336
2026		252,336
2027		252,336
Thereafter		<u>252,336</u>
Total Minimum Lease Payments		1,514,016
Less: Amounts Representing Interest		<u>67,293</u>
Present Value of Lease Liabilities	\$	<u><u>1,446,723</u></u>

**NOTE 6 - RELATED PARTY TRANSACTIONS**

From time to time, the Company may borrow or advance funds from its shareholders or related entities which are controlled by the Company's shareholders. At December 31, 2022, the Company had net payables of approximately \$4,585,000 to the shareholders and these related parties (net payables of approximately \$1,653,000 in 2021).

At December 31, 2022, the Company had advances receivable of approximately \$66,000 (\$42,000 in 2021) from W.G. Hall, LLC and borrowings of approximately \$1,368,000 (\$1,677,000 in 2021) from G.C. Hall, LLC. The Company has determined that W.G. Hall, LLC and G.C. Hall, LLC, which are owned 100% by Atwork's shareholders, are variable interest entities (VIE) and that Atwork is their primary beneficiary but has elected the private company accounting alternative and has not consolidated these entities.

The Company converted approximately \$2,100,000 of the advance receivable from W.G. Hall, LLC to a note receivable as of January 1, 2021. The note requires monthly payments of \$19,548 plus interest at 2.25% (plus the greater of 0.25% or Daily 1 Month SOFR) until December 2030. The outstanding balance of the note was approximately \$1,715,000 at December 31, 2022 (\$1,910,000 in 2021).

In addition, in 2022 the Company recognized revenue of approximately \$861,000 (\$369,000 in 2021) from services provided to G.C. Hall, LLC and W.G. Hall, LLC, and has operating receivables of approximately \$2,398,000 from G.C. Hall, LLC and W. G. Hall, LLC at December 31, 2022 (\$664,000 in 2021) which are reported in accounts receivable.

The Company also obtains service and products from an entity which is owned by the Company's shareholders. The service and products include software which is used for payroll and billing processes of the franchisees.

While the Company has no contractual obligation to do so, it may voluntarily elect to provide these related entities with additional direct or indirect financial support based on its business objectives. The Company's maximum exposure to losses on these variable interest entities is limited to the total amount of any outstanding balances.

The Company also has net borrowings from Atwork's shareholders which totaled approximately \$4,998,000 at December 31, 2022 (\$1,928,000 in 2021). These borrowings are due on demand and accrue interest.

**NOTE 7 - INCOME TAXES**

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company has included in expenses insignificant amounts for interest or penalties associated with income taxes for the years ended December 31, 2022 and 2021. With few exceptions, the Company is no longer subject to examinations by tax authorities for years before 2019. The provision for income taxes differs from the expected amount computed by applying the statutory federal tax rate due principally to permanent differences in taxable income and tax credits.

Income taxes (benefit) for the years ended December 31, 2022 and 2021 consist of:

	<u>2022</u>	<u>2021</u>
Current	\$ 55,263	\$ (105,206)
Deferred	<u>81,417</u>	<u>308,507</u>
	<u>\$ 136,680</u>	<u>\$ 203,301</u>

Deferred income tax assets and liabilities in the accompanying balance sheets include the following:

	<u>2022</u>	<u>2021</u>
Deferred Tax Assets	\$ 240,651	\$ 203,496
Deferred Tax Liabilities	<u>(401,260)</u>	<u>(282,688)</u>
Net Deferred Tax Asset (Liability)	<u>\$ (160,609)</u>	<u>\$ (79,192)</u>

**NOTE 8 - CONTINGENCIES**

The nature and scope of the Company's business brings it into regular contact with the general public and a variety of businesses and governmental entities in the ordinary course of business. Such activities inherently subject the Company to the hazards of litigation. The Company is from time to time subject to pending claims and lawsuits arising in the ordinary course of business. The Company accrues for such claims when payment is probable and estimable in accordance with GAAP. At this time, in the opinion of management, the ultimate resolution of pending legal proceedings will not have a material adverse effect on operations, financial position, or cash flows.

In 2022, the Company applied for an employee retention credit as provided for under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). This credit is a refundable tax credit against certain employment taxes for eligible employers. Management will record the tax credit once there is reasonable assurance that the assistance will be collected.

**NOTE 9 - U.S. SMALL BUSINESS ADMINISTRATION LOAN**

In March 2020, the United States Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which established the Paycheck Protection Program (the "Program"). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. In February 2021, the Company and certain commonly controlled entities together applied for and received a Paycheck Protection Program loan under the Economic Aid Act, which was enacted by the United States Congress on December 27, 2020. The Company received a loan for \$446,583. The Company received a notice of forgiveness from the Small Business Administration forgiving the loan principal and accrued interest in November 2021. As such, the Company recognized \$446,583 as other income for the loan forgiveness for the year ended December 31, 2021.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

# ATWORK FRANCHISE AGREEMENT

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**FRANCHISEE**

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**LOCATION**

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## **EXHIBITS**

Appendix 1	Guaranty and Assumption of Obligations
Exhibit A	Protected Territory
Exhibit B	Confidentiality Agreement
Exhibit C	Statement of Ownership Interest
Exhibit D	Risk Management Reserve Schedule
Exhibit E	Discount and Rebate Schedules



## ATWORK FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into by and between ATWORK FRANCHISE, INC., a Tennessee corporation, with its principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”) as of the date signed by us and set forth opposite our signature on this Agreement (the “**Effective Date**”).

### **1. GRANT OF FRANCHISE.**

#### **1.A. PREAMBLES.**

(1) We and our affiliates have, with considerable effort, developed (and continue to develop and modify) a unique system for the establishment, development, management, and operation of businesses engaged in providing temporary clerical, administrative, and light industrial personnel and Full-Time Placements (defined below) (“**Personnel Services Businesses**”).

(2) We and our affiliates use and promote, and license others to use and promote, certain trademarks, service marks, and other commercial symbols in operating Personnel Services Businesses, which have gained and may continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols to identify Personnel Services Businesses (collectively, the “**Marks**”).

(3) Personnel Services Businesses will offer the services and goods we authorize, and use our distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks, all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “**Franchise System**”).

(4) We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort to own and operate a Personnel Services Business, and you have applied and been approved for a franchise to own and operate a Personnel Services Business.

#### **1.B. ACKNOWLEDGMENTS.**

You acknowledge that:

(1) you have independently investigated this franchise opportunity and recognize that, like any other business, the nature of the business that a Personnel Services Business conducts may (and probably will) evolve and change over time;

(2) attracting customers for your Personnel Services Business will require you to make consistent sales and marketing efforts in your community through various

methods, including cold calling, customer site visits (both scheduled and drop-in), media advertising, direct mail advertising and networking, online and social media marketing, and display and use of promotional materials. As used in this Agreement, a “**customer**” is any party who is or will be provided or who receives goods or services which are the subject of this Agreement including the placement of workers on temporary assignments (“**Assigned Temporary Workers**”), as well as job candidates who are seeking a full-time employment relationship (“**Full-Time Placements**”);

(3) our officers, directors, employees, and agents act only as representatives of us, and not as individuals, and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us;

(4) to induce our entry into this Agreement, you have represented to us that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

(5) we have the right to restrict your sources of goods and services, as provided in various sections of this Agreement, including Section 7.E below;

#### **1.C. GRANT AND TERM OF FRANCHISE.**

Subject to this Agreement’s terms, we grant you a franchise to use the Franchise System and the Marks to operate a Personnel Services Business (“**your Personnel Services Business**”) within the Protected Territory at an address to be selected in accordance with Section 2.A (the “**Office**”), provided that the Office is located within the geographical area set forth on **Exhibit A**.

The term of this Agreement begins on the Effective Date and expires ten (10) years from the Effective Date, unless sooner terminated as provided herein.

You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote your Personnel Services Business. You may use the Office only for your Personnel Services Business. You agree not to conduct the business of your Personnel Services Business at any site other than the Office.

#### **1.D. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP.**

We do not permit individuals to enter into franchise agreements or operate Personnel Services Businesses. You must, therefore, operate your Personnel Services Business, and you must sign this Agreement, as a corporation, limited liability company, or general or limited partnership, and you agree and represent that:

(1) You are validly existing and in good standing under the laws of the state in which you were formed, and have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements;

(2) Your organizational documents state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement's restrictions;

(3) **Exhibit C** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Any person owning an interest in you at any time during this Agreement's term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached hereto as **Appendix 1**. Subject to our rights and your obligations under Section 14, you and your owners agree to sign and deliver to us a revised **Exhibit C** to reflect any changes in your ownership information;

(5) You must identify one of your owners on **Exhibit C** who is a natural person with at least a fifty-one percent (51%) ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, to act as your "**Operating Partner**." We reserve the right to approve the Operating Partner. In the event that your Operating Partner ceases to own at least a fifty-one percent (51%) ownership interest and voting interest in you, your Operating Partner resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Partner, or we disapprove of your Operating Partner, you must recruit a new Operating Partner within thirty (30) days of the change in ownership or disapproval and deliver to us a revised **Exhibit C** to accurately identify the Operating Partner for our review and approval;

(6) You agree that the Operating Partner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by the Operating Partner will be final and binding on you and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Operating Partner; and

(7) Your Personnel Services Business will be the only business that you operate.

## 1.E. PROTECTED TERRITORY

Except as provided in this Agreement, and subject to your compliance with this Agreement, neither we nor any affiliate shall establish or authorize any person or entity to establish a Personnel Services Business using the Marks that sells services offering temporary clerical, administrative, and light industrial personnel to customers located in the area described in **Exhibit A** (the "**Protected Territory**") during the term of this Agreement; provided, however, if during the term of this Agreement the population of the Protected Territory increases by more than fifty percent (50%) (as measured by whichever demographic reports we elect to use), we may, at our sole discretion, reduce the size of your Protected Territory; provided, however, you would be permitted to retain any then-existing accounts for customers you serviced in your original Protected Territory.

Except for the limited circumstances described in Section 1.G, you are prohibited from soliciting or selling services offering temporary clerical, administrative, and light industrial personnel to customers located outside of the Protected Territory.

#### **1.F. TERRITORIAL RIGHTS WE RESERVE.**

You acknowledge and agree that the franchise granted under this Agreement is non-exclusive. Other than your Protected Territory, you have no territorial protection and we (and our affiliates) retain all rights with respect to the placement of Personnel Services Businesses and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include:

(1) the right to establish and operate, and allow others to establish and operate, staffing businesses (including businesses offering Full-Time Placements) other than Personnel Services Businesses using the Marks or the Franchise System, at any location within or outside of the Protected Territory, and on any terms and conditions we approve;

(2) the right to serve or authorize others to serve National/Regional/Onsite Account Customers (defined in Section 3.F) at locations within your Protected Territory on an ongoing basis if you are unqualified or unwilling to do so, or if a particular National/Regional/Onsite Account Customer specifies to us in writing that it wishes to use another franchisee, according to the procedures and upon the terms described in the Operations Manual, as revised from time to time, for our National/Regional/Onsite Account Contract Program (defined in Section 3.F), if one is instituted;

(3) the right to establish and operate, and allow others to establish and operate, other Personnel Services Businesses using the Marks or the Franchise System, at any location outside the Protected Territory, and on any terms and conditions we approve;

(4) the right to establish and operate, allow others to establish and operate, or acquire the ownership interests or assets of another business that establishes or operates, any business using trade names, trademarks, service marks and commercial symbols other than the Marks (including other personnel services businesses), anywhere in the world (including in the Protected Territory), regardless of the nature or location of the customers of such business, which may offer products and services that may be identical or similar to products and services offered by Personnel Services Businesses;

(5) the right to establish, and allow others to establish, other distribution channels (including the internet) wherever located or operating, including within your Protected Territory, regardless of the nature or location of the customers, with whom such other distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Personnel Services Businesses, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Personnel Services Businesses customarily sell under any terms and conditions we approve;

(6) the right to acquire the assets or ownership interests of one or more businesses that operate, or grant franchises or licenses to operate, one or more personnel services businesses located or operating within or outside the Protected Territory, notwithstanding the fact that such personnel service businesses may be the same as or similar to Personnel Services Businesses; and in the event of such an acquisition, we or our affiliates (as applicable) shall have the right to continue to operate such personnel services businesses and to develop additional personnel services businesses of such concept, and to grant others the right to develop and operate personnel services businesses of such concept, both within and outside the Protected Territory;

(7) the right to be acquired (regardless of the form of transaction) by a business, whether or not such business is a Competitive Business (defined in Section 6.A), even if such business operates, franchises and/or grants licenses for the operation of staffing businesses which may be the same as or similar to Personnel Services Businesses within the Protected Territory; and in the event of such an acquisition, the acquirer and its affiliates (as applicable) shall have the right to continue to operate such personnel services businesses and to develop additional personnel services businesses of such concept, and to grant others the right to develop and operate staffing businesses of such concept, both within and outside the Protected Territory; and

(8) engage in all other activities not expressly prohibited by this Agreement, both within and outside of the Protected Territory.

#### **1.G. OPERATION OUTSIDE YOUR PROTECTED TERRITORY.**

You acknowledge that you may not provide services to any customers outside of your Protected Territory unless we have provided our prior written consent. We will grant our consent only upon your satisfaction of the following conditions:

(1) The area in which you wish to provide service is not included in another franchisee's territory or in an area currently served by a company-owned Business.

(2) You may not conduct any advertising targeting customers outside your Protected Territory unless you can completely discontinue the advertising on thirty (30) days' notice or less.

(3) When the area is granted to another franchisee, you agree to immediately stop providing services and turn over your list of prospects and customers in the external area to the franchisee to which the area has been granted without seeking or accepting any compensation for doing so. You must immediately discontinue any advertising you have directed to customers in the area.

(4) You agree to immediately stop serving customers in the external area if we withdraw our consent to your operating there. Failure to stop serving customers in the external area within thirty (30) days after written notice is grounds for our termination of your franchise.

If another AtWork franchisee violates this or any similar restriction under an agreement with us, we are not obligated to compensate you for any staffing services such franchisee may have provided in your Protected Territory.

#### **1.H. NON-EXCLUSIVE RIGHT TO OFFER FULL-TIME PLACEMENTS.**

In addition to providing Assigned Temporary Workers to customers in the Protected Territory, we grant you, during the term of this Agreement, the non-exclusive right to use the Franchise System and the Marks to offer Full-Time Placements to customers located within the Protected Territory. Unless we provide prior written consent, you will not offer Full-Time Placements to customers located outside the Protected Territory. You acknowledge that other AtWork franchisees may have the right to offer Full-Time Placements within the Protected Territory, and you agree to abide by any restrictions we place on your right to offer Full-Time Placements.

### **2. DEVELOPMENT AND OPENING OF YOUR PERSONNEL SERVICES BUSINESS**

#### **2.A. SITE SELECTION.**

We must approve the location for the Office. You will submit to us a complete report for a site you propose for your Personnel Services Business. Unless you have our prior written approval to search for a proposed site outside of your Protected Territory, all site reports that you submit to us must be for a site within your Protected Territory. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We may also require that you hire a service provider that we designate, which may be one of our affiliates, to assist you with the site selection process.

We have the right to accept or not accept all proposed sites, including sites selected using the services of any of our designees, in our sole discretion. We will use reasonable efforts to accept or not accept the proposed site within thirty (30) days after receiving your report. After we approve a site, and after you secure the site, such site will be your Office.

You acknowledge and agree that your acceptance of a site is based on your own independent investigation of the site's suitability for a Personnel Services Business. Our recommendations and assistance indicate only that we believe that the site and location meet our then-acceptable criteria. Applying criteria that have appeared effective with other sites and locations might not accurately reflect the potential for all sites and locations, and factors included in or excluded from our criteria could change, altering the potential of a site or location. The uncertainty and variability of these criteria are beyond our control, and we are not responsible if a site and location we recommend fails to meet your expectations.

You may not relocate your Personnel Services Business to a location other than the Office without our approval.

## **2.B. LEASE OF SITE.**

You must, on your own initiative and at your own expense, lease (or buy) and occupy the approved location for the Office. We do not provide you with any assistance in approving or negotiating the lease (or purchase agreement) for the location for the Office.

## **2.C. DEVELOPMENT AND CONSTRUCTION OF YOUR PERSONNEL SERVICES BUSINESS.**

You are responsible for developing the Office and maintaining the Office in a safe, orderly, businesslike, and clean state, and keeping it properly staffed, furnished, and identified as an AtWork office. You may not offer or conduct any other services other than those authorized by this Agreement from the Office. If you need to secure financing to complete your development obligations, you agree to do so independently and at your own expense. We may, but are not obligated to, give you mandatory and suggested specifications for the Office, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. You agree to develop, construct and decorate the Office at your own expense. It is your responsibility to confirm all required construction plans and specifications comply with the Americans with Disabilities Act and all other applicable ordinances, building codes, permit requirements, and requirements and restrictions under your lease.

## **2.D. OPERATING ASSETS.**

Before you open your Personnel Services Business, you agree to obtain and install the fixtures, furniture, equipment, components of the Computer System (as defined in Section 2.E), furnishings, and signs that we approve for Personnel Services Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance (collectively, “**Operating Assets**”). You agree to purchase or lease the brands, types, and models of Operating Assets that we designate or approve. You agree to purchase or lease the Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

## **2.E. COMPUTER SYSTEM.**

You agree to obtain and use the computer hardware, sales and scheduling software, and/or other operating software we specify from time to time (the “**Computer System**”). We may modify specifications for and components of the Computer System from time to time and you agree to implement our modifications within sixty (60) days after you receive notice from us. We might periodically require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement’s remaining term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (and any additions and modifications) and required service or support.

You must obtain and install the Computer System, and ensure that the Computer System is functioning properly, before your Personnel Services Business opens.

You must pay for any proprietary software or technology that we, our affiliates or third-party designees license to you and for other maintenance and support services that we, our affiliates or third-party designees provide during the term of this Agreement. We or our affiliates may condition your license of any proprietary software, or your use of technology that we or our affiliates develop or maintain, on your signing a license agreement or similar document that we or our affiliates approve to regulate your use of, and our and your respective rights and responsibilities with respect to, such software or technology.

The Computer System may give us and our affiliates access to all information generated by the Computer System, including price maintenance and information relating to customers for your Personnel Services Business. At our request, you agree to sign a release with any vendor of your Computer System providing us with unlimited access to your data.

Despite the fact that you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for acquiring, operating, maintaining and upgrading: (1) the Computer System; (2) the connectivity of your Computer System; and (3) third-party interfaces between the Computer System and our and any third party's computer system. You will have sole and complete responsibility for any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

## **2.F. TELEPHONE NUMBERS.**

You agree that each telephone or facsimile number, directory listing, and any other type of contact information used by or that identifies or is associated with your Personnel Services Business (any “**Contact Identifiers**”) will be used solely to identify your Personnel Services Business in accordance with this Agreement. Upon termination or expiration of this Agreement, you agree to transfer, assign or otherwise convey to us full control of all Contact Identifiers and Online Presences (defined in Section 9.C) that you used to operate your Personnel Services Business or that displays any of the Marks or any reference to the Franchise System. Notwithstanding the foregoing, you agree that all liabilities and obligations arising from any such Contact Identifiers or Online Presence prior to the date of the transfer, assignment or conveyance to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 10.D. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to effect the foregoing purposes.

## **2.G. COMMENCEMENT OF BUSINESS.**

You may not commence operating your Personnel Services Business until:

- (1) your Operating Partner and your Manager (defined in Section 7.H) have completed the Training Programs to our satisfaction (defined in Section 3.A);
- (2) you pay the Initial Franchise Fee and all other amounts then due to us;
- (3) you establish your Risk Management Reserve (defined in Section 3.E) with us;



(4) you have obtained the right to occupy the Office (either by lease or purchase) and have completed the build-out of and furnished the Office as necessary to operate your Personnel Services Business;

(5) you have hired no fewer than two (2) internal staff members to work full time at your Personnel Services Business;

(6) you give us certificates for all required insurance policies (as described in Section 8); and

(7) you meet all regulatory requirements, including all state and local professional regulations.

Subject to your compliance with these conditions, you agree to commence full-time operation your Personnel Services Business on the first Monday following your completion to our satisfaction of all phases of the Training Programs described in Section 3.A (the “**Commencement Date**”), which in no event shall be later than ninety (90) days after the Effective Date (the “**Commencement Date Deadline**”). Once you have commenced operation of your Personnel Services Business, you must operate your Personnel Services Business continuously, on a full-time basis, for the remainder of the term of this Agreement.

### **3. TRAINING AND ASSISTANCE.**

#### **3.A. INITIAL TRAINING PROGRAMS.**

We will provide you with training programs in the operations of a Personnel Services Business (collectively, the “**Training Programs**”). The Training Programs currently consist of three separate components over a total of approximately ten (10) days: (1) owners’ Launch Camp, (2) a branch shadow program, and (3) initial franchise training. However, the Training Programs and their duration are subject to change without prior notice to you. You may invite additional staff to attend the appropriate portions of the Training Programs if space allows, though we reserve the right to limit the number of additional attendees. We may require that your trainees obtain such professional certifications as we require from time to time before they may attend the Training Programs. We reserve the right to vary the Training Programs based on the experience and skill level of the individual(s) attending.

We will provide the Training Programs at the times and locations we determine in our sole discretion, which may include sending our trainer(s) to the Office to conduct any part of the Training Programs. You may, however, request that we provide any portion of the Training Programs on-site at the Office, and we will determine whether to provide such portion of the Training Programs on-site in our sole discretion. If we provide any portion of the Training Programs on-site at the Office, we reserve the right to charge you any travel and living expenses for the trainers we send to the Office. Notwithstanding the foregoing, we reserve the right to conduct all or a portion of the Training Programs using online, virtual platforms (such as Zoom<sup>®</sup> or Microsoft Teams<sup>®</sup>).

Your Operating Partner, your Manager (if applicable), and your initially hired internal staff must complete the Training Programs to our satisfaction prior to commencing operation of your Personnel Services Business. If your Operating Partner, your Manager (if applicable), or any of your initially hired internal staff, fails to complete the Training Programs to our satisfaction, we reserve the right, in our sole discretion, to require such individual to attend additional training and we may charge you our then-current training fee for such additional training. In addition, if, during the term of this Agreement, we determine, in our discretion, that your Operating Partner, your Manager (if applicable), or any of your internal staff requires refresher training, we may require such individuals to retake all or a portion of the initial Training Programs. Additional training will be provided at a time and location of our choice. If your Operating Partner, your Manager, or any internal staff member required by us, is unable to complete the additional required training to our satisfaction, we reserve the right, in our sole discretion, to terminate this Agreement. If we terminate this Agreement because your Operating Partner, your Manager, or an internal staff member required by us, was unable to complete the Training Programs to our satisfaction, and you and your owners agree to execute general releases in a form satisfactory to us, we will refund fifty percent (50%) of the Initial Franchise Fee, less our out-of-pocket expenses, to you.

You are responsible for providing a training program for all your internal staff other than the attendees of the Training Programs. All your internal staff must pass the program to our satisfaction prior to providing services for your Personnel Services Business. We reserve the right to approve the length and content of all training programs you provide to your internal staff. If we determine, in our sole discretion, that one or more of your internal staff members is not properly trained to provide the services offered by your Personnel Services Business, we may require such person to cease providing services for your Personnel Services Business and/or to be trained by us at our then-current training fee.

We currently offer the Training Programs on a regularly scheduled monthly basis, but we reserve the right to modify this schedule at any time from time to time. If you appoint a new Operating Partner or Manager, he or she must attend the then-current Training Programs within thirty (30) days of the appointment date unless we determine that you are sufficiently trained to provide a comparable substitute training program to such Manager, which determination we will make in our sole discretion. If we permit you to train any Manager yourself, you must provide such training according to our then-current standards and specifications, and we must determine that such Manager has been adequately trained prior to providing any services for your Personnel Services Business. If we determine that any Manager that you trained is not sufficiently trained to provide services for your Personnel Services Business, we may require such person attend our Training Programs. If we determine that you are sufficiently trained to provide a comparable substitute training program to any Manager, we may elect not to make the Training Programs available to such person until the next time our Training Programs would otherwise be offered.

If your attendees complete the Training Programs to our satisfaction and have not expressly informed us at the end of the program that they do not feel sufficiently trained in the operation of a Personnel Services Business, then you and they will be deemed to have been trained sufficiently to operate a Personnel Services Business.

We may require your Operating Partner, your Manager, and/or certain other internal staff members of your Personnel Services Business to attend various training courses, trade shows,

ongoing education or certification programs, and/or webinars at the times and locations designated by us, including courses and programs provided by third parties we designate. Besides attending these training courses, programs and events, we require your Operating Partner and your Manager (if applicable) to attend an annual meeting of franchise owners and/or meetings for regional franchise owners. These meetings will be held at our discretion and may be held at locations we designate or through an online, virtual platform. However, any attendance at any additional training courses, programs or events, or any annual or regional franchise owner meetings, will not be required for more than ten (10) days during a calendar year (which days may not necessarily be consecutive). We may charge a registration fee for each individual you send to these meetings.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that your Operating Partner or any internal staff member (including the Manager, if any) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to the Office to conduct training, including food, lodging and transportation. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

Notwithstanding any obligations we may have under this Agreement, we will not be required to send any of our representatives to the Office or your Protected Territory to provide any assistance or services if, in our determination, it is unsafe to do so. Such determination by us will not relieve you from your obligations under this Agreement (including, to pay monies owed) and will not serve as a basis for your termination of this Agreement.

### **3.B. GENERAL GUIDANCE.**

We may advise you from time to time regarding your Personnel Services Business's operation based on your reports or our inspections. We reserve the right to periodically visit the Office and evaluate your Personnel Services Business.

### **3.C. OPERATIONS MANUAL.**

We may guide you with respect to: (1) standards, specifications, and operating procedures and methods that Personnel Services Businesses use; (2) advertising, marketing and branding strategies; and (3) accounting, reporting and record retention. Such guidance will be furnished in the form of our operations manual for the operation of Personnel Services Businesses (the "**Operations Manual**"). We may also provide guidance via telephonic conversations and/or consultation at our offices. The Operations Manual may be added to, deleted from, changed, amended, revised or otherwise modified from time to time. During the term of this Agreement, we will provide you online access to the Operations Manual in an electronic format via a restricted website, intranet, or via other electronic means (including by sending to you via email). We reserve the right to loan to you a hard copy of the Operations Manual, in which case, you agree to keep the Operations Manual in a secure place at the Office, and return such hard copy to us on demand or in any case upon termination or expiration of this Agreement.

The Operations Manual contains the mandatory specifications, standards, rules, and operating procedures that we periodically prescribe for operating a Personnel Services Business (“**System Standards**”), suggested procedures, and information on your other obligations under this Agreement. We may modify the Operations Manual. Although we generally provide online access to the Operations Manual, the Operations Manual may also consist of one or more separate manuals or handbooks as well as DVDs, CDs, computer software, and/or other written materials, and other materials and intangibles, as may be modified, added to, replaced or supplemented by us from time to time in our sole discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. You agree to monitor and access the website, any applicable intranet site, and/or your email account for any updates to the Operations Manual. Any passwords or other digital identifications necessary to access the Operations Manual on a website or intranet will be deemed to be part of Confidential Information (as defined in Section 5 below).

If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree that the Operations Manual’s contents are confidential and that you will not disclose the Operations Manual to any person other than any employee who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual; provided, however, solely for your internal use, you may duplicate those portions of the Operations Manual that are necessary for the efficient operation of your Personnel Services Business, which such duplicated material shall be subject to your obligations under this Section 3.C.

### **3.D. PAYMENT OF WAGES FOR ASSIGNED TEMPORARY WORKERS.**

We will process all of the Worker Expenses of Assigned Temporary Workers on your behalf and prepare and file all necessary payroll tax reports regarding the Assigned Temporary Workers. You must promptly provide us with any information we request, in the manner and form we specify, to enable us to perform these tasks, including copies of timesheets no less frequently than every week. “**Worker Expenses**” means all (i) wages, (ii) employer payroll taxes, (iii) bonuses and fringe benefits paid to the Assigned Temporary Workers, including holiday pay, travel allowances, and other direct employee benefits, (iv) workers’ compensation insurance premiums and costs, (v) unemployment claims management, and (vi) other payments that an employer would have to make to federal, state and local government agencies as the employer of the Assigned Temporary Workers.

Other than (a) workers’ compensation insurance premiums and costs and (b) bonuses and fringe benefits paid to the Assigned Temporary Workers, we will pay all of the Worker Expenses on your behalf. You acknowledge that, subject to applicable state or local law, we will only pay the Worker Expenses via electronic means (such as direct deposit), and we will not issue paper checks. We will not process more than two payroll-processing runs per calendar week. We will prepare and file all necessary payroll tax reports regarding the Assigned Temporary Workers.

We will not process Worker Expenses for your internal staff. Currently, we have an approved third party that we have approved to provide internal staff benefits and payroll services for Personnel Services Businesses, but you are not required to use such third party.

### 3.E. RISK MANAGEMENT RESERVE

We require you to allow us to hold and maintain a risk management reserve (the “**Risk Management Reserve**”) to cover disputed invoices that are charged back, improper payment of Assigned Temporary Workers, charges for misclassified workers, and other authorized deductions, and we will be allowed to draw on your Risk Management Reserve to pay for such costs and expenses. Before the Commencement Date, you must remit to us Five Thousand Dollars (\$5,000), which amount shall be considered the initial minimum reserve (the “**Minimum Reserve**”). If at any time your Risk Management Reserve balance falls below the Minimum Reserve, as initially established and as amended from time to time, then within ten (10) days following our written notice of the shortfall to you, you must submit sufficient funds to us to bring your Risk Management Reserve back to the Minimum Reserve.

After the Commencement Date, whenever your Risk Management Reserve balance falls below the maximum reserve amount set forth in the Risk Management Reserve Schedule attached hereto as **Exhibit D** and as amended from time to time (the “**Maximum Reserve**”), we shall on a monthly basis deduct from amounts otherwise payable to you an amount equal to one percent (1%) of your Gross Revenue, and we shall credit such amounts to your Risk Management Reserve. You acknowledge that the Risk Management Reserve must be deposited for any additional territory that may be added to the Protected Territory (and the Minimum Reserve and Maximum for such Risk Management Reserve will be determined based on such additional territory), and if you or an affiliate sign another franchise agreement with us, your Risk Management obligations will be set forth in such other franchise agreement.

Although we will hold and administer your Risk Management Reserve, your Risk Management Reserve shall remain your property. Upon termination of this Agreement, the balance of your Risk Management Reserve will be payable to you after final settlement of all accounts receivable for Assigned Temporary Workers and the payment to us of all chargebacks and other amounts then due to us or our affiliates under this Agreement or otherwise.

The Minimum Reserve and Maximum Reserve are subject to change by us on an annual basis, with any change effective beginning on the first day of January each year for the duration of the applicable year.

### 3.F. NATIONAL/REGIONAL/ONSITE CONTRACT PROGRAM

We may, in our sole discretion, institute and administer a “**National/Regional/Onsite Contract Program**,” operated according to written procedures in the Operations Manual, as revised from time to time, to enable the Franchise Network to accommodate the needs of National/Regional/Onsite Account Customers. A “**National/Regional/Onsite Account Customer**” means a customer that conducts its business in more than one company or franchisee territory and that we have designated as a “National/Regional/Onsite Account Customer.” If we institute a National/Regional/Onsite Contract Program, and we determine that you qualify to participate (using the qualification standards that we establish in the Operations Manual from time to time, which may include standards such as your length of experience with offering staffing services), you may be required to serve National/Regional/Onsite Account Customers at locations within your Protected Territory according to the procedures and upon the terms for the program

described in the Operations Manual, as revised from time to time. Pursuant to Section 1.F, if you are unqualified or unwilling to serve a National/Regional/Onsite Account Customer in your Protected Territory, or if a particular National/Regional/Onsite Account Customer specifies to us in writing that it wishes to use another franchisee, we have the right to serve or authorize others to serve National/Regional/Onsite Account Customers at locations within your Protected Territory on an ongoing basis.

#### 4. FEES.

##### 4.A. INITIAL FRANCHISE FEE.

You agree to pay us a nonrecurring initial franchise fee when you sign this Agreement (the “**Initial Franchise Fee**”) of Forty Thousand Dollars (\$40,000). The Initial Franchise Fee is due and fully earned by us when you sign this Agreement. If your Operating Partner or your Manager (if applicable) is unable to complete the Training Programs to our satisfaction, we may terminate this Agreement and, if you and your owners agree to execute general releases in a form satisfactory to us, we will refund fifty percent (50%) of the Initial Franchise Fee to you, less our out-of-pocket expenses. Otherwise, the Initial Franchise Fee is not refundable under any circumstances. You must pay us the Initial Franchise Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify.

##### 4.B. ROYALTY FEE.

You agree to pay us a monthly royalty fee (the “**Royalty**”) equal to seven percent (7%) of Gross Revenue derived during the preceding month; provided, however, the Royalty will be equal to nine percent (9%) of Gross Revenue derived from the placement of Full-Time Placements with customers. We may adjust the Royalty by up to one-half of one percent (0.5%) every six (6) months; provided, that we may not increase the Royalty by more than one percent (1.0%) in any two-year period of the Term.

The Royalty is subject to potential discount for “Qualified Low Gross Margin Accounts,” as described in **Exhibit E** to this Agreement. You must be in compliance with all of terms and conditions of this Agreement in order to qualify for the Qualified Low Gross Margin Accounts discount. We may modify or terminate such programs at our sole discretion.

The term “**Gross Revenue**” means all revenue or consideration that you receive, directly or indirectly, from operating your Personnel Services Business, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Gross Revenue includes the proceeds of any business interruption insurance or similar insurance. Gross Revenue does not include any federal, state, or municipal use or service taxes collected from customers and paid to the appropriate taxing authority.

##### 4.C. MARKETING FUND CONTRIBUTION.

You agree to contribute to the Marketing Fund (as defined in Section 9.E) in amounts we specify from time to time, payable in the same manner as the Royalty (the “**Marketing Fund Contribution**”). Currently, the required Marketing Fund Contribution is one-half of one percent

(0.5%) of Gross Revenue. The Marketing Fund Contribution will not exceed one percent (1.0%) of Gross Revenue. The Marketing Fund Contribution is not refundable under any circumstances.

#### **4.D. HIGH-RISK SURCHARGE.**

If a customer's invoice for an Assigned Worker(s) is unpaid for over sixty (60) days from the invoice date, you shall pay us a "**High-Risk Surcharge**" equal to one and one-half percent (1.5%) of the total unpaid invoice balance. The High-Risk Surcharge shall be calculated using an accounts receivable aging report and shall be accounted for on a monthly basis on the same date as the Royalty.

#### **4.E. INTEREST ON LATE PAYMENTS.**

All amounts that you owe us for any reason will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for service charges and interest. You acknowledge that this Section 4.E is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of your Personnel Services Business.

#### **4.F. NON-SUFFICIENT FUNDS AND CREDIT CARD PROCESSING.**

If a customer writes us a check that is returned, cancelled or dishonored, or if we debit a customer's bank account and the customer's account has insufficient funds or is inaccessible, you must pay us a nonsufficient funds fee of \$50. If a customer pays an invoice by credit card or debit card or other electronic means that generates a processing fee (thereby reducing the amount that we actually receive from the amount set forth on the applicable invoice), you must reimburse us the amount of such processing fee.

#### **4.G. APPLICATION OF PAYMENTS.**

Despite any designation you make, we may apply any of your payments to us or our affiliates to any of your past due indebtedness to us or our affiliates. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners, including but not limited to our reasonable attorney's fees incurred in connection with your default under this Agreement. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

#### **4.H. PROCESS FOR PAYMENTS TO YOU**

We will transmit all invoices to customers for services performed by Assigned Temporary Workers as reported by you, and all customer payments shall be made to us or one of our affiliates. You shall not bill or invoice customers, and any payment received by you shall be deemed money received in trust for our or our affiliate's benefit and shall be immediately forwarded to us or our affiliate, properly endorsed to us or our affiliate, as necessary. You shall not deposit or convert any funds received from a customer. Your unauthorized deposit or conversion of any funds received from a customer shall be a material breach of this Agreement permitting us to terminate this

Agreement along with exercising any other remedies available to us under this Agreement or applicable law.

On or before the twenty-fifth (25th) day of each calendar month, we will remit to you an amount equal to the Gross Invoice Amount during the applicable month (the “**Gross Purchase Price**”) less all Applicable Deductions (the “**Balance Payment**”).

On or before the twenty-fifth (25th) day of each month for the previous month, we will provide you with one or more statements (the “**Statements**”) setting forth all credits, payments, deductions and accruals during the applicable period in the format that we determine. We reserve the right at any time to modify the form or content of the Statements. We will calculate, process and include on the Statements your reported Gross Revenue, including the Gross Invoice Amount during the preceding month, as well as the Direct Payroll Costs, and the corresponding taxes, insurance, and other Applicable Deductions being deducted, withheld, accrued, or reserved.

“**Gross Invoice Amount**” means, for any period, the gross amount invoiced by us to customers of your Personnel Services Business during such period for services performed by Assigned Temporary Workers as reported by you.

“**Direct Payroll Costs**” means the aggregate of Worker Expenses and disability insurance where required by law. “Direct Payroll Costs” do not include the employer contribution costs of employee elected benefits (including but not limited to health insurance plan contributions, supplemental insurance, and matching 401(k) retirement plans), or your overhead or fees payable to us.

“**Applicable Deductions**” means the aggregate of: Direct Payroll Costs; other fees, deductions, accruals, contributions to your Risk Management Reserve, and chargebacks; any current or past due fees or indebtedness you owe us or our affiliates under this Agreement or otherwise, including but not limited to the Royalty; as well as mutually agreed upon customer discounts, pass-throughs, and other offsets, if any. Notwithstanding the foregoing or anything to the contrary herein, in no event shall Applicable Deductions include non-payment of Gross Invoice Amounts for Credit Risk (defined below).

#### **4.I. OWNERSHIP OF GROSS INVOICE AMOUNTS**

You agree to sell to us, and we agree to purchase from you, without further action, all accounts (as defined in Article 9 of the Uniform Commercial Code as in effect in the State of Tennessee) arising from services rendered by Assigned Temporary Workers pursuant to or in connection with this Agreement (the “**Accounts**”). Our purchase of an Account is effective as of the date such Account is created without further action by either of us. You acknowledge and agree that our application of the Gross Purchase Price for an Account to Applicable Deductions, and our payment to you in accordance with Section 4.H of this Agreement of any Balance Payment remaining after such application, constitutes payment by us of the purchase price for such Account.

We shall assume the Credit Risk of Accounts but not the risk of non-payment of Accounts for any other reason, including by reason of Dispute. Except in the event of a Dispute, all purchases by us of Accounts shall be without recourse to you for non-payment thereof. “**Credit Risk**” means,



with respect to any Account, the risk of non-payment of such Account due solely to the financial inability of the customer to pay such Account or the insolvency of such customer. In no event shall Credit Risk include the risk of non-payment on an Account that are subject to a Dispute. “**Dispute**” means any dispute or claim in any respect, regardless of merit, arising out of or in connection with an Account, the Gross Invoice Amount thereof or any other transaction related thereto, and include any alleged dispute as to price, invoice terms, quantity, quality, late delivery or non-performance of services, and claims of release from liability, counterclaim or any alleged claim of deduction, offset, or counterclaim or otherwise.

We may deduct and pay from the Gross Purchase Price and/or any Balance Payment all Applicable Deductions, including chargebacks for Gross Invoice Amounts subject to Dispute or with respect to which any of the representations or warranties in this Agreement relating to such Gross Invoice Amounts or Accounts are or at any time become untrue or inaccurate.

We and you intend that the conveyances and transfers of Accounts be true sales by you to us that provide us with the full benefits of ownership of the Accounts and Related Assets. Neither we nor you intend for the transactions contemplated under or in connection with this Section 4.I be, or for any purpose to be characterized as, loans from us to you or an assignment by way of security by you to us. “**Related Assets**” mean, with respect to any Accounts, (i) all contract rights relating to such Accounts and all other obligations for the payment of money arising therefrom, (ii) all collateral, insurance, supporting obligations (as defined in the Uniform Commercial Code as in effect in the State of Tennessee (the “**UCC**”)) and guaranties with respect to such Accounts, (iii) all rights and remedies against the customer and/or third parties obligated on such Accounts, (iv) all books and records (as defined in the UCC) relating to such Accounts or Related Assets, (v) all chattel paper, documents, general intangibles, commercial tort claims and instruments (as each such term is defined in the UCC) that evidence, govern, secure or relate to such Accounts or Related Assets, (vi) all insurance policies concerning any of the foregoing and (vii) all proceeds (as defined in the UCC) of such Accounts and Related Assets.

#### **4.J. TECHNOLOGY SERVICES FEE.**

You agree to pay us (or our affiliates) a fee (the “**Technology Services Fee**”) for ongoing subscription, maintenance and support of various technology systems, platforms and resources. We may in our discretion periodically modify the amount of the Technology Services Fee. You must pay the Technology Services Fee at the times, and in the manner, designated by us. We may require you to enter into written agreements with us or our affiliates to receive such services, with terms and conditions we approve. Some technology services may also be offered separately for an additional fee.

#### **4.K. METHOD OF PAYMENT.**

Other than costs and fees that we collect pursuant to Section 4.H, you must make all payments due under this Agreement in the manner we designate from time to time and you agree to comply with all of our payment instructions. You hereby authorize us and/or any third party we designate to debit your business checking account automatically for any or all amounts due under this Agreement (the “**EFT Authorization**”). You agree to execute and deliver to us any document(s) we require to evidence the EFT Authorization. The EFT Authorization will remain

in full force and effect during the term of this Agreement. We or our designee will debit the business account you designate in the EFT Authorization for amounts you owe us on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account to cover our withdrawals. You shall pay us a fee of One Hundred Dollars (\$100) each time we attempt to debit your business account and we receive a notice of insufficient funds.

We may receive information regarding your Gross Revenue through our access to the Computer System or we may require you to submit weekly and/or monthly Gross Revenue reports in the format we require. If we ever stop having access to information from your Computer Systems, and you fail to report your Personnel Services Business's Gross Revenue when due, then for each payment due under this Agreement that is calculated based on Gross Revenue, we may debit your business account one hundred ten percent (110%) of the average of the last three (3) applicable payments that we debited. If the amounts that we debit from your business account are less than the amounts you actually owe us (once we have determined your Personnel Services Business's true and correct Gross Revenue), we will debit your business account for the balance on any day we specify. If the amounts that we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

## 5. CONFIDENTIAL INFORMATION.

In connection with your development and operation of your Personnel Services Business, you and your owners and personnel may from time to time be provided and/or have access to non-public information about the Franchise System and the operation of Personnel Services Businesses (including your Personnel Services Business), some of which constitutes trade secrets under applicable law, regardless of whether it is marked confidential (the "**Confidential Information**"), including:

- (1) training and operations materials, including the Operations Manual;
- (2) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Personnel Services Businesses;
- (3) market research, promotional, marketing and advertising strategies and programs for Personnel Services Businesses;
- (4) strategic plans, including expansion strategies and targeted demographics;
- (5) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the Franchise System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Personnel Services Businesses other than your Personnel Services Business;

(8) information generated by, or used or developed in, your Personnel Services Business's operation, including information contained from time to time in the Computer System;

(9) lists of current, former, and prospective customers, including information such as customer names, contact persons, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information, and related information (collectively, "**Customer Information**"); and

(10) any other information designated as confidential or proprietary by us.

All Confidential Information (excluding Restricted Data, as hereinafter defined) will be owned by us. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Personnel Services Business during the term of this Agreement, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you, your owners, and your Manager (if any):

(a) will not use Confidential Information in any other business or capacity;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the term of this Agreement and then thereafter;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by restricting its disclosure and/or by requiring persons who have access to the Confidential Information to execute a Confidentiality Agreement in the form attached as **Exhibit B**; and

(e) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Without limiting the generality of the foregoing obligations, we reserve the right to require that any employee, agent or independent contractor that you hire execute a non-disclosure agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure agreement that we require you to use, provide to you, or regulate the terms of (including the Confidentiality Agreement attached as **Exhibit B**) may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement that your employees, agents and independent contractors sign.

Confidential Information does not include information, knowledge, or know-how, which (i) before we provided it to you, lawfully came to your attention, (ii) before we disclosed it to you, had already lawfully become known to you through publication or communication by others (without violating an obligation to us or our affiliates), or (iii) after we disclosed it to you, lawfully becomes known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Personnel Services 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 our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, you hereby assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

## **6. EXCLUSIVE RELATIONSHIP DURING TERM.**

### **6.A. COVENANTS AGAINST COMPETITION.**

You acknowledge that we have granted you a franchise in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that, during the term of this Agreement, neither you, any of your owners, nor any of your or your owners’ immediate family members will:

- (1) have any direct or indirect controlling or non-controlling interest (defined in Section 14.C) as an owner (whether of record, beneficially, or otherwise) in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than three percent (3%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (2) perform services as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;
- (3) divert or attempt to divert any actual or potential business or customer of your Personnel Services Business to a Competitive Business;
- (4) engage in any other activity which might injure the goodwill of the Marks and Franchise System or would constitute an act of moral turpitude; or
- (5) solicit, interfere, or attempt to interfere with our or our affiliates’ relationships with any customers, vendors, or consultants.

A “**Competitive Business**” means (1) any temporary or full-time staffing business or any business performing any temporary or full-time staffing, employment, contingent-workforce, contract or project-based assignments, or recruiting services of any kind; or (2) any businesses granting franchises or licenses to others to operate the type of staffing business specified in subparagraph (1).

You agree to obtain similar covenants from the personnel we specify, including officers, directors, your Manager, and other employees having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

#### **6.B. NON-DISPARAGEMENT.**

You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates’ directors, officers, employees, representatives or affiliates, the “AtWork” brand, the Franchise System, any Personnel Services Business, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the “AtWork” brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the “AtWork” brand.

### **7. SYSTEM STANDARDS.**

#### **7.A. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that operating and maintaining your Personnel Services Business according to System Standards is essential to preserve the goodwill of the Marks and all Personnel Services Businesses. Therefore, you agree at all times to operate and maintain your Personnel Services Business according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the Franchise System’s or your best interests. Although we retain the right to establish and periodically modify System Standards, your Operating Partner is solely responsible for the management and operation of your Personnel Services Business and for implementing and maintaining System Standards at your Personnel Services Business.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 7.B through 7.K below:

- (1) the minimum number of sales calls and visits to potential customers that you must make;
- (2) recruitment activities and campaigns for potential Assigned Temporary Workers and the media used in these activities and campaigns;
- (3) amounts and types of equipment and inventory you must purchase and/or maintain;

- (4) sales, marketing, advertising, and promotional campaigns, and other national, regional or location marketing programs, and materials and media used in these programs;
- (5) use and display of the Marks at your Personnel Services Business and on uniforms, labels, forms, paper, products, and other supplies;
- (6) staffing levels for your Personnel Services Business, employee credentials and qualifications, and training (although you have sole responsibility and authority concerning employee selection, promotion, and termination, hours worked, rates of pay and other benefits, work assigned, and working conditions);
- (7) customer service standards and policies;
- (8) product and service development programs, including participation in market research and testing;
- (9) accepting credit and debit cards, other payment systems, and check verification services;
- (10) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition;
- (11) the minimum days and hours the Office must be open; and
- (12) any other aspects of operating and maintaining your Personnel Services Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the Franchise System.

You agree that the System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a Franchise System extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

#### **7.B. VARIATION AND MODIFICATION OF SYSTEM STANDARDS.**

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right (as we consider best, in our sole discretion) to vary System Standards for any franchise owner based on the peculiarities of any condition that we consider important to that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchise owners. We may also permit variations in the System Standards (as we consider best, in our sole discretion) between Personnel Services Businesses owned by us and Personnel Services Businesses owned by franchisees.

We may periodically modify System Standards. These modifications may obligate you to invest additional capital in your Personnel Services Business and/or incur higher operating costs.

You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Office, buying new Operating Assets, adding new products and services, adding personnel or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

### **7.C. CONDITION AND APPEARANCE OF YOUR PERSONNEL SERVICES BUSINESS.**

During the term of this Agreement, you must regularly clean, repaint and repair the interior and exterior of the Office, repair or replace damaged, worn out or obsolete Operating Assets and otherwise maintain the condition of the Office and the Operating Assets to meet the highest standards of professionalism, cleanliness, sanitation, efficient, courteous service and pleasant ambiance.

Beginning five years after the Effective Date, and not more than once during any five year period thereafter, we periodically may issue a notice to you (each, a “**Refurbishment Notice**”) requiring you to renovate the Office and replace Operating Assets, including, but not limited to, signage (“**Renovations**”), to conform to our then-current System Standards. You will commence the Renovations within 30 days of receipt of any Refurbishment Notice. Notwithstanding the foregoing, nothing in this Agreement shall limit or otherwise excuse your obligation to ensure the Office, including the Operating Assets therein, is in good repair and conform to then-current System Standards. If the general state of repair, appearance or cleanliness of the Office or the Operating Assets does not meet our standards at any time in our reasonable judgment, we may notify you, specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within ten (10) days after you receive our notice, and/or do not complete any required maintenance or refurbishing in good faith and with due diligence, we have the right, in addition to all other remedies, to enter the Office and do any required maintenance or refurbishing on your behalf. You agree to reimburse us on demand for any expenses we incur in maintaining or refurbishing the Office on your behalf.

You will place or display at the Office (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we approve from time to time.

### **7.D. APPROVED PRODUCTS AND SERVICES.**

You agree that: (1) you will offer for sale or sell in connection with your Personnel Services Business the products and services that we specify from time to time; (2) you will offer for sale or sell in connection with your Personnel Services Business approved products and services only in the manner we have prescribed; (3) you will not offer for sale or sell in connection with your Personnel Services Business any products or services we have not approved; (4) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove; and (5) you will purchase and use only the brands, types, or models of products, materials, packaging, supplies and services (including the Operating Assets and the Computer System) that we designate for operating your Personnel Services Business.

## **7.E. APPROVED DISTRIBUTORS AND SUPPLIERS.**

We may designate, approve or develop standards and specifications for manufacturers, distributors and suppliers of products and services to your Personnel Services Business, which may be us or our affiliates (collectively, “**suppliers**”). You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve.

We may concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or services for any group of Personnel Services Businesses franchised or operated by us or our affiliates. We may also designate a single supplier for any product, service, Operating Asset, or other material, or approve a supplier only for certain products or services. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction.

Approval of a supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like us to consider approving a supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. We will not be obligated to respond to your request, and any actions we take in response to your request will be at our discretion. We may, with or without cause, revoke our approval of any supplier at any time.

## **7.F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.**

You must secure and maintain all required licenses, permits and certificates relating to your Personnel Services Business and must at all times operate your Personnel Services Business in full compliance with all applicable laws, ordinances and regulations. You agree to comply and assist us in our compliance efforts with any and all laws and regulations, including those relating to truth in lending, safety and sanitation, truth in advertising, occupational hazards, health and anti-discrimination laws, and anti-terrorist activities or the conduct of transactions involving certain foreign parties (including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Personnel Services Business as may be required by us or by law. You confirm that you, your owners, employees, agents, and representatives are not presently listed (nor has any such individual previously been listed) on the U.S. Treasury Department’s List of Specially Designated Nationals, the Annex to Executive Order 13224, or in any other governmental list which prohibits us or you from dealing with such individuals, and agree not to hire any person so listed or have



any dealing with a person so listed. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section 10.D) apply to your obligations under this Section.

Your Personnel Services Business must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers, us and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Personnel Services Businesses. You must notify us in writing within five (5) days of the threat of or commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of your Personnel Services Business and of any notice of violation of any law, ordinance, or regulation relating to your Personnel Services Business.

You agree to apply for and diligently pursue any government-issued, government-sponsored, or governmental-guaranteed grants, non-recourse loans, and/or bailouts for which you qualify and that are made available to small businesses as an economic stimulus.

#### **7.G. INFORMATION SECURITY**

You may from time to time have access to information that can be used to identify an individual, including names, addresses, telephone numbers, email addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”). You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. You acknowledge and agree that all Personal Information (other than Restricted Data) is our Confidential Information and is subject to the protections of Section 5 herein.

During and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree to, and to cause your current and former employees, representatives, affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of any of the Personnel Services Business’s and your computer systems at any time, from time to time, to ensure that you are complying with our

requirements. You must promptly notify us if you receive any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, your compliance with its obligations relating to Personal Information under this Agreement, and/or if you have any reason to believe you will not be able to satisfy any of your obligations relating to Personal Information under this Agreement.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the “**Restricted Data**”): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or the Personnel Services Business; (b) such other Personal Information as we may from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Data.

#### **7.H. MANAGEMENT OF YOUR PERSONNEL SERVICES BUSINESS.**

Your Personnel Services Business must at all times be under the direct, day-to-day, full-time supervision of your Operating Partner. The Operating Partner must attend all meetings scheduled and conducted by us for the purpose of further training, educating or informing the individual supervising Personnel Services Businesses.

Notwithstanding the foregoing, if you do not wish to have your Operating Partner supervise the Personnel Services Business on a full-time basis, you may appoint an individual who meets the minimum qualifications we specify periodically, including completing the Training Programs, to supervise the operation of your Personnel Services Business on a day-to-day, full-time basis (the “**Manager**”). We may establish minimum qualifications for any such Manager, which may include completion of training, confirmation that they will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require. If any Manager ceases to act as the Personnel Services Business’s Manager, your Operating Partner must manage the Personnel Services Business until such time as a replacement Manager has satisfactorily completed the Training Programs and meets our then-current minimum qualifications.

#### **7.I. PRICING.**

We may periodically set a minimum price that you may charge for products and services offered by your Personnel Services Business. If we impose a minimum price for any product or service, you may not charge less for such product or service than the minimum price we impose. For any product or service for which we do not impose a minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price below the suggested price unless we impose a minimum price for such product or service.

## 7.J. RECRUITMENT OF ASSIGNED TEMPORARY WORKERS

You must recruit, screen, test, interview, hire and assign Assigned Temporary Workers according to our standards and procedures and in compliance with all applicable laws and regulations. You acknowledge and agree that you will be employer of record for all Assigned Temporary Workers, provided, however, by written notice to you, we reserve the right to be (or to designate a third party to be) the employer of record for all Assigned Temporary Workers. You must maintain a system for time and record keeping in conformity with our specifications set forth in the Operations Manual and you must submit to us, using the forms and software that we designate from time to time, and at the intervals that we designate (typically weekly) the Payroll Data for each Assigned Temporary Worker placed by you. You are solely responsible for the accuracy of the Payroll Data you submit to us. **“Payroll Data”** includes but is not limited to the identity of each Assigned Temporary Worker, the amount of time worked, the pay rate, the workers’ compensation code, and any payroll deductions for the Assigned Worker.

## 7.K. CUSTOMER SOLICITATION

You must solicit and negotiate with customers in your Protected Territory to furnish Assigned Temporary Workers according to our standards and procedures and in compliance with all applicable laws and regulations. We may require you to submit proposed contracts to us for review before executing or accepting such contracts, and we may reject such contracts or require revisions to such contracts, in our discretion. We reserve the right to reject any prospective customer in our discretion.

All Customer Information will be owned by us. You will use Customer Information only for the promotion of your Personnel Services Business during the term of this Agreement. You will refrain from selling Customer Information to third parties. You will institute a data privacy and security policy for Customer Information in conformity with the requirements of Section 7.G.

## 7.L. MINIMUM PERFORMANCE STANDARD

You agree to use your best effort to operate your Personnel Services Business in a manner that generates maximum exposure for the AtWork brand and maximum revenue for your Personnel Services Business. Toward that end, you agree that the amount of Royalties generated from the operation of your Personnel Services Business during any Agreement Year (defined below) will be no less than the following minimum Royalty (the **“Minimum Performance Standard”**):

- During your first Agreement Year, there is no minimum.
- During your second Agreement Year, your Personnel Services Business must generate a Royalty of at least \$50,000.
- During your third Agreement Year, your Personnel Services Business must generate a Royalty of at least \$75,000.

- During your fourth Agreement Year and each subsequent Agreement Year through the end of the term of this Agreement, your Personnel Services Business must generate a Royalty of at least \$100,000.

An “**Agreement Year**” will be each 12-month period starting on the Commencement Date and each anniversary thereof. Any failure to satisfy the required Minimum Performance Standard in any Agreement Year will be a material default of this Agreement, and we may terminate this Agreement upon the occurrence of such default. Our establishment of the Minimum Performance Standard is not our representation that your Personnel Services Business will achieve any minimum level of sales.

## **8. INSURANCE.**

During the term of this Agreement, you must maintain in force at your sole expense comprehensive general liability, personal injury liability, property liability, hired/non-owned automobile, commercial liability umbrella, and other types of insurance we require. Currently, we require you to obtain such insurance from designated vendors according to the specifications we approve. All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of “A/VIII” or higher by the then-current edition of *Best Insurance Reports* published by A.M. Best Company (or other similar publication or criteria we designate).

Each insurance policy for liability coverage must name us and any affiliates or lenders we designate as additional named insureds, using a form of endorsement that we have approved, and provide for thirty (30) days’ prior written notice to us of a policy’s material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the operation of your Personnel Services Business. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Personnel Services Businesses that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances.

Your obligation to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us, nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement.

In addition, to the extent permitted by applicable law and subject to you meeting eligibility requirements, we require you to obtain workers’ compensation for your Personnel Services Business from a designated vendor as part of a group workers’ compensation program which we

administer (the “**Workers’ Compensation Program**”). Under the Workers’ Compensation Program, we will accrue on your behalf, workers’ compensations insurance premiums and costs for your internal staff and Assigned Temporary Workers, and you will be able to draw on an accrual account as necessary to pay such premiums and costs to the relevant insurer or governmental agency. If your participation in the Workers’ Compensation Program is not permitted by applicable law or you do not meet eligibility requirements, you must maintain in force at your sole expense workers’ compensation containing the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify, and we may periodically increase the amounts of coverage required under this insurance policy at any time.

Notwithstanding the foregoing, we may, at any time during the term of this Agreement, establish and require your participation in additional mandatory insurance programs. We reserve the right to approve, from time to time, insurance suppliers for such insurance programs. However, we have no obligation under this Agreement to establish any additional insurance programs for Personnel Services Business and may only allow participation to qualifying Personnel Services Businesses.

## **9. ADVERTISING.**

### **9.A. GRAND OPENING ADVERTISING PROGRAM.**

You agree to spend at least Five Thousand Dollars (\$5,000) for a grand opening advertising program for your Personnel Services Business to take place during the period beginning two (2) weeks before and ending 6 weeks after you open your Personnel Services Business (the “**Grand Opening Advertising Program**”). You agree to comply with our System Standards for your Grand Opening Advertising Program and conduct the Grand Opening Advertising Program in accordance pursuant to a plan which you will prepare and submit to us for approval at least sixty (60) days prior to you open your Personnel Services Business. We may require you to use the advertising, marketing and/or public relations programs, firms, media and materials we approve for your Grand Opening Advertising Program. We reserve the right to approve the type of expenditure that will count towards your minimum expenditure on your Grand Opening Advertising Program.

### **9.B. LOCAL ADVERTISING.**

Separate from and in addition to the Grand Opening Advertising Program, beginning on the Commencement Date, you agree to spend a minimum of Two Thousand Five Hundred Dollars (\$2,500) on local advertising approved by us during each calendar quarter. You acknowledge that this amount must be spent for each additional territory that may be added to the Protected Territory, and if you or an affiliate sign another franchise agreement with us, your local advertising expenditure obligations will be set forth in such other franchise agreement. On or before the thirtieth (30th) day after each calendar quarter, you must provide to us with an accurate accounting of your local advertising expenditures and marketing activities during the immediately preceding calendar quarter. You agree to provide to us such other periodic reports and records of such local advertising as we may request. Without limiting the generality of the foregoing, you acknowledge that we reserve the right, pursuant to Section 13.B hereof, to audit your local advertising expenditures.

You agree to list and advertise your Personnel Services Business on all major Internet search engines (for example, Google My Business and CitySearch), on all major Internet consumer review websites (for example, Yelp).

We reserve the right, at any time, to issue you a notice that the amounts required to be spent by you under this Section 9.A shall, instead, be paid to us or our designee. If we exercise this option, we will then spend such amounts, in accordance with local marketing guidelines and programs that we develop from time to time, to advertise and promote your Personnel Services Business on your behalf. We may instead, in our discretion, contribute any such amounts to the Marketing Fund in accordance with and as required under Section 9.D below. We may also elect, on one or more occasions and without prejudice to our rights to issue further notices, to temporarily or permanently cease conducting such marketing activities on your behalf and, instead, to require you to conduct such marketing activities yourself in accordance with this Section 9.A.

### **9.C. OUR APPROVAL OF ADVERTISING MATERIALS.**

Before you use any local advertising and promotional materials not prepared by or previously approved by us, you will submit samples of such materials to us for approval. If we do not approve the materials in writing within fifteen (15) days from the date we receive the materials, the materials are deemed to be disapproved. If we approve the materials, you may use them; provided, however, that we may, in our discretion, and without compensating you for any of your costs associated with the manufacture or distribution of the unused materials, withdraw our approval. You must not use any advertising or promotional materials that we have not approved or have disapproved. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

### **9.D. WEBSITES, SOCIAL MEDIA ACCOUNTS, AND OTHER ONLINE PRESENCES.**

Except as specified by us in the Operations Manual, you may not develop, maintain or authorize any website, domain name, email address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (an “**Online Presence**”) that mentions your Personnel Services Business, links to any Franchise System website, or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. We may, in our discretion, issue email addresses to you for use in connection with your Personnel Service Business. If we require you to use such an email address, you must do so according to our then-current System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all document, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users’ access to it at any time. With respect to any social media account Online Presence that we authorize you to maintain, we will establish such social media account and assign administration of such accounts to you. If we approve the use of any such Online Presence in the operation of your Personnel Services Business other than social media accounts, you will (i) develop (except to the extent we develop your social media accounts) and maintain such Online Presence only in accordance with our guidelines,

including our guidelines for posting any messages or commentary on other third-party websites and (ii) prepare a privacy policy for such website that complies with all applicable laws. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence. We may require that you: (1) provide us the information and materials we request to develop, update, and modify any Franchise System website; and (2) notify us whenever any information on the Franchise System website regarding you or your Office is not accurate.

#### **9.E. MARKETING FUND.**

Recognizing the value of advertising and marketing to the goodwill and public image of Personnel Services Businesses, we have established a national advertising and marketing fund (the “**Marketing Fund**”) for the advertising, marketing, public relations and Franchise System programmatic job distribution programs and materials we deem appropriate that will be used nationally, regionally, or locally in our franchise owners’ markets. you must pay us the Marketing Fund Contribution in accordance with Section 4.C. Personnel Services Businesses owned by us or our affiliates will contribute to the Marketing Fund on the same basis as our franchise owners.

We or our affiliates or other designees will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic, virtual, or digital media; developing, implementing, and maintaining a Franchise System website and related strategies; administering regional and multi-regional marketing and advertising programs, including programmatic job distribution programs, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and administering software, apps, and related integrations; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to reimburse us or our affiliates or designees for the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund’s other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund is not our asset. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. We will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions for the purposes described in this Section 9.E. The Marketing Fund may spend in any fiscal year more or less than the total

Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use all interest earned on the Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets. We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement upon written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 9.E.

We intend for the Marketing Fund to promote recognition of the applicable Marks, the AtWork brand and patronage of AtWork Personnel Services Businesses. We need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by AtWork Personnel Services Businesses operating in that geographic area or that any AtWork Personnel Services Business benefits directly or in proportion to its Marketing Fund Contribution from the development of advertising and marketing materials or the placement of advertising and marketing. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section 9.D, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of an AtWork Personnel Services Business franchise owner and, upon 30 days' prior notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will, at our option, either spend all unspent monies in accordance with this Section, until such amounts are exhausted, or distribute the funds in the Marketing Fund to the contributing AtWork Personnel Services Business owners on a pro rata basis.

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

### **10.A. INDEPENDENT CONTRACTORS.**

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including customers, suppliers, public officials, and employees of your Personnel Services Business) as your Personnel Services Business's owner and indicate clearly that you operate your Personnel Services Business separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your



Personnel Services Business. You agree that any employee (which shall include your Assigned Temporary Workers), agent, or independent contractor, that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Personnel Services Business in compliance with federal, state, and local employment laws.

#### **10.B. NO LIABILITY FOR ACTS OF THE OTHER PARTY.**

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Personnel Services Business's operation or the business you conduct under this Agreement.

#### **10.C. TAXES.**

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied on you or your Personnel Services Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

#### **10.D. INDEMNIFICATION BY YOU.**

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Personnel Services Business's operation, your (or your owners, employees, agents, and/or independent contractors') participation in any training conducted by us, including the Training Programs, the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be or found to have been caused by the Indemnified Party's gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may, in its discretion and at your expense, control the defense of any claim against it (including choosing and

retaining its own legal counsel), agree to settlements of claims against it, and take any other remedial, corrective, or other actions in response to such claims.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

## **11. MARKS.**

### **11.A. OWNERSHIP AND GOODWILL OF MARKS.**

Your right to use the Marks and the Franchise System is derived only from this Agreement. You may only use the Marks and the Franchise System to operate your Personnel Services Business according to this Agreement and in accordance with System Standards. Your unauthorized use of the Marks or the Franchise System is a breach of this Agreement and infringes our intellectual property rights. Your unauthorized use of the Marks or the Franchise System will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Agreement does not confer any goodwill or other interests in the Marks to you (other than the right to operate your Personnel Services Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after the term of this Agreement contest or assist any other person in contesting the validity of the Marks or our ownership of the Marks.

### **11.B. LIMITATIONS ON YOUR USE OF THE MARKS.**

You have no right to sublicense or assign your right to use the Marks. You agree to display the Marks prominently as we prescribe at your Personnel Services Business and on forms, advertising, supplies, staff and employee uniforms and other materials we designate. You may not use any other trademarks, service marks or commercial symbols to identify or operate your Personnel Services Business.

You agree to identify yourself as the independent owner of your Personnel Services Business in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any Online Presence, except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time; (5) in advertising any prospective transfer requiring our consent under Section 14.B, or (6) in any other manner that we have not expressly authorized in writing. However, you may, or we may require you to, file an assumed name application (e.g., a d/b/a) using the Marks in your assumed name using the following format: "AtWork - <Name of City or Neighborhood>," (your "**Assumed Name**") and we reserve the right to specify which city or neighborhood you use in your Assumed Name. You agree to give the

notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law. We may require you to identify your Personnel Service Business on any Online Presence by your Assumed Name, and we may identify your Personnel Service Business by your Assumed Name on any of our websites, online presences, marketing materials, or any other advertising platform.

#### **11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS.**

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. We and/or our affiliates may take any action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

#### **11.D. DISCONTINUANCE OF USE OF MARKS.**

We may at any time, in our sole discretion, require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks. You agree to replace the Marks at the Office with the modified, additional or substitute Marks we specify and comply with all other directions we give regarding the Marks at the Office within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

Our rights in this Section 11.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

#### **11.E. INDEMNIFICATION FOR USE OF THE MARKS.**

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding, and complied with our directions in responding to it. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

### **12. RECORDS AND REPORTS.**

You must maintain in a secure location at the Office (or if you own more than one (1) Business in a secure location at your principal place of business or such other location as we may

approve) during the term of this Agreement, and must preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts from your Personnel Services Business (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers) in the form and manner we prescribe in the Operations Manual or otherwise in writing.

You shall comply with the following reporting obligations:

(a) within the time limits specified in the Operations Manual, such other periodic operating statements, financial statements, statistical reports and other information we request regarding you and your Personnel Services Business;

(b) by March 15<sup>th</sup> of each year, annual profit and loss and source and use of funds statements and a balance sheet for your Personnel Services Business as of the end of the prior calendar year; provided, however, we reserve the right to require you to submit such reports on a monthly basis showing your financial results for the preceding month; and

(c) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Personnel Services Business.

You (or one of your officers) agree to sign and verify each report and financial statement in the manner we prescribe. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), independently access the Computer System and retrieve and retain all information relating to the operation of your Personnel Services Business. We may require you to have audited financial statements prepared annually during the term of this Agreement.

### **13. INSPECTION AND AUDITS.**

#### **13.A. OUR RIGHT TO INSPECT YOUR PERSONNEL SERVICES BUSINESS.**

To determine whether you and your Personnel Services Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Office and any location where any of your employees are providing services; (2) photograph the Office and observe and videotape your Personnel Services Business's operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor your Personnel Services Business using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview your Personnel Services Business's personnel and customers; (6) inspect the Computer System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to your Personnel Services Business's operation. Additionally, we may contract with third parties to conduct mystery shopper, customer survey or other market research testing, and quality assurance inspections at your

Personnel Services Business, and we reserve the right to require you to reimburse us the costs and expenses associated with such inspection services. You agree to cooperate with us fully during the course of these inspections and tests. If we exercise any of these rights, we will not interfere unreasonably with your Personnel Services Business's operation. You must reimburse all of our costs (including supplier fees, travel expenses, room and board, and compensation of our employees) associated with any re-inspections or follow-up visits that we conduct after any inspection of your Office identifies one or more failures of System Standards, and/or if any follow-up visit is necessary because we or our designated representatives were for any reason prevented from properly inspecting any or all of your Office (including because you or your personnel refuse entry to the premises of your Office).

### **13.B. OUR RIGHT TO AUDIT.**

We may at any time during your business hours, and without prior notice to you, examine your and your Personnel Services Business's bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Personnel Services Business's Gross Revenue, you agree to pay us the Royalty, Marketing Fund Contribution, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the examination report. Furthermore, if an examination is 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 of Gross Revenue exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **14. TRANSFER OF INTEREST.**

### **14.A. BY US.**

You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our owners, directors, officers, or employees. We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

### **14.B. BY YOU.**

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the franchise in reliance on our perception of your and

your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) your Personnel Services Business (or any right to receive all or a portion of your Personnel Services Business's profits or losses or capital appreciation related to your Personnel Services Business); (iii) substantially all of the assets of your Personnel Services Business; (iv) any direct or indirect ownership interest in you (regardless of its size); or (v) any direct or indirect ownership interest in any of your owners (if such owners are legal entities). A transfer of your Personnel Services Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

Additionally, you may not pledge or encumber this Agreement, your Personnel Services Business or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing unless (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us, our affiliates, or lenders.

If you intend to list your Personnel Services Business for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Personnel Services Business or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Personnel Services Business or of any ownership interest in you without our prior written approval of such materials.

#### **14.C. CONDITIONS FOR APPROVAL OF TRANSFER**

Subject to the other provisions of this Section 14, if you and your owners are fully complying with this Agreement, we will approve a transfer that meets all of the requirements in this Section 14.C.

If the proposed transfer is not of a Controlling Interest (defined below) in you or your owners (determined as of the date on which the proposed transfer will occur), then we will approve such transfer if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and meet our then applicable standards for franchise owners (including no ownership interest or performance of services for a Competitive Business). If the proposed transfer is of this Agreement, your Personnel Services Business, substantially all the assets of your Personnel Services Business, or a Controlling Interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place), which in the aggregate transfers this Agreement, your Personnel Services Business, substantially all the assets of your Personnel Services Business, or a Controlling Interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) you submit an application in writing requesting our consent and providing us all information or documents we request about the proposed transfer, the transferee and its owners that we request to evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements, including the criteria that neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(2) you have provided us executed versions of any documents executed by you (or your owners) and the transferee (and its owners) to effect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including criteria for terms and conditions, closing date, purchase price, amount of debt and payment terms;

(3) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a general release of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents, (ii) a covenant that you and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 17.E below, (iii) covenants that you and your transferring owners satisfy all other post-termination obligations under this Agreement;

(4) you have paid all Royalties and other amounts owed to us, our affiliates, and third-party vendors, and have submitted all required reports and statements;

(5) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(6) the transferee's Operating Partner and any other manager and/or assistant manager we designate, complete our then-current Training Programs, to our satisfaction;

(7) if the proposed transfer (including any assignment of the lease or subleasing of the Office) requires notice to or approval from your landlord, or any other action under the terms of the lease, you have taken such appropriate action and delivered us evidence of the same;

(8) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a Controlling Interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the amount of the Royalty, the Minimum Performance Standard, and/or the size of the Protected Territory; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining term of this Agreement;

(9) you pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee, unless the transfer is of a non-controlling interest in you (if you are an entity), in which case you must only reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;

(10) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Personnel Services Business;

(11) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Personnel Services Business are subordinate to the transferee's obligation to pay Royalties and other amounts due to us, our affiliates, and third-party vendors related to the operation of your Personnel Services Business and otherwise to comply with this Agreement;

(12) you have corrected any existing deficiencies of your Personnel Services Business of which we have notified you, and/or the transferee agrees to upgrade, remodel, and refurbish the Office in accordance with our then-current requirements and specifications for new Personnel Services Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken) and the transferee agrees to escrow an amount we approve for payment of the required upgrade, remodel or refurbishment; and

(13) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effect the transfer as it relates to the operation of your Personnel Services Business, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

In addition to the foregoing conditions, a proposed transfer of this Agreement may not be made separately from or independently of a transfer to the same recipient of all of the Franchise Agreements (and the Personnel Services Businesses operated pursuant thereto) executed by you or your affiliates.

We may review all information regarding your Personnel Services Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Personnel Services Business.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Personnel Services Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

For purposes of this Agreement, a "**Controlling Interest**" means:



(1) if you are a corporation, such number of the voting shares of you as (a) shall permit voting control of you on any issue and (b) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power;

(2) if you are a general partnership, a managing partnership interest or such percentage of the general partnership interests in you as (a) shall permit determination of the outcome on any issue and (b) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power;

(3) if you are a limited partnership, a general partnership interest; or

(4) if you are a limited liability company, such percentage of the membership interests as (a) shall permit determination of the outcome on any issue and (b) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

#### **14.D. DEATH OR DISABILITY.**

(1) Upon the death or permanent disability of your Operating Partner, the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, members or partners, must appoint a new Operating Partner within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointed Operating Partner must attend and successfully complete the Training Programs within one hundred twenty (120) days of the appointment. If your Personnel Services Business is not being managed by an Operating Partner approved by us within thirty (30) days after death or permanent disability, we are authorized, but not required, to immediately appoint a manager to maintain the operations of your Personnel Services Business on your behalf, in accordance with Section 16.C, until an approved assignee is able to assume the management and operation of your Personnel Services Business.

(2) Upon the death of you (or any owner), the executor, administrator, conservator or other personal representative of that person must transfer his interest to a person we approve within a reasonable time, not to exceed twelve (12) months from the date of death.

#### **14.E. OUR RIGHT OF FIRST REFUSAL.**

If you or any of your owners shall at any time determine to sell an interest in this Agreement, the franchise, your Personnel Services Business, some or all of the assets of your Personnel Services Business (other than in the ordinary course of business) or an ownership interest in you, you or your owner(s) shall obtain a bona fide, arms' length, executed letter of intent from a qualified, responsible, bona fide and fully disclosed purchaser. You or your owner (or both) shall immediately submit to us a true and complete copy of such letter of intent (conditioned on our right of first refusal) and any proposed ancillary agreements. The letter of intent must apply only to an interest which is permitted to be transferred under this Agreement and may not include

the purchase of any of your (or your owners') other property or rights. The price and terms of purchase offered to you (or your owner(s)) in the letter of intent for the aforementioned interests shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. If the purchaser proposes to buy any other property or rights from you (or your owner(s)) under a separate, contemporaneous transaction, you shall submit a true and complete copy of a bona fide, arms' length executed letter of intent for that transaction (and any proposed ancillary agreements).

We will have the right, exercisable by written notice delivered to you or such owner(s) within thirty (30) days from the date of receipt by us of an exact copy of such letter of intent to purchase such interest for the price and on the terms and conditions contained in such letter of intent, provided that our credit shall be deemed equal to the credit of any proposed purchaser, and we shall have not less than sixty (60) days to prepare for closing. If the letter of intent contemplates payment of any or the entire purchase price by a credit instrument of any type, we shall have the option to use the same payment method at our discretion. Regardless of whether contemplated under the letter of intent, we shall be entitled to all customary representations and warranties given by the seller of a business, including representations and warranties as to: (1) ownership, condition and title to the ownership interests and/or assets being purchased; (2) liens and encumbrances relating to such ownership interests and/or assets; and (3) validity of contracts and liabilities, contingent or otherwise, of any legal entity whose ownership interests are purchased.

A transfer of the franchise, your Personnel Services Business, or an ownership interest in you to an immediate family member is not subject to our right of first refusal, but such transfer is subject to the requirements of Sections 14.B and 14.C. For purposes of this paragraph, an "immediate family member" is limited to a spouse and/or a living child or living children or living grandchildren.

If we do not exercise our right of first refusal, you or your owner(s) may complete the sale to such purchaser pursuant to and on the exact terms of such letter of intent, subject to our approval of the transfer, as provided for in this Agreement, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after receipt of such letter of intent by us, or if there is a change in the terms of the sale, we shall have an additional right of first refusal for thirty (30) days as set forth herein on the modified or initial terms and conditions of sale.

## **15. EXPIRATION OF THIS AGREEMENT.**

### **15.A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.**

Upon expiration of this Agreement, you will have the option to acquire a successor franchise to operate your Personnel Service Business for one (1) additional term equal to the term of new Personnel Services Business franchises being granted at such time, if you meet the following conditions:

(1) you (and each of your owners) have substantially complied with this Agreement during its term. Without limiting the generality of the foregoing, you must have satisfied the Minimum Performance Standard during each Agreement Year during the term of this Agreement;

(2) you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 15.B below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;

(3) you maintain possession of and agree to remodel and/or expand the Office, add or replace improvements and Operating Assets, and otherwise modify your Personnel Services Business as we require to comply with System Standards then-applicable for new Personnel Services Businesses, or, at your option, you secure a substitute office that we approve and you develop that office according to System Standards then-applicable for Personnel Services Business;

(4) you sign the franchise agreement we then use to grant franchises for Personnel Services Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in this Agreement, including a higher Royalty or Minimum Performance Standard and/or a reduction in the size of the Protected Territory; and

(5) you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our owners, officers, directors, employees, agents, successors, and assigns.

If you (and your owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 16.A.

## **15.B. GRANT OF A SUCCESSOR FRANCHISE.**

You agree to give us written notice (“**Your Notice**”) of your election to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice (“**Our Notice**”) of our decision to grant or not to grant you a successor franchise not more than six (6) months after we receive Your Notice. If applicable, Our Notice will describe the remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Personnel Services Business into compliance with then-applicable System Standards for new Personnel Services Businesses, and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If Our Notice states that you must remodel the Office and/or must cure certain deficiencies of your Personnel Services Business or its operation as a condition to our granting you a successor franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we will give you written notice of our decision not to grant a successor franchise, not less than ninety (90) days before this Agreement expires; provided, that we need not give you ninety (90) days’ notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period before it expires. We may extend this Agreement’s term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days’ notice

of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

## **16. TERMINATION.**

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

We may terminate this Agreement, effective on delivery of written notice of termination to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating your Personnel Services Business;

(2) you do not comply with the conditions specified in Section 2.G, and open your Personnel Services Business for full use by customers, by the Commencement Date Deadline specified in Section 2.G;

(3) your Operating Partner, your Manager (if applicable), and/or any manager or assistant manager we require, do not complete the Training Programs to our satisfaction in accordance with Section 3.A;

(4) you abandon or fail to actively operate your Personnel Services Business for more than two (2) consecutive business days, or fourteen (14) days during any twelve-month period, or provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Personnel Services Business;

(5) you (or your owners) make or attempt to make any transfer in violation of Section 14;

(6) you (or any of your owners) are or have been convicted by a trial court of, or pleaded guilty or no contest to, a felony;

(7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(8) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Personnel Services Business's reputation or the goodwill associated with the Marks;

(9) you lose the right to occupy the Office whether or not through any fault of yours;

(10) you (or any of your owners) knowingly make any unauthorized use or disclosure of any Confidential Information;

(11) you violate any applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within ten (10) days after we or any applicable government agency deliver notice to you of that violation or failure;

(12) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(13) you fail to pay when due any federal or state income, service, sales, or other taxes due on your Personnel Services Business's operation, unless you are in good faith contesting your liability for these taxes;

(14) you have insufficient funds in your designated account to cover your payments owed for Royalties and other amounts due on three (3) separate occasions within a twelve (12) month period;

(15) you fail to satisfy the Minimum Performance Standard in any applicable Agreement Year;

(16) you understate your Personnel Services Business's Gross Revenue three (3) times or more during this Agreement's term or by more than two percent (2%) on any one occasion;

(17) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(18) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Personnel Services Business is attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or your Personnel Services Business is not vacated within thirty (30) days following the order's entry;

(19) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(20) you fail to pay the lessor of the Office rent or any other amounts due under your lease within thirty (30) days after the due date;

(21) there is a termination of any other franchise agreement between you or your affiliates and us (or any of our affiliates);

(22) you fail to meet the minimum sales call and recruitment obligations set forth in the Operations Manual and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;

(23) you fail to pay when due any third-party supplier and do not cure such failure within the applicable cure period;

(24) you deposit or convert any funds received from customers in violation of Section 4.H of this Agreement; or

(25) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you.

#### **16.B. TERMINATION BY YOU.**

You may terminate this Agreement if you are in full compliance with this Agreement and we materially fail to comply with this Agreement, and (i) we fail to correct the failure within sixty (60) days after you deliver written notice of the material failure to us, or (ii) if we cannot correct the failure within sixty (60) days, we fail to give you within sixty (60) days after your notice reasonable evidence of our effort to correct the failure within a reasonable time. Your termination under this Section will be effective an additional thirty (30) days after you deliver to us a written notice of termination following our failure to correct the failure identified in your initial written notice to us. If you terminate this Agreement other than according to this Section 16.B, the termination will be deemed a termination without cause and a breach of this Agreement.

#### **16.C. INTERIM OPERATIONS.**

We have the right (but not the obligation), under the circumstances described below, to enter the Office and operate on an interim basis (or to appoint a third party to do so) your Personnel Services Business for a period of time we deem appropriate but not to exceed 90-day increments. We will periodically discuss with you the results of operation of your Personnel Services Business during the time that we (or such third party designee) operate it. If we (or a third party) assume interim operations of your Personnel Services Business pursuant to this Section 16.C, you agree to pay us (in addition to the Royalties and other amounts due under this Agreement) an amount equal to 10% of Gross Revenue, plus our (or the third party's) out-of-pocket costs and expenses, after we (or such third party) assume such operations. If we (or a third party) assume interim operations of your Personnel Services Business, you must cooperate with us and our designees, continue to support the operations of your Personnel Services Business, and comply with all of our instructions and System Standards, including making available any and all books, records, and accounts. If we (or a third party) assume interim operations of your Personnel Services Business, you will not prohibit your employees from working for us or the third party during such period of interim operations. You understand and acknowledge that during any such interim period, you are still the owner of your Personnel Services Business and you continue to bear sole liability for any

and all accounts payable, obligations, and/or contracts, including all obligations under your lease for the Office and all obligations to your vendors and employees and contractors, unless and until we expressly assume them in connection with the purchase of your Personnel Services Business under Section 18. You understand that we are not required to use your employees, vendors, or accounts to operate your Personnel Services Business. You also agree that we may elect to cease such interim operations of your Personnel Services Business at any time with notice to you

We (or a third party) may assume interim operations of your Personnel Services Business under the following circumstances: (a) if you abandon or fail to actively operate your Personnel Services Business; or (b) if you fail to comply with any provision of this Agreement or the Franchise System standards and do not cure the failure within the time period we specify in our notice to you.

## **17. OBLIGATIONS UPON TERMINATION OR EXPIRATION.**

### **17.A. PAYMENT OF AMOUNTS OWED TO US.**

You agree to pay us the Royalties, Marketing Fund Contributions, interest, and all other amounts owed to us (and our affiliates) within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine, calculated as of the date of payment. We have the right to set off any amount you or your owners owe us or our affiliates, including reasonable attorneys' fees incurred by us, if any, in connection with the termination of this Agreement pursuant to your default hereunder, against any amounts we or our affiliates owe you, your owners or your affiliates. You acknowledge that termination or expiration of this Agreement does not affect your liability for amounts you (or your owners or affiliates) owe any third parties or creditors and we do not assume any such liabilities.

### **17.B. MARKS.**

In the case of expiration, you must remove all signs containing any Mark and return to us or destroy all items, forms and materials containing any Mark or otherwise identifying or relating to a Personnel Services Business on or before the date on which this Agreement expires. In the case of a termination, you must remove all signs containing any Mark and return to us or destroy all items, forms and materials containing any Mark or otherwise identifying or relating to a Personnel Services Business within seven (7) days after the date this Agreement is terminated.

When this Agreement expires or is terminated, you and your owners:

(a) may not directly or indirectly at any time or in any manner (except with other Personnel Services Businesses you own and operate) identify yourself or any business as a current or former Personnel Services Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Personnel Services Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(b) agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) agree to cease using and, at our direction, either disable or instruct the registrar of any Contact Identifiers or Online Presence to transfer exclusive control and access of such Contact Identifiers or Online Presence to us or our designee in accordance with our instructions;

(d) you agree to comply with all applicable laws in connection with the closure and de-identification of your Personnel Services Business;

(e) immediately cease using any email address that is associated with a domain name we own or the Marks; and

(f) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

If you fail to take any of the actions (or refrain from taking any of the actions) described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, entering the Office and removing any signs or other materials containing any Marks from your Personnel Services Business.

#### **17.C. CONFIDENTIAL INFORMATION.**

You agree that when this Agreement expires or is terminated you will immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other Confidential Information that we have loaned you. You also agree to comply with all of our directions for returning or deleting Personal Information, in any form, in your possession or the possession of any of your employees. We may require you to certify in writing that you have returned or securely deleted all Personal Information.

#### **17.D. CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

#### **17.E. POST-TERM COVENANT NOT TO COMPETE**

Upon expiration or termination of this Agreement for any reason, neither you, your affiliates, nor any owner nor any member of the immediate family of you or any owner, shall directly or indirectly for a period of twenty-four (24) months commencing on the effective date of such termination or expiration, or the date on which you cease to operate your Personnel Services Business, whichever is later:



(1) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating:

(a) at the office formerly occupied by your Personnel Services Business, or

(b) within the Protected Territory, or

(c) within a twenty-five (25) mile radius of the protected territory of any other Personnel Services Business in operation or under development on the effective date of termination or expiration of this Agreement;

(2) perform services as a director, officer, manager, employee, consultant, lessor, representative, agent, or otherwise for any Competitive Business located or operating:

(a) at the office formerly occupied by your Personnel Services Business, or

(b) within the Protected Territory, or

(c) within a twenty-five (25) mile radius of the protected territory of any other Personnel Services Business in operation or under development on the effective date of termination or expiration of this Agreement; or

(3) divert or attempt to divert any business or any customers of any Personnel Services Businesses to any Competitive Business.

The restrictions of Subparagraph (1) of this Section 17.E. will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market and quoted on a national inter-dealer quotation system that represent less than three percent (3%) of the number of shares of that class of securities issued and outstanding.

#### **17.F. WEBSITE**

Upon termination or expiration of this Agreement, you will surrender and, if requested by us, will assign and transfer to us, any website domain name and address you have registered for or incidental to the operation of your Personnel Services Business under this Agreement. We have the right and are hereby empowered to effectuate the assignment and transfer of the website domain name and address if you fail to do so, but you will remain liable to the registrar, hosting company and/or internet service provider for all past due fees owing to such companies on or before the effective date of the assignment and transfer hereunder.

#### **17.G. LOST REVENUE DAMAGES**

If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we

otherwise would have derived from your continued payment of Royalties and Marketing Fund Contributions, less any cost savings, through the remainder of the term of this Agreement (the “**Damages**”). You and we agree that a reasonable estimate of the Damages is, and you agree to pay us as compensation for the Damages, an amount equal to the then net present value of the Royalties and Marketing Fund Contributions that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (a) five (5) years following termination or (b) the scheduled expiration of the then-current term of this Agreement (the “**Damages Period**”). For this purpose, Damages shall be calculated by multiplying (1) the number of calendar months in the Damages Period by (2) the aggregate of the Royalty and Marketing Fund Contribution percentages, by (3) the average monthly Gross Revenue of your Personnel Services Business during the 12 full calendar months immediately preceding the termination date; however, if as of the termination date, your Personnel Service Business has not been operating for at least 12 months, Damages will be calculated based on the average monthly Gross Revenue during our previous fiscal year immediately preceding the termination date of all Personnel Services Businesses operating under the Marks during the entirety of that fiscal year. You and we agree that the calculation described in this Section is a calculation only of the Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

## **18. OUR OPTION TO PURCHASE.**

If this Agreement is terminated by us or expires, we or our assignee shall have the option, exercisable by giving written notice thereof within sixty (60) days from the date of such expiration or termination (the “**Election Period**”), to purchase from you all the assets used in your Personnel Services Business. As used in this paragraph, “**assets**” shall mean and include leasehold improvements, equipment, computer hardware, furnishings, fixtures, signs, inventory, materials, and supplies and the lease or sublease for your Personnel Services Business. If you, any of your owners or any of your or their affiliates, owns the Office of your Personnel Services Business, we and you shall (and, if applicable, you or such owner shall cause such affiliate to) enter into a lease for the Office on reasonable terms and conditions that are commercially reasonable in light of the location and condition of the Office and other relevant circumstances. We shall have the unrestricted right to assign this option to purchase. We or our assignee shall be entitled to all customary warranties and representations given by the seller of a business including representations and warranties as to: (1) ownership, condition and title to assets; (2) liens and encumbrances relating to the assets; and (3) validity of contracts and liabilities, inuring to us or affecting the assets, contingent or otherwise. As part of the terms of any such purchase, you and your owners will provide us or our assignee indemnification consistent with your indemnification obligations included in Section 10.D of this Agreement.

The purchase price for the assets of your Personnel Services Business shall be the product of the earnings before interest, taxes, depreciation and amortization (EBITDA) of your Personnel Services Business for the twelve (12) month period ending ten (10) days immediately preceding the closing date, multiplied by three (3). We shall have the right to set off against and reduce the purchase price by any and all amounts owed by you to us, the amount of any liabilities assumed by us, and the amount necessary to modify or replace any assets so that your Personnel Services Business meets our then-current standards and specifications for Personnel Services Businesses.

The purchase price shall be paid in cash at the closing of the purchase, which shall take place no later than ninety (90) days after your receipt of our notice of exercise of this option to purchase, at which time you shall deliver instruments transferring to us or our assignee: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you; (ii) all licenses and permits of your Personnel Services Business which may be assigned or transferred; and (iii) the lease or sublease for the Office. In the event that you cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Further, you and we shall, prior to closing, comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which your Personnel Services Business is located and the bulk sales provisions of any applicable tax laws and regulations. You shall, prior to or simultaneously with the closing of the purchase, pay all tax liabilities incurred in connection with the operation of your Personnel Services Business.

During the Election Period and, if we or our assignee exercises this option to purchase, until the closing of such purchase as hereinabove provided, we shall have the right to assume (or to designate a third party to assume) operations of the Personnel Services Business until the closing or such earlier time we elect. During such interim operations, you acknowledge and agree that we will own all Gross Revenue of the Personnel Services Business. We may elect to be (or to designate a third party to be) the employer of record for all Assigned Temporary Workers during such interim operations. You will not prohibit your employees from working for us or the designated third party during the Election Period or thereafter if we elect to exercise our purchase option under this Section 18. Alternatively, we may require you to close your Personnel Services Business during such time period without removing any assets from your Personnel Services Business. In either case, you shall maintain in force all insurance policies and business licenses required pursuant to this Agreement, through the date of closing. If the Office of your Personnel Services Business is leased, we agree to use reasonable efforts to effect a termination of the existing lease for the Office and enter into a new lease on reasonable terms with the landlord. In the event we are unable to enter into a new lease and your rights under the lease for the Office are assigned to us or we sublease the Office from you, we will indemnify and hold you harmless from any ongoing liability under the lease from the date we assume possession of the Office.

## **19. ENFORCEMENT.**

### **19.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent

permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice of this Agreement's termination than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

### **19.B. WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Personnel Services Businesses; the existence of franchise agreements for other Personnel Services Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

### **19.C. SPECIFIC PERFORMANCE / INJUNCTIVE RELIEF.**

Nothing in this Agreement, including the provisions of Section 19.E, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

### **19.D. RIGHTS OF PARTIES ARE CUMULATIVE.**

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

### **19.E. ARBITRATION.**

We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the “AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor’s or assign’s, then-current principal place of business (currently, Knoxville, Tennessee). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including money damages, pre- and post-award interest, interim costs and attorneys’ fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). In any arbitration brought

pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees incurred in connection therewith.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must 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. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

- (1) production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

(2) the production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

(3) the description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

(4) the parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters; and

(5) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

In any arbitration each side may take no more than three depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours, unless the parties mutually agree to additional time.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories.

The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

#### **19.F. COSTS AND ATTORNEYS' FEES.**

The prevailing party in any arbitration or litigation shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such arbitration or litigation.

#### **19.G. GOVERNING LAW.**

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT OR ANY RELATED AGREEMENTS, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US

(OR ANY OF OUR AFFILIATES, AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES, AND EMPLOYEES) AND YOU (AND YOUR RESPECTIVE OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES) WILL BE GOVERNED BY THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

#### **19.H. CONSENT TO JURISDICTION.**

SUBJECT TO SECTION 19.E ABOVE AND THE PROVISIONS BELOW, WE AND YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR ANY RELATED AGREEMENTS, OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU (AND YOUR RESPECTIVE OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES) AND US (OR ANY OF OUR AFFILIATES, AND OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES, AND EMPLOYEES) MUST BE COMMENCED IN THE STATE OR FEDERAL COURT CLOSEST TO OUR OR, AS APPLICABLE, OUR SUCCESSOR'S OR ASSIGN'S, THEN-CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, KNOXVILLE, TENNESSEE), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, WE AND YOU (AND YOUR OWNERS) AGREE THAT ANY OF US MAY ENFORCE ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR YOUR PERSONNEL SERVICES BUSINESS IS LOCATED

#### **19.I. VARIANCES.**

You acknowledge that we have and may at different times, in our absolute and sole discretion, approve exceptions or changes from the uniform standards of the Franchise System, which we deem desirable or necessary under particular circumstances. You understand that you have no right to object to or automatically obtain such variances, and that we must approve in advance and in writing any exception or change in advance. You understand that existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

#### **19.J. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE



ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

**19.K. WAIVER OF PUNITIVE DAMAGES.**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 10.D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

**19.L. WAIVER OF JURY TRIAL.**

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

**19.M. BINDING EFFECT.**

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers.

**19.N. CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in this Agreement) and the related documents, constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship,

or your Personnel Services Business. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or legal entity not a party to this Agreement.

You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “control” means the power to direct or cause the direction of management and policies. The use of the term “including” in this Agreement, means in each case “including, without limitation”.

If two or more persons are at any time the owners of your Personnel Services Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Personnel Services Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Personnel Services Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

The term “your Personnel Services Business” includes all of the assets of your Personnel Services Business you operate under this Agreement, including its revenue and the lease for the Office.

## **19.O. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

**19.P. GRANT OF SECURITY INTEREST TO US.**

You irrevocably and unconditionally authorize us (or our designee) to file at any time and from time to time such financing statements with respect to the Gross Invoice Amounts and Related Assets naming you as seller/debtor and us as buyer/secured party, as we may require in our discretion. Such authorization shall apply to all financing statements filed on, prior to or after the date of this Agreement.

**20. NOTICES AND PAYMENTS.**

All written notices, payments and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual shall be deemed so delivered:

- (a) at the time delivered by hand;
- (b) one business day after transmission by facsimile if the sender has confirmation of successful transmission;
- (c) at the time of transmission if delivered by email;
- (d) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (e) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

Reports required to be delivered shall be delivered by U.S. mail unless otherwise specified herein. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party, except that it will always be deemed acceptable to send notice to you at the address of your Personnel Services Business:

**Notices to Us:**

AtWork Franchise, Inc.  
3215 W. John Sevier Highway  
Knoxville, Tennessee 37920  
ATTN: Chief Executive Officer

**Notice to You:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ATTN: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

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

## **21. BUSINESS JUDGMENT.**

We retain the right to operate, develop and change the Franchise System and the products and services offered by Personnel Services Businesses in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of Personnel Services Businesses as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement as of the effective date indicated below.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

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

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

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

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

(\*This is the effective date of this Franchise Agreement.)

**FRANCHISEE:**

\_\_\_\_\_  
Name of Corporation / Limited Liability Company

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

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

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

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

**APPENDIX 1**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS IS GIVEN AS OF

\_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_(the “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date (as amended, modified, restated or supplemented from time to time, the “Agreement”) by AtWork Franchise, Inc. (the “Franchisor”), and \_\_\_\_\_ (“Franchisee”), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and afterward as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (b) agrees 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 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/she 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/her direct and immediate liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) liability shall not be 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, which shall be continuing and irrevocable during the term of the Agreement; and (5) upon Franchisor’s request, he or she must submit to Franchisor suitable credit and financial information to allow Franchisor to make a reasonable decision as to the undersigned’s creditworthiness and financial position including, without limitation, a personal net worth statement and such other information which would reasonably be considered relevant to Franchisor in determining whether or not the undersigned has the ability to satisfy his or her obligations under this Guaranty.

Each of the undersigned Guarantors represents and warrants that, by signing the Guaranty: (a) the financial statements and other financial information that Guarantor submitted to Franchisor identify the separate property of Guarantor and any marital property (community property) against which Franchisor may enforce its rights under this Guaranty and do not include any separate property of Guarantor’s spouse against which Franchisor may not enforce this Guaranty; (b) if no

Guaranty-1

signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate (e.g., community property); and (c) if Guarantor's spouse signs below to indicate his/her consent to the Guarantor giving such Guaranty, then such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

Guarantor hereby consents and agrees that:

(1) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other parties who may be held liable for Franchisee's performance of the Agreement;

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

(3) This undertaking 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 undertaking nor any remedy for enforcement shall be 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 Code or other statute, or from the decision of any court or agency;

(4) Franchisor may proceed against 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 hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(5) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor; and

(6) Guarantor agrees that the provisions contained in Section 19.E (Arbitration), Section 19.F (Costs and Attorneys' Fees), Section 19.G (Governing Law), and Section 19.H (Consent to Jurisdiction) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any dispute between Guarantor and Franchisor.

Guaranty-2

**IN WITNESS WHEREOF**, each of the undersigned has affixed his signature on the same day and year as the Agreement was executed.

<b>GUARANTOR(S)</b>	<b>ADDRESS</b>	<b>PERCENTAGE OWNERSHIP IN FRANCHISEE</b>
Signature: _____	_____	_____ %
Name: _____	_____	
Signature: _____	_____	_____ %
Name: _____	_____	

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Name of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse

\_\_\_\_\_  
Signature of Guarantor's Spouse



**EXHIBIT A  
TO THE  
FRANCHISE AGREEMENT  
BY AND BETWEEN ATWORK FRANCHISE, INC.  
AND \_\_\_\_\_**

**LOCATION AND PROTECTED TERRITORY**

1. Protected Territory. The Protected Territory shall consist of the following ZIP codes:

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Name of Corporation / Limited Liability  
Company

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

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

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

**EXHIBIT B**  
**TO THE FRANCHISE AGREEMENT**  
**BETWEEN ATWORK FRANCHISE, INC.**  
**AND \_\_\_\_\_**

**CONFIDENTIALITY AGREEMENT**

This “Agreement” is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and among Franchisee, Covenantor and ATWORK FRANCHISE, INC., a Tennessee corporation (“Franchisor”).

“Franchisee”: \_\_\_\_\_

“Covenantor”: [an owner of interest in Franchisee] [\_\_\_\_\_, performing \_\_\_\_\_ services for Franchisee].

Covenantor’s Address: \_\_\_\_\_

\_\_\_\_\_

1. **PREAMBLES.**

Franchisor has executed or intends to execute a Franchise Agreement with Franchisee under which Franchisor grants to Franchisee certain rights with regard to AtWork® staffing businesses (the “Franchise Agreement”). Before allowing Covenantor to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor’s Confidential Information used in the operation of Franchisee’s AtWork® staffing business (the “Personnel Services Business”) and Franchisor’s proprietary rights in and Franchisee’s right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.

To induce Franchisor to enter into the Franchise Agreement and/or to avoid a material breach thereof Franchisor, Franchisee and Covenantor desire and consider it to be in Covenantor’s best interests that Covenantor enter into this Agreement. Franchisee understands that any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.

2. **DEFINITIONS.**

Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear. Any capitalized terms used but not defined herein shall have the meaning ascribed to such term in the Franchise Agreement.

The term “Confidential Information” means certain confidential and proprietary information and trade secrets including the following categories of information, methods, procedures, techniques and knowledge developed or to be developed by Franchisor, its affiliates

or their consultants, contractors or designees, and/or franchisees and developers of AtWork® staffing businesses:

- (1) training and operations materials, including the operations manual;
- (2) the system standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating AtWork staffing businesses;
- (3) market research, promotional, marketing and advertising strategies and programs for AtWork staffing businesses;
- (4) strategic plans, including expansion strategies and targeted demographics;
- (5) knowledge of, specifications for and suppliers of, and methods of ordering, operating assets, and other products and supplies;
- (6) any computer software or similar technology which is proprietary to Franchisor or the AtWork franchise system, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of AtWork staffing businesses other than your Personnel Services Business;
- (8) information generated by, or used or developed in, your Personnel Services Business's operation, including information relating to customers such as customer names, addresses, telephone numbers, email addresses, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the computer system; and
- (9) any other information designated as confidential or proprietary by Franchisor.

### 3. **PROTECTION OF CONFIDENTIAL INFORMATION.**

Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform Covenantor's duties for Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and other AtWork® staffing businesses owned by Franchisor or franchisees.

Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he or she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.

Notwithstanding anything to the contrary contained in this Agreement the restrictions on Covenantor's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known or easily accessible other than by Covenantor's breach of an obligation of confidentiality; and (b) the disclosure of the Confidential Information pursuant to applicable law or in judicial or administrative proceedings to the extent that Covenantor is legally compelled or required by a regulatory body to disclose such information, provided Covenantor has notified Franchisor and Franchisee prior to disclosure and shall have used his or her best efforts to obtain, and shall have afforded Franchisor and Franchisee the opportunity to obtain, an appropriate assurance reasonably satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

4. **SURRENDER OF DOCUMENTS.**

Covenantor agrees that as of the date on which Covenantor ceases to perform services for Franchisee in connection with the Personnel Services Business, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.

5. **COSTS AND ATTORNEYS' FEES.**

In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.

6. **WAIVER.**

Any parties' failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one time be deemed a waiver or relinquishment of such right or remedy at any other time.

7. **SEVERABILITY.**

Each provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the provision in question.

8. **RIGHTS OF PARTIES ARE CUMULATIVE.**

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

9. **BENEFIT.**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.

10. **EFFECTIVENESS.**

This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.

11. **GOVERNING LAW.**

This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the State of Tennessee without regard to its conflicts of laws principles. Covenantor and Franchisee agree that they shall institute and that Franchisor may institute any action against any of the parties hereto in any state or federal court nearest to Franchisor's corporate headquarters at the time such action is filed. Covenantor and Franchisee irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction or venue of such court.

12. **TRADE SECRETS.**

Notwithstanding any provisions in this agreement or company policy applicable to the unauthorized use or disclosure of trade secrets, Covenantor is hereby notified that, pursuant to the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1833(b), an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state, or local government official, either directly or

indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney and use the trade secret information in the court proceeding if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

*[Signature page follows]*

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

**COVENANTOR:**

**FRANCHISEE:**

\_\_\_\_\_  
Print name of Covenantor

\_\_\_\_\_  
Print name of Franchisee

\_\_\_\_\_  
Signature of Covenantor

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

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

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

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**, a Tennessee corporation

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

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

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

**EXHIBIT C  
TO THE FRANCHISE AGREEMENT  
BETWEEN ATWORK FRANCHISE, INC.  
AND \_\_\_\_\_**

**STATEMENT OF OWNERSHIP INTERESTS**

1. The following is a list of owners, partners, members, or other investors in you, including all investors who own or hold a direct or indirect interest in you, and a description of the nature of their interest:

<u>Name</u>	<b>Percentage of Ownership/Nature of Interest</b>
-------------	---

2. You have appointed, and we have approved, \_\_\_\_\_, to be the “Operating Partner.”

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

\_\_\_\_\_  
Name of Franchisee Corporation / Limited  
Liability Company

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

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

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

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

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

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



**EXHIBIT D  
TO THE FRANCHISE AGREEMENT  
BETWEEN ATWORK FRANCHISE, INC.  
AND \_\_\_\_\_**

**RISK MANAGEMENT RESERVE SCHEDULE**

Annual Gross Revenues <sup>1</sup>	Reserve Amount Required
\$0 - \$2,000,000	\$15,000
\$2,000,000 - \$4,000,000	\$20,000
\$4,000,001 - \$8,000,000	\$30,000
\$8,000,001 - \$10,000,000	\$40,000
\$10,000,001 and above	\$50,000

<sup>1</sup>Gross Revenues is the amount we invoice to customers, plus any commissions, on a rolling 12-month basis. The reserve amounts are subject to revision on an annual basis.

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

\_\_\_\_\_  
Name of Franchisee Corporation / Limited  
Liability Company

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

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

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

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

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

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

**EXHIBIT E**  
**TO THE FRANCHISE AGREEMENT**  
**BETWEEN ATWORK FRANCHISE, INC.**  
**AND \_\_\_\_\_**

**DISCOUNT FOR QUALIFIED LOW GROSS MARGIN ACCOUNTS**

You will be responsible for notifying us in writing if you believe a customer that we require you to serve may qualify you for a reduction in the Royalty with respect to that customer. The amounts specified in the table below are specific for each customer. The terms governing account qualification and administration will be set forth in the Operations Manual. As used in this Agreement, “**Gross Margin**” means Gross Revenue minus Direct Payroll Costs.

**QUALIFIED LOW GROSS MARGIN DISCOUNT SCHEDULE**

<b>Gross Margin</b>	<b>Royalty</b>
16.50% and greater	7.00%
16.49% - 15.00%	6.50%
14.99% - 13.50%	6.00%
13.49% - 12.00%	5.50%
11.99% - 11.00%	5.00%
10.99% and below	4.50%

**EXHIBIT C**

**ADDENDUM TO FRANCHISE AGREEMENT FOR ADDITIONAL TERRITORY**

**ADDENDUM TO FRANCHISE AGREEMENT  
FOR ADDITIONAL TERRITORY**

**THIS ADDENDUM** (this “**Addendum**”) is entered into as of \_\_\_\_\_, \_\_\_\_\_ (the “**Addendum Effective Date**”), by and between ATWORK FRANCHISE, INC., a Tennessee limited liability company with its principal business address at 3215 John Sevier Highway, Knoxville, TN 37920 (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”). Capitalized terms that are used but not defined in this Addendum will have the meanings ascribed to them in the Franchise Agreement (defined below).

**RECITALS**

WHEREAS, you and we previously entered into a franchise agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) pursuant to which we have granted you the right to own and operate an AtWork® Personnel Services Business within the Protected Territory specified in the Franchise Agreement;

WHEREAS, you desire to add a new territory (the “**Additional Territory**”) in which you wish to operate your Personnel Services Business, and we have agreed to grant you the right to add such Additional Territory to the Protected Territory, subject to the terms and conditions of this Addendum; and

WHEREAS, the parties agree to certain modifications of the Franchise Agreement to reflect the addition of the Additional Territory to the Protected Territory as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and such other and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the parties agree as follows:

1. **Grant.** Subject to the terms of this Addendum, we grant you a franchise to use the Franchise System and the Marks to operate your Personnel Services Business within the Additional Territory at a new Office located within the Additional Territory during the term of the Franchise Agreement. From and after the Addendum Effective Date, the term “Protected Territory” as used in the Franchise Agreement shall be deemed to include the Additional Territory.

2. **Term.** The term of the Franchise Agreement is hereby extended such that the term expires ten (10) years from the Addendum Effective Date, unless sooner terminated as provided in the Franchise Agreement.

3. **Additional Territory Fee.** You agree to pay us a nonrecurring, nonrefundable additional territory fee when you sign this Addendum (the “**Additional Territory Fee**”) in the amount set forth on Exhibit A hereto. The Additional Territory Fee is due and fully earned by us when you sign this Addendum.

4. **Risk Management Reserve.** Separate from and in addition to the Risk Management Reserve established for the initial Protected Territory (the “**Initial Territory**”) under Franchise Agreement, you must allow us to hold and maintain a Risk Management Reserve in accordance with Section 3.E of the Franchise Agreement applicable solely to the Additional Territory. The Minimum

Reserve and Maximum Reserve shall apply separately and individually to the Initial Territory and the Additional Territory.

5. **Minimum Performance Standard.** To account for the increased size of the Protected Territory following the addition of the Additional Territory, notwithstanding the provisions of Section 7.L of the Franchise Agreement, you acknowledge and agree that the Minimum Performance Standard shall be revised as set forth on Exhibit A hereto.

6. **Local Advertising.** To account for the increased size of the Protected Territory following the addition of the Additional Territory, notwithstanding the provisions of Section 9.A of the Franchise Agreement, you acknowledge and agree that we may the minimum local advertising amount set forth in Section 9.A of the Franchise Agreement shall be increased to the amount set forth on Exhibit A hereto.

7. **Transfer Fee.** Section 14.C(9) of the Franchise Agreement is deleted and replaced with the following:

(9) you pay us a transfer fee equal to (a) fifty percent (50%) of our then-current initial franchise fee multiplied by (b) one plus the number of additional territories (whether pursuant to this Addendum or any other addendum) that have been added to the Protected Territory, unless the transfer is of a noncontrolling interest in you (if you are an entity), in which case you must only reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;

8. **Release of Franchisor.** You, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals, employees, and affiliated entities (collectively, the “**Releasing Parties**”), hereby forever release and discharge us and our current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “**Released Parties**”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “**Claims**”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, (1) arising out of or related to the Released Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the Addendum Effective Date, with any of the Released Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph.

We are also entitled to a release and covenant not to sue from your owners. By his, her, or its separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY: It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this release that this instrument be and is a general release which shall be effective

as a bar to each and every claim, demand, or cause of action released by you or the Releasing Parties. You recognize that you or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which you, he, she, or it is totally unaware and unsuspecting, which you, he, she, or it is giving up by executing this release. It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive you, him, her, or it of each such claim, demand, or cause of action and prevent you, him, her, or it from asserting it against the Released Parties. In furtherance of this intention, you, on your own behalf and on behalf of the Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

You acknowledge and represent that you have consulted with legal counsel before executing this release and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

*(If the Personnel Services Business is located in Maryland or Washington or if you are a resident of Maryland or Washington, the following shall apply:)*

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law or the Washington Franchise Investment Protection Act.

9. **Miscellaneous.**

(a) You and we agree that the recitals to this Addendum are true and correct, and are incorporated herein and made a part hereof by this reference.

(b) The terms of this Addendum form an integral part, and are incorporated into and made a part, of the Franchise Agreement. In the event of a conflict between the terms contained in the Franchise Agreement and this Addendum, the terms and conditions of this Addendum shall govern, control, and supersede any inconsistent or conflicting terms of the Franchise Agreement.

(c) Except as amended by this Addendum, the terms and conditions of the Franchise Agreement are hereby confirmed, ratified and approved in their entirety, and shall continue in full force and effect, as amended and modified by this Addendum.

(d) This Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures. References to the Franchise Agreement shall mean the Franchise Agreement as amended and modified by this Addendum.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Addendum to be executed and made effective as of the Addendum Effective Date.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

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

**FRANCHISEE:**

\_\_\_\_\_  
Name of Franchisee

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

(If you are an entity, all owners must sign below.)

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

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



**EXHIBIT A**  
**TO THE ADDENDUM TO FRANCHISE AGREEMENT**  
**FOR ADDITIONAL TERRITORY**  
**BETWEEN ATWORK FRANCHISE, INC.**  
**AND**

---

**FEES**

1. The Additional Territory Fee is \$\_\_\_\_\_.
2. The Minimum Performance Standard is as follows:  
  
*[Insert updated Minimum Performance Standard]*
3. The minimum local advertising amount is \$\_\_\_\_\_.

**EXHIBIT D-1**

**WORKERS' COMPENSATION POWER OF ATTORNEY**

**POWER OF ATTORNEY FOR**

**AtWork Personnel – Franchise Workers Compensation Program**

KNOW ALL BY THESE PRESENT that the following corporate entity and its successors and assigns, whose principal place of business is set forth below (referred to hereafter as “Franchisee”) hereby designates both (a) AtWork Group, LLC (“AtWork”), a limited liability company formed pursuant to the laws of the State of Tennessee, whose principal place of business is 3215 W. Governor John Sevier Hwy in Knoxville, TN 37920-5540, and (b) SUNZ Insurance Solutions (“SIS”), a limited liability company formed pursuant to the laws of the State of Florida, whose principal place of business is 1301 6<sup>th</sup> Avenue West in Bradenton, FL 34205 (AtWork and SIS are both collectively referred to herein as “Designee”) to be the true and lawful attorney-in-fact for the limited purposes set forth herein.

<b>Franchisee:</b>	
<b>Address:</b>	
<b>Principal Contact:</b>	
<b>Telephone No.</b>	
<b>Email Address:</b>	

1. Franchisee is an active franchisee of Program Owner. Program Owner is identified consistent with the Loss Fund Management Agreement and Quotation Agreement, executed concurrently with this Power of Attorney:

**Program Owner<sup>1</sup>:** \_\_\_\_\_

2. Pursuant to agreements between SIS and Program Owner, Program Owner has directed its SIS to issue, at the request of Program Owner, a workers compensation insurance policy(ies) for Franchisee (“Policy” or “Policies”). The issuance of a Policy is conditioned upon the following “Mandatory Conditions,” the absence of which constitutes grounds for Designee to direct the immediate termination of the Policy:
  - a. Franchisee must (i) remain a franchisee company of Program Owner, (ii) be in compliance with the terms of its franchise agreement with Program Owner, and (iii) be in compliance with the terms of the workers compensation program service agreement with Program Owner.

---

<sup>1</sup> Included as a “Program Owner” shall be any subsequent entity added as an additional insured under any insurance policy(ies).

- b. SIS is responsible for overseeing the management of Program Owner's insurance programs pursuant to Program Documents entered into between SIS and Program Owner. The program must be active and in good standing as determined by SIS.
  - c. Program Owner must not be in breach of any of the Program Documents. "Program Documents" is defined as the Quotation, Loss Fund Management Agreement, Program Values Schedule, Large Risk Program Agreement, and Claims Agreement including any amendments thereto.
3. In the event Designee determines a Mandatory Condition is not present, Franchisee authorizes Designee to take all steps necessary to cancel any Policy.
    - a. Designee may rely on written requests from Program Owner to cancel any Policy issued to Franchisee.
    - b. Designee shall have no obligation to inquire into the reasons for such request for cancellation. Designee is not obligated to honor a request for reissuance of any such Policy that may be made by Franchisee or Program Owner.
    - c. Designee maintains the sole and exclusive right to determine whether or not to issue a Policy, provided that SIS shall not issue a Policy to Franchisee if Program Owner advises SIS that Franchisee is no longer a franchisee of Program Owner.
  4. This Power of Attorney shall permit AtWork to sign, on behalf of Franchisee, the Program Documents required by SIS as necessary for AtWork to obtain a workers' compensation insurance policy for Franchisee.
  5. This Power of Attorney shall extend only to the aforementioned actions and tasks and shall be limited to such.
  6. This Power of Attorney shall be irrevocable except following the expiration, termination, or cancellation of the Policy but shall continue while any Policy (either new or renewal) is in force.
  7. Third parties may rely on the representations of Designee as to all matters relating to any power granted to Designee, and no person who may act in reliance on the representations of Designee shall incur any liability to Franchisee as a result of permitting Designee to exercise any power prior to the termination of this Power of Authority.
  8. This Power of Attorney shall be governed by and construed exclusively in accordance with the laws of the State of Florida. All disputes arising out of or relating to this Power of Attorney shall be brought exclusively in the Middle District of Florida, if in Federal Court, or in state court located in Manatee County, Florida. The Parties hereby (i) submit to the personal jurisdiction of such courts, (ii) waive any objection to the laying of venue of any suit, action or proceeding in such courts; and (iii) waive the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

***SIGNATURE AND NOTARY ON FOLLOWING PAGE***

Name of Franchisee

Sign: \_\_\_\_\_

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

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

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

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

) ss.

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

The foregoing instrument was acknowledged before me by means of  physical presence or  online notarization, on the date set forth below, by the individual signing above on behalf of the company listed above. They are personally known to me or have produced \_\_\_\_\_ as sufficient identification.

\_\_\_\_\_  
Signature / Notary Public

Print Name \_\_\_\_\_

Notary Public / State of: \_\_\_\_\_

Commission Number: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

**EXHIBIT D-2**

**WORKERS' COMPENSATION PROGRAM AGREEMENT**

## AtWork Franchise Inc. Workers' Compensation Program Agreement

This Agreement ("Agreement") is made and entered into as of the [ ] day of [ ] (the "Effective Date"), by and between the entity listed on the signature page ("Company") and [ ] ("C/E" or "Client Employer"). The entities will sometimes be collectively referred to within this Agreement as the "Parties".

WHEREAS, C/E and Company entered into a franchise agreement dated [concurrently herewith] ("Franchise Agreement"), and in connection therewith, C/E agrees to participate in and pay the premium for Company's Large Deductible Workers' Compensation Insurance Program ("Insurance Program"), which participation shall be contingent upon C/E's compliance with the Franchise Agreement and this Agreement;

WHEREAS, Company desires to contract with C/E, and C/E desires to contract with Company to access the services offered through Company, including the Insurance Program, and to obtain workers' compensation coverage for C/E's employees as set forth herein; and

WHEREAS, in Connection with this Agreement, C/E is entering into that certain Power of Attorney whereby C/E will designate [AtWork Group, LLC], an affiliate of Company, and SUNZ Insurance Solutions, the issuer of the Insurance Program ("Insurer"), to be C/E's attorney-in-fact for the purposes set forth therein.

NOW THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the parties hereto, intending to be legally bound, do hereby agree as follows:

### 1. Duties and Obligations of C/E.

(a) **Employment Decisions.** C/E shall be primarily responsible for hiring, firing, disciplining, transferring, setting the work hours and conditions of employment, and determining the salaries for all C/E's employees covered by the Insurance Program ("Covered Employees"). C/E warrants that as the primary party responsible for screening employees, it will hire only qualified employees, and will interview, screen, select and test prospective employees in accordance with all federal, state and local employment laws. C/E agrees that any employee, agent, or independent contractor that C/E hires will be C/E's employee, agent or independent contractor, and not Company's employee, agent or independent contractor. C/E further agrees that it will comply with and follow all policies and procedures as set forth in **Exhibit A** attached hereto ("**General Governance Requirements**") when hiring employees. Company reserves the right to review any employment applications, screening or testing policies (including drug and alcohol testing) implemented by C/E; provided, however, C/E acknowledges and agrees that Company has no obligation to ensure that C/E's policies comply with applicable laws. C/E acknowledges receipt of **Exhibit A** and agrees to utilize such practices and procedures. C/E acknowledges and accepts a \$500 penalty for each violation of the provisions of **Exhibit A**.

(b) **Information on Covered Employees.** C/E is responsible for completing all required forms when hiring an employee, including, but not limited to, completed new hire paperwork (Including, but not limited to, Form I-9 and Form W-4), and complying with all federal and state employment laws, during the hiring process and throughout the employment of the Covered Employees. C/E shall promptly furnish to Company all information and documentation regarding Covered Employees as Company requests. C/E shall be solely responsible for the accuracy and validity of all forms and information submitted to any federal and state agencies and to Company pursuant to this Section, and shall hold Company, its officers, directors, and employees harmless against any and all claims, losses, judgments, and liabilities arising out of or resulting from the furnishing of said information.

### (c) Reporting of Injuries & Claims Management.

1. C/E agrees to immediately report all workplace injuries to Company and Insurer. Further, C/E agrees to immediately provide Company with the first report of injury on a state-approved form, and any and all other written reports of any injury, claim or accident involving a Covered Employee immediately after becoming aware of the injury, claim or accident. Failure of a C/E's employees to notify C/E of an injury, claim or accident will not relieve C/E of its responsibility to report immediately or the possible consequences for the failure to report.

2. In jurisdictions that require legal notices to be posted for employees, C/E shall display such notices in a permanent location accessible to all employees and shall provide copies to the Company. C/E's failure to abide by the applicable jurisdiction's workers' compensation laws, rules and regulations may subject C/E to disqualification from participation in the Insurance Program and penalties and/or payment of some or all costs associated with the medical care of and accommodations for the Covered Employee.

3. C/E agrees to comply with the requirements of all applicable workers' compensation laws, rules, and

regulations.

**4.** C/E acknowledges and accepts a \$500.00 penalty payable to Company for failing to report injuries to Company and Insurer within forty-eight (48) hours after actual or constructive knowledge. C/E's failure to report a claim or injury may constitute a breach of this agreement and may be grounds for Company's termination of C/E from the Insurance Program and/or termination of any right to service the client, upon ten (10) days written notice.

- (d) Return to Work Program.** C/E agrees to maintain a workers' compensation modified duty and/or light duty return to work program. C/E must cooperate fully with Company and C/E's insurance carrier in designing and implementing such programs, as well as in modifying and/or creating work for Covered Employees who have incurred a job-related injury but are physically able to return to work in a modified duty and/or light duty work position.
- (e) Drug and Alcohol Testing.** C/E agrees to maintain a drug and alcohol-free workplace and implement a written substance abuse policy that prohibits Covered Employees from possessing, selling, or using illegal drugs or alcohol during working hours or outside working hours if such conduct affects their employment with C/E. In conjunction with this policy, C/E agrees to require all employees, including Covered Employees, to the extent permitted by OSHA rules or regulations and/or state law, to submit to a drug and alcohol test within eight (8) hours after being involved in any accident or occurrence resulting in a work-related injury to any person.
- (f) Coverage.** C/E shall timely pay all premiums required under the Insurance Program. C/E authorizes Company to deduct the premiums from any amounts payable by Company and/or its affiliates to C/E. C/E shall maintain required workers' compensation insurance coverage for C/E employees who are not covered by the Insurance Program through the purchase of an all-states workers' compensation policy. C/E shall ensure that independent contractors and sub-contractors providing services to C/E have the appropriate and required workers' compensation insurance coverage. C/E understands and acknowledges that trucking owner/operators or trucking/lease purchasers are not and will never be considered Covered Employees under this Agreement. In the event that this Agreement is terminated or C/E is otherwise removed from participation in the Insurance Program, C/E agrees to immediately secure replacement workers' compensation insurance coverage for the benefit of employees who continue their employment with C/E.

- 2. Relationship Between the Parties.** In the performance of duties and obligations under this Agreement, each party, and each party's staff members, shall act as independent contractors and not as employees of the other party. By entering into this Agreement and by C/E's participation in the Insurance Program, the parties do not intend to create a partnership or co-venture, nor do they intend for one party to be deemed a principal, agent, master, servant, or representative of the other.
- 3. Force Majeure.** Company shall not be liable to C/E or responsible for any failure to perform its obligations hereunder or for any loss of business or other damages or interruption of service due to war, terrorist activities, fire, strike, accident, acts of God, labor disputes, riots, civil disturbances or any other event outside the reasonable control of Company (each, a "Force Majeure Event"). C/E's obligations hereunder shall continue notwithstanding the occurrence of any Force Majeure Event.
- 4. Requirement to Provide Suitable Workplace.** C/E agrees to supply a safe and suitable workplace for Covered Employees and shall be solely responsible for complying with applicable federal and state occupational safety and health laws and regulations, including training, supplying protective equipment and providing information, warnings and safety instructions. Expenses incurred in supplying and maintaining a safe and suitable workplace shall be the sole responsibilities of C/E.
- 5. Cooperation.** The parties agree to cooperate fully and to provide any assistance necessary to the other party in the investigation of any complaints, claims, actions, or proceedings that may involve or relate to Company, C/E or any Covered Employee. C/E further agrees that it will fully cooperate in any audits conducted by Company or its designated representative. In connection with the audit process, C/E agrees to furnish in a timely manner, any and all books and records which will allow Company to verify payroll. C/E agrees to comply fully and in a timely manner, with recommendations made by Company which are designed to reduce workplace injuries and related costs through improved risk management and workplace safety.
- 6. Subrogation Waiver.** Company and C/E hereby waive any claim against the other by way of subrogation or otherwise, which may arise during the term of the Agreement, for any and all loss, liability, expense or damage related to any of their property, personal injury or other claims covered by policies of insurance, to the extent that such party receives reimbursement or compensation for any such loss, liability, expense or damage under such policies of insurance.



## 7. Intentionally Omitted.

8. **Terms and Termination.** This Agreement shall continue from the Effective Date until terminated by either party upon the occurrence of any of the following events:
- (a) Whenever the parties to this Agreement mutually agree in writing to terminate the Agreement;
  - (b) By C/E upon a thirty (30) days advance written notice; provided, that such termination by C/E without Company's written consent shall be a default under Section 16.A of the Franchise Agreement;
  - (c) Immediately and automatically without notice upon C/E becoming insolvent or filing for bankruptcy protection;
  - (d) Upon C/E's failure to premiums required under the Insurance Program when due, provided that Company may elect, in its sole discretion, to pay such premiums directly pursuant to Section 1(F) herein.
  - (e) Immediately upon Company's termination of the Franchise Agreement;
  - (f) Immediately in the event C/E commits a material breach of any provision herein, provided however that if C/E cures the material breach within thirty (30) days upon voluntary written notice by Company detailing the breach, the termination may be cancelled and the Agreement may continue in effect at the discretion of Company, provided, however, Company is under no obligation to allow C/E to cure any material breach;
  - (g) Immediately upon the cancellation of C/E's required general liability insurance coverage; and
  - (h) Immediately upon written notice from Company that C/E makes or has made any untrue statements of material fact (such as employees being assigned to incorrect skill codes) or any intentional misrepresentation of any fact, whether or not material, in any payroll report, in any form submitted to Company or in any statement made by C/E to Company.
  - (i) If, without Company's prior written consent, C/E sells all or substantially all C/E's assets, or terminates or non-renews its Insurance Program, the Minimum Loss Fund amount shall be set by Company, at Company's sole discretion, to either (1) amounts established by its independent actuary, or (2) to fully developed loss using the then current loss development factors as established by the National Council on Compensation Insurance.

9. **Limitation of Liability.** Under no circumstances shall Company be liable for indirect, special, incidental, consequential, punitive, or exemplary damages arising out of or in connection with this Agreement or any acts or omissions associated therewith or relating to the services furnished, regardless of the causes of such loss or damages, whether such claim is based on contract, tort or other legal theory. If this Agreement is terminated pursuant to the terms hereof, C/E shall not receive a refund of any premium paid by C/E, whether such payment is attributable to a period after the effectiveness of such termination.

10. **Arbitration & Litigation.** All controversies, disputes, or claims between Company or any of Company's affiliates, and its and their respective shareholders, officers, directors, agents, and employees, on the one hand, and CE and its owners, affiliates and employees, on the other hand, arising out of this Agreement, must be submitted for binding arbitration, on demand of either party, pursuant to the provisions of Section 19.E of the Franchise Agreement.

## 11. General Provisions.

- (a) **Applicable Law.** This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Tennessee without giving effect to its conflicts of laws principles. This Agreement is a contract and not an insurance policy; therefore, C/E acknowledges and agrees that laws specifically governing the issuance of insurance policies, pricing of insurance services, and termination of coverage do not apply.
- (b) **Amendments, Waiver, Assignment.** Company may modify or amend the Agreement upon thirty (30) days advance written notice to C/E. This Agreement shall be automatically amended to the extent necessary to comply with the requirements of state, federal law and/or local law and/or to provide coverage to the Covered Employees under an applicable policy of workers' compensation insurance. No waiver of any breach of this Agreement shall constitute or be deemed a waiver of any other or subsequent breach. Neither party may assign or transfer this Agreement to any other person or entity except upon the prior written consent of the other party.
- (c) **Entire Agreement.** This Agreement constitutes and contains the entire Agreement and understanding concerning the subject matters addressed herein by the parties, and supersedes all prior negotiations and all agreements, proposed or otherwise, written or oral, concerning the subject matters hereof.
- (d) **Severability.** Should any term, condition or provision of this Agreement be declared invalid or

unenforceable, the balance of the Agreement shall remain in full force and effect.

- (e) **Notices.** Any notice required to be given pursuant to the terms and provisions within this Agreement shall be in-writing and sent (i) by certified mail return receipt, postage paid or by overnight mail service to parties' addresses in their signature block or to C/E at such other address on file with Company, and/or (ii) by email the email addresses in the signature block or such other email address on file with Company.
- (f) **Signatures.** Each party is signing this document on the date stated below. This agreement, agreements ancillary to this agreement and related documents entered into in connection with this agreement are signed when a party's signature is sent via hand-delivery, U.S. Mail, facsimile, email or other electronic medium.

**IN WITNESS WHEREOF**, this Agreement has been duly executed and delivered by duly authorized representatives of Company and C/E, effective as of the date first written above.

C/E: [ \_\_\_\_\_ ]

_____	_____
Print Name	Title
_____	_____
	Date

Witness/Producer

_____	_____
Print Name	Title
_____	_____
Signature	Date

**Company: AtWork Franchise, Inc.**

_____	_____	Print
Name	Title	
_____	_____	
Signature	Date	

# Exhibit A

## Client Employer General Governance Requirements

- Must maintain the AtWork preferred broker as designated by the Risk Management Department and all required lines of coverage in accordance with the franchise agreement
- Must furnish a Certificate of Insurance to AtWork Risk Management naming AtWork Franchise, Inc. as an additional insured and must be updated at each insurance renewal date
- 100% compliance with the new client safety review process and underwriting procedures including:
  - Follow the requirements of the red, yellow, and green light code system
  - Follow the requirements of the unacceptable job duties list
  - Properly code (workers' compensation) all clients
  - Present the Talent Safety Alliance (TSA) to all new light industrial clients
  - \$500 fine for each non-compliant issue
- Insight integrity testing required for high loss performance
- Each franchisee branch location must have a designated safety coordinator that has been trained by the risk management department
  - Training will be tracked with Learn@Work
- Follow proper hiring and placement procedures including:
  - Implement to use of safety-related behavioral interview questions
  - Implement the AtWork safety orientation with the knowledge check for all light industrial applicants
  - Obtain job descriptions for all light industrial clients
  - Ensure the employees can physically perform the essential functions of their assignment
  - Not allowing employees to be on ladders over 4 feet
  - Not filling positions that exceed AtWork lifting limits of 50lbs
  - Not allow employees to drive motor vehicles (excludes forklifts)
- Must maintain a workers' compensation modified duty return to work program
- 100% compliance with injury reporting and completion of injury packet including accident investigation
  - Work-related claim must be reported to AtWork Franchise, Inc. and Insurer immediately, but no later than 48 hours from the time you were aware of the injury (\$500 fine for each late reported claim)
- All staff members must be AtWork safety certified through Learn@Work
- Implement the AtWork Safety Feedback Program – Behavioral based safety program
- Maintain a 70% score on branch/owner annual audit results
  - Failure to maintain a 70% score will affect the owners experience modifier
  - Ad hoc audits by AtWork may be conducted if some concerns arise in additional to the annual audit

**CLIENT:** \_\_\_\_\_

**NAME (Please Print):** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**EXHIBIT E**

**STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

## STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

### CALIFORNIA

Department of Financial Protection and  
Innovation:

Toll Free: 1 (866) 275-2677

#### *Los Angeles*

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013-2344  
(213) 576-7500

#### *Sacramento*

2101 Arena Blvd.  
Sacramento, California 95834  
(866) 445-7205

#### *San Diego*

1455 Frazee Road, Suite 315  
San Diego, California 92108  
(619) 610-2093

#### *San Francisco*

One Sansome Street, Ste. 600  
San Francisco, California 94104-4428  
(415) 972-8559

### HAWAII

(state administrator)

Business Registration Division  
Securities Compliance Branch  
Department of Commerce and Consumer Affairs  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2727

(agent for service of process)

Commissioner of Securities of the State of  
Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
(808) 586-2744

### ILLINOIS

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

### INDIANA

(state administrator)

Indiana Secretary of State  
302 West Washington Street  
Securities Division, E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

(agent for service of process)

Indiana Secretary of State  
200 West Washington Street, Room 201  
Indianapolis, Indiana 46204  
(317) 232-6531

**MARYLAND**

(state administrator)

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner  
at the Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MICHIGAN**

(state administrator)

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48909  
(517) 335-7622

(agent for service of process)

Michigan Department of Commerce,  
Corporations, Securities & Commercial  
Licensing Bureau  
P.O. Box 30018  
Lansing, Michigan 48909

**MINNESOTA**

Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

(agent for service of process)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

**NEW YORK**

(state administrator)

Office of the New York State Attorney General  
Investor Protection Bureau  
Franchise Section  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
(212) 416-8236 Phone  
(212) 416-6042 Fax

(agent for service of process)

New York Secretary of State  
New York Department of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231-0001  
(518) 473-2492

**NORTH DAKOTA**

(state administrator)

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol - Fifth Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

(agent for service of process)

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol - Fifth Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

### **OREGON**

Department of Business Services Division  
of Financial Regulation  
350 Winter Street, NE, Room 410  
Salem, Oregon 97310-3881  
(503) 378-4387

Oregon Division of Financial Regulation  
P.O. Box 14480  
Salem, Oregon 97309-0405  
(503) 378-4387

### **RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
John O. Pastore Complex Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9645

### **SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid Avenue, Second Floor  
Pierre, South Dakota 57501  
(605) 773-3563

### **VIRGINIA**

(state administrator)  
State Corporation Commission  
Division of Securities  
and Retail Franchising  
1300 East Main Street, 9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

(agent for service of process)

Clerk of the State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

### **WASHINGTON**

(state administrator)

Washington Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

### **WISCONSIN**

(state administrator)

Securities and Franchise Registration  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

(agent for service of process)

Office of the Secretary  
Wisconsin Department of Financial Institutions  
P.O. Box 8861  
Madison, Wisconsin 53708-8861  
(608) 261-9555

**EXHIBIT F**  
**STATE ADDENDA AND AGREEMENT RIDERS**



**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
ATWORK FRANCHISE, INC.**

The following are additional disclosures for the Franchise Disclosure Document of AtWork Franchise, Inc., required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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

**CALIFORNIA**

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

1. 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.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITES, [www.atwork.com](http://www.atwork.com) AND [www.atworkfranchise.com](http://www.atworkfranchise.com), HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

4. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

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

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document 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.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

7. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires application of the laws of the State of Tennessee. This provision might not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is in or within 50 miles of our then-current principal place of business (currently Knoxville, Tennessee) with the costs being borne as provided in the Franchise Agreement. 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 the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

8. The following paragraph is added to the end of Item 19:

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from gross revenue 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 Personnel Services Business. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

## HAWAII

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

**2. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## **ILLINOIS**

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

2. The following paragraphs are added to the end of Item 17:

Illinois law governs the agreements between the parties to this franchise. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisee's rights upon Termination and Non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND**

1. The following is added to the end of the "Initial Franchise Fee" section in Item 5, the "Training Program" section in Item 11 and the "Summary" sections of Item 17(c), entitled

“Requirements for franchisee to renew or extend” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the “Summary” section of Item 17(h), entitled “‘Cause’ defined – non-curable defaults”:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the “Summary” sections of Item 17(v), entitled “Choice of forum”:

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

## **MINNESOTA**

1. The following sentence is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days’ notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or

Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

## **NEW YORK**

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 D 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, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.**

**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 us, our parent, affiliates, the persons identified in Item 2, or an affiliate offering franchises under our 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 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.
- C. 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 we, our affiliate, officers or general partners, or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately before the date of the Disclosure Document: (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 U.S. 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 the “Summary” sections of Item 17(c), entitled “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.

5. The following is added to the end of the “Summary” section of Item 17(d), entitled “Termination by franchisee”:

You may terminate the Franchise Agreement on any grounds available by law.

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

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

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

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

1. The Item 6 line item of the Franchise Disclosure Document entitled “Lost Revenue Damages (Liquidated Damages)” will not be enforced to the extent prohibited by applicable law.

2. The following is added to the “Remarks” section of the Item 6 line item entitled “Attorney’s Fees Upon Default or Termination”:

Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

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

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.



4. The following is added to the end of the "Summary" section of Item 17(i), entitled "Franchisee's obligations on termination/non-renewal":

The requirement to pay damages will not be enforced to the extent prohibited by applicable law.

5. The following is added to the end of the "Summary" section of Item 17(u), entitled "Dispute resolution by arbitration or mediation":

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The "Summary" section of Item 17(v), entitled "Choice of forum," is deleted and replaced with the following:

Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Knoxville, Tennessee), except that, to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The "Summary" section of Item 17(w), entitled "Choice of law," is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Tennessee will apply.

## **RHODE ISLAND**

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled "Choice of forum" and 17(w), entitled "Choice of law":

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

## **VIRGINIA**

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled "Termination by franchisor without cause":

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute

“reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **WASHINGTON**

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

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

2. The following paragraphs are added at the end of Item 5:

Under the laws of Washington State, an existing franchisee that refers a prospective franchisee and receives a financial incentive such as the referral fee may be required to register as a franchise broker.

3. The following paragraphs are added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the “Act”), will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in the State of Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

The Franchise Disclosure Document does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“**we**”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“**you**”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Personnel Services Business that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2.     **ILLINOIS LAW.** The following paragraphs are added to the end of the Franchise Agreement and supersede any conflicting provisions in the Franchise Agreement:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Franchisee’s rights upon Termination and Non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“**we**”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“**you**”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Personnel Services Business that you will operate under the Franchise Agreement will be located in Maryland.

2.     **RELEASES.** The following is added to the end of Sections 14.C.(3) (“Conditions for Approval of Transfer”) and 15.A.(5) (“Your Right to Acquire a Successor Franchise”) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3.     **INSOLVENCY.** The following sentence is added to the end of Section 16.A(18) (“Termination by Us”) of the Franchise Agreement:

Section 16.A(18) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4.     **ARBITRATION.** The following is added to the end of Sections 19.E. (“Arbitration”) and 19.H (“Consent to Jurisdiction”) of the Franchise Agreement:

This Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATIONS ON CLAIMS AND CLASS ACTION BAR.** The following sentence is added to the end of Sections 19.J (“Limitations on Claims and Class Action Bar”) of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

6. **ACKNOWLEDGMENTS.** The following is added to the end of the Franchise Agreement as a new Section 22:

22. **ACKNOWLEDGMENTS.** All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

**[The remainder of this page is intentionally left blank.]**



**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“**we**”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Personnel Services Business that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 11.C. (“Notice of Infringement and Claims”) of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

3. **RELEASES.** The following is added to the end of Sections 14.C.(3) (“Conditions for Approval of Transfer”) and 15.A.(5) (“Your Right to Acquire a Successor Franchise”) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **TERMINATION BY US.** The following is added to the end of Section 16.A (“Termination By Us”) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

5. **LOST REVENUE DAMAGES.** The following language is added to the end of Section 17.G. (“Lost Revenue Damages”) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be

enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF.** Section 19.C. (“Specific Performance/Injunctive Relief”) of the Franchise Agreement is deleted and replaced with the following paragraph:

Nothing in this Agreement, including the provisions of Section 19.E, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby). A court will determine if a bond is required.

7. **GOVERNING LAW.** The following statement is added at the end of Section 19.G (“Governing Law”) of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 19.H (“Consent to Jurisdiction”) of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **LIMITATIONS ON CLAIMS AND CLASS ACTION BAR.** The following sentence is added to the end of the first paragraph of Section 19.J (“Limitations on Claims and Class Action Bar”) of the Franchise Agreement:

; PROVIDED, HOWEVER, THAT MINNESOTA LAW PROVIDES THAT NO ACTION MAY BE COMMENCED UNDER MINN. STAT. SEC. 80C.17 MORE THAN 3 YEARS AFTER THE CAUSE OF ACTION ACCRUES.

10. **WAIVER OF JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Section 19.L of the Franchise Agreement is deleted.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NEW YORK**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“we”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, (the “Franchise Agreement”). This Rider is being signed because (a) you are domiciled in the State of New York and the Personnel Services Business that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER BY US.** The following language is added to the end of Section 14.A. (“Transfer By Us”) of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following is added to the end of Sections 14.C.(3) (“Conditions for Approval of Transfer”) and 15.A.(5) (“Your Right to Acquire a Successor Franchise”) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION BY YOU.** The following language is added to the end of Section 14.B. (“Termination By You”) of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW.** The following statement is added at the end of Section 19.G. (“Governing Law”) of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **CONSENT TO JURISDICTION.** The following is added to the end of Section 19.H. (“Consent to Jurisdiction”) of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“we”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Personnel Services Business that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 14.C.(3) and 15.A.(5) of the Franchise Agreement:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **DAMAGES.** The following language is added to the end of Section 17.G of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. Accordingly, this Section will not be enforced to the extent prohibited by applicable law.

4. **ARBITRATION.** The first paragraph of Section 19.E of the Franchise Agreement is amended to read as follows:

E. **Arbitration.** We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees on the one hand, and you (and your owners, guarantors, affiliates, and/or employees), on the other hand, arising out of or related to:

(1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard;



must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor’s or assign’s then-current principal place of business (currently, Knoxville, Tennessee); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator’s awards may be entered in any court of competent jurisdiction.

5. **GOVERNING LAW.** Section 19.G of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, or as otherwise required by North Dakota law, this Agreement or any related agreements, the franchise granted hereunder, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees), whether couched in tort or contract, will be governed by the laws of the State of Tennessee, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this Agreement which relate to restrictions on you and your owners’ competitive activities are found unenforceable under Tennessee law, the enforceability of those provisions will be governed by the laws of the state in which your Personnel Services Business is located.

6. **CONSENT TO JURISDICTION.** The following language is added to the end of Section 19.H of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 19.J of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

8. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.** To the extent required by the North Dakota Franchise Investment Law, Sections 19.K and 19.L of the Franchise Agreement are deleted.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“we”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Personnel Services Business that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW / CONSENT TO JURISDICTION.** The following language is added to the end of Sections 19.G (“Governing Law”) and 19.H. (“Consent to Jurisdiction”) of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.” To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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

**RIDER TO THE  
FRANCHISE AGREEMENT  
AND RELATED AGREEMENTS  
FOR USE IN WASHINGTON**

**THIS RIDER** is made and entered into by and between **ATWORK FRANCHISE, INC.**, a Tennessee corporation with our principal business address at 3215 John Sevier Highway, Knoxville, Tennessee 37920 (“we”) and \_\_\_\_\_, a(n) \_\_\_\_\_, having its principal business address at \_\_\_\_\_ (“you”).

1.     **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Personnel Services Business that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2.     **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “Act”), Chapter 19.100 RCW, will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.

A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**[The remainder of this page is intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**FRANCHISOR:**

**ATWORK FRANCHISE, INC.**,  
a Tennessee corporation

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

**FRANCHISEE:**

(If you are a corporation)

\_\_\_\_\_  
Name of Corporation

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

(If you are a partnership, all partners must sign below)

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

(If you are a Limited Liability Company)

\_\_\_\_\_  
Name of Limited Liability Company

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



## **EXHIBIT G**

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**EXHIBIT H**

**LIST OF FRANCHISEES AND FORMER FRANCHISEES**

**Franchised Outlets  
as of December 31, 2023**

Contact Person	Franchisee	Address	City	State	Zip	Telephone
Jeff Kantner	CJKANT	2330 N 75th Ave, Suite 203	Phoenix	AZ	85035	623-247-2156
Kelly Young	KR YOUNG STAFFING GROUP	2432 W Peoria Ave, Suite 1060-61	Phoenix	AZ	85029	602-242-0444
Gregg Hassler & Moses Rangel	G&M Hire Enterprises, LLC	3137 Tiger Run Ct #110	Carlsbad	CA	92010	(442) 287-0300
Lori Brower	B2 Services, LLC	15345 Fairfield Ranch Road	Chino Hills	CA	91709	(909) 901-3300
Firas Korkis	Staffright Solutions Inc	1105 Broadway,	Chula Vista	CA	91911	(619) 870-8965
Gregg Hassler & Moses Rangel	G&M Hire Enterprises, LLC	43576 Washington Street	La Quinta	CA	92253	(760) 346-3945
Gregg Hassler & Moses Rangel	G&M Hire Enterprises, LLC	11801 Pierce St, Ste 200	Riverside	CA	92505	(951) 588-5517
Josephine Suryono	JMAX Resources, LLC	1090 Sunrise Avenue Suite 140	Roseville	CA	95661	(916) 791-3000
Josephine Suryono	JMAX Resources, LLC	2251 Harvard St	Sacramento	CA	95815-3333	(916) 791-3000
Zena Kaji	East Bay HC Resource	14715 Catalina Street	San Leandro	CA	94577	(510) 957-5804
Lori Brower	B2 Services, LLC	505 North Tustin Avenue, Suite 252	Santa Ana	CA	92705	(714) 363-3670
Josee Minero	Emploi Group, Inc.	10350 Heritage Park Drive	Santa Fe Springs	CA	90670	(714) 676-3998
Gregg Hassler & Moses Rangel	G&M Hire Enterprises	27720 Jefferson Ave #130	Temecula	CA	92590	(951) 297-3591
Josee Minero	Emploi Group, LLC	970 W 190th St #860	Torrance	CA	90502	(310) 539-2884
Jeff Kantner	CJKANTRG PA, LLC	3530 West Mineral King Avenue	Visalia	CA	93291	(559) 429-4545
Effendy Liu & Peggy Tio	EPCO Resources, LLC	6950 East Belleview Ave.	Greenwood Village	CO	80111	(720) 826-0687
Damon Johanson	Total Source Colorado	1079 S Hover St	Longmont	CO	80501-7923	(720) 500-2564 ext. 102
Josee Minero	Emploi Group, Inc.	901 North Lake Destiny Dr	Maitland	FL	32751	(407) 203-7339
Ron & Rosa Crescenti	Crescer, Inc.	3685 Braselton Hwy	Dacula	GA	30019	(706) 684-0374
Brian & Vanessa Ragland	Ragworks, LLC	1396 S. Marietta Parkway, 300-228	Marietta	GA	30067	(770) 625-7844
Jeff Kantner	CJKANTRG PA, LLC	135 Canal Street	Pooler	GA	31322	(912) 988-3561
Josee Minero	Emploi Group, Inc.	6731 West 121st Street	Overland Park	KS	66209	(913) 221-0677
Walt & Angela Tracy	W&A Investments	525 West 5th St.	Covington	KY	41011	(859) 878-1708

Contact Person	Franchisee	Address	City	State	Zip	Telephone
Jeff Kantner	CJKANTRG PA, LLC	401 Veterans Memorial Boulevard #200a	Metairie	LA	70005	(504) 702-8595
Shivon Dysart	SD Staffing, LLC	240 Pleasant St	Methuen	MA	01844	(978) 725-4700
Debbie Moody	Future Agency, LLC	3 Future Way	Hampden	ME	04444	(207) 989-1990
Debbie Moody	Future Agency, LLC*	15 Daigle Lane	Sanford	ME	04073	(207) 206-7290
Debbie Moody	Future Agency, LLC	91 Madison Ave	Skowhegan	ME	04976	(207) 474-5900
Debbie Moody	Future Agency, LLC	287A Auburn Road	Turner	ME	04282	(207) 225-5627
Daryl Ayers	Ayers Partners, LLC	2627 SE. Beltline Avenue	Grand Rapids	MI	49546	(616) 226-3332
Lukus Handshoe	CBK Staffing, LLC	4430 S Westnedge Ave	Kalamazoo	MI	49008	(269) 215-0552
Daryl Ayers	Ayers Partners, LLC	12434 E. 12 Mile Road	Warren	MI	48093	(586) 204-2136
Daryl Ayers	Ayers Partners, LLC	2074 S. Wayne Rd.	Westland	MI	48186	(734) 203-7163
Josee Minero	Emploi Group, Inc.	1520 Church Road	Liberty	MO	64068	(816) 781-2500
Josee Minero	Emploi Group, Inc.	1202 S Madison St	Webb City	MO	64870-2834	(417) 501-2489
Eric Todd	Plateau Staffing, LLC	301 Kilmayne Dr	Cary	NC	27511-4491	(919) 378-9840
Eric Todd	Plateau Staffing, LLC	839 Majestic Ct	Gastonia	NC	28054	(704) 251-0275
Eric Hauth	Hauth, Inc.	1532 Haywood Rd	Hendersonville	NC	28791	(828) 658-9304
Eric Todd	Plateau Staffing, LLC	825 Gum Branch Road	Jacksonville	NC	28540	(910) 455-0545
Stephanie Avery & William Boyd	W. S. Eagle Group, Inc.	3009 Village Park Dr.,	Knightdale	NC	27545	(919) 295-5015
Jerry Bland	RightFit Services, LLC	4724 Hargrove Road Suite 180	Raleigh	NC	27616	(919) 364-4400
Eric Todd	Plateau Staffing, LLC	8030 North Point Blvd	Winston-Salem	NC	27106-3251	(336) 727-3403
Nathan Dibagno	Proverbs 22:29 LLC	3680 Westgate Center Circle	Winston-Salem	NC	27103	(336) 842-8250
Jeff Kantner	CJKANTRG PA, LLC	15 East Broad Street	Burlington	NJ	08016	(484) 406-3835
Jeff Kantner	CJKANTRG PA, LLC	4306 New York Ave	Union City	NJ	07087	(201) 216-1711
Kelly Young	KR Young Staffing	500 N Rainbow Blvd	Las Vegas	NV	89107	(702) 902-5900
Steve Ferraro	SBF Staffing Solutions Inc	72 West Main Street,	Avon	NY	14414	(585) 438-4388
Steve Ferraro	SBF Staffing Solutions Inc	29 Liberty Street,	Batavia	NY	14020	(585) 250-4021
Steve Ferraro	SBF Staffing Solutions Inc	140 Metro Park,	Rochester	NY	14623	(585) 563-7151
Walt & Angela Tracy	W&A Investments	11305 Reed Hartman Highway #126	Cincinnati	OH	45241	(513) 273-0176
Steve Martin	Martin Enterprises	3918 Clock Pointe Trail,	Stow	OH	44224	(330) 615-7110
Bill & Kim Shapard	Shapard Staffing	820 NE 63rd Street	Oklahoma City	OK	73105	(405) 276-9400
Jeff Kantner	CJKANTRG PA, LLC	4100 Tilghman St.	Allentown	PA	18104	(610) 841-4121
Jeff Kantner	CJKANTRG PA, LLC	545 Division Street	Harrisburg	PA	17110	(717) 307-9515

Contact Person	Franchisee	Address	City	State	Zip	Telephone
Jeff Kantner	CJKANTRG PA, LLC	101 W Broad Street	Hazleton	PA	18201	(570) 459-5290
Jeff Kantner	CJKANTRG PA, LLC	945 Berkshire Blvd.	Wyomissing	PA	19610	(610) 375-2773
David Walker	JDWalker Group, LLC	9570 Two Notch Rd.	Columbia	SC	29223	(803) 766-2534
Ann Garrison	Cumberland Staffing, Inc	821 W Jackson St	Cookeville	TN	38501	(931) 520-7516
Ann Garrison	Cumberland Staffing, Inc	1299 Genesis Road #1	Crossville	TN	38555	(931) 456-2697
Kyla Leverant	Leverage Pros, LLC	1701 E. Broadway Ave.	Maryville	TN	37804	(865) 409-1005
Angie Hedge	The Mockingbird Group, LLC	5009-A South 1st Street	Milan	TN	38358	(731) 238-5006
Angie Hedge	The Mockingbird Group, LLC	124 W Washington St	Paris	TN	38242	(731) 407-7792
Karen Barnes	PTO Corpus Cristi TX, LLC	5866 S. Staples St.	Corpus Christi	TX	78413	(361) 400-4375
Melissa Dancy	M&P Dancy Corporation	18333 Egret Bay Blvd.	Houston	TX	77058	(832) 864-3336
Raven Watson	KR Watson Corporation	15915 Katy Freeway,	Houston	TX	77094	(832) 974-4652
Melissa Dancy	M&P Dancy Corporation	11811 East Freeway	Houston	TX	77029	(713) 485-5659
Kelly Young	KR Young Staffing	5605 N. MacArthur Blvd	Irving	TX	75038	(972) 460-9295
Rodrigo Solis	BRJS, LLC	7019 W Village Blvd	Laredo	TX	78041	(956) 723-4980
Rodrigo Solis	BRJS, LLC	414 N General McMullen Dr	San Antonio	TX	78237	(210) 587-7010
Rodrigo Solis	Malustaff, LLC	101 Uhland Rd, Suite 101	San Marcos	TX	78666	(512) 766-1679
Kelly Young	KR Young Staffing	100 Independence Place	Tyler	TX	75703	(903) 508-4925
Damon Johanson	Total Source LLC	3300 N Triumph Boulevard	Lehi	UT	84043	(801) 903-1250
Damon Johanson	Total Source LLC	9980 S 300 W	Sandy	UT	84070	(801) 903-1250
Damon Johanson	Total Source, LLC	3556 South 5600 West #1-235	West Valley City	UT	84120	(801) 630-8640
Margaret Collins	TJs Safety Training	420 East Third St	Farmville	VA	23901	(434) 392-3149
Frank McMillan	PTO Harrisonburg VA, LLC	1807 Virginia Ave.	Harrisonburg	VA	22802	(540) 617-0082
Eric Todd	Plateau Staffing, LLC	240 Corporate Blvd	Norfolk	VA	23502-4900	(910) 455-0545
Rex & Debora Black	Deborex LLC	451 SW 10th St.	Renton	WA	98057	(206) 876-9111
Rex & Debora Black	Deborex LLC	950 Pacific Ave.	Tacoma	WA	98402	(253) 237-7611
Noah & Tiffany Kapp	Hired, LLC	219 N Kanawha St.	Beckley	WV	25801	(304) 513-3387

\*This franchisee operates two Offices from Sanford, Maine.

**Franchisees that signed a franchise agreement but were not operational  
as of December 31, 2023**

Franchisee	Address	City	State	Email
GDH Solutions, LLC	TBD	Jacksonville	FL	gherrington@atwork.com
Elevate Business Solutions, Inc.	TBD	Tallahassee	FL	agaffey@atwork.com
At Staffing Group, LLC	TBD	Tampa	FL	rreddy@atwork.com, sdevuni@atwork.com
KMMB Staffing, LLC	TBD	Norcross	GA	kbhatia@atwork.com
J&R Chomon's MD Enterprise, LLC	TBD	Gaithersburg	MD	rchomon@atwork.com
Palmetto Personnel Solutions, LLC	TBD	North Charleston	SC	cpatel@atwork.com

**Franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement as of December 31, 2023, or who has not communicated with us within 10 weeks of the disclosure document issuance date.**

Franchisee	Address	City	State	ZIP	Telephone	Reason
Southern Staffing, Inc.	PO Box 2494 811 B 2nd Ave SE	Decatur	AL	35601	(256) 353-2924	Reacquired by Franchisor
Eudaimonia, LLC	180 N LaSalle Street	Chicago	IL	60601	(312) 216-5105	Ceased Operations
Emploi Group, Inc.	125 Crown Hill Rd.	Excelsior Springs	MO	64024	(816) 630-0942	Ceased Operations
PTO Joplin MO, LLC	1202 S. Madison, Suite C	Webb City	MO	64870	(417) 501-2489	Transfer
PTO Gastonia*	839 Majestic Court Suite 9	Gastonia	NC	28054	(704) 251-0275	Transfer
Holloway Staffing, LLC	8121 Broadway	Houston	TX	77061	(713) 836-2610	Terminated
Holloway Staffing, LLC	5959 Westheimer	Houston	TX	77057	(346) 802-4097	Terminated

\*This Franchisee transferred its Franchise Agreement to a Virginia franchisee.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT I**

**GENERAL RELEASE**

**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

**AtWork Franchise, Inc.** (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_

\_\_\_\_\_ (“you” or “your”), currently are parties to a certain franchise agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_\_\_. You have asked us to take the following action or to agree to the following request: *[insert as appropriate for renewal or transfer situation]* \_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

1. General Release. Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Released Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, (1) arising out of or related to the Released Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Released Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

2. Representations and Warranties. You represent and warrant to us that, in entering into this release, you (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of your own choosing (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of this release; (iii) realize that it is final and conclusive, and intend it to be final and conclusive, as to the matters set forth in this release; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this release, that you are aware of no third party who contends or claims otherwise, and that you shall not purport to assign, transfer, or convey any such claim in the future.



3. Waiver of Statutory Preservation Provisions. IF THE BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**Section 1542 Acknowledgment.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE RELEASED PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE RELEASED PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Personnel Services Business is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq, governs the parties’ franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If the Personnel Services Business is located in Washington or if you are a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. Miscellaneous.

(a) This release cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

(b) This release, together with the agreements referenced in this release, constitute the entire understanding between and among the parties with respect to the subject matter of this release. This release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this release, and in executing this release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this release.

(c) This release may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted via fax or scanned and e-mailed shall be given the same force and effect as originals.

(d) This release shall be binding upon and inure to the benefit of the parties to this release and their respective successors and permitted assigns.

(e) Any provision of this release which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(f) This release shall be governed by and construed in accordance with the internal laws of the State of Tennessee, without reference to conflict of law principles.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

**ATWORK FRANCHISE, INC.**, a Tennessee corporation

**[FRANCHISEE]:**

**(If you are a corporation, limited liability company, or partnership):**

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

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

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

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

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

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

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

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

**(If you are an individual and not a legal entity):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Date]

**EXHIBIT J**

**CONSENT TO TRANSFER**

## CONSENT TO TRANSFER

THIS **CONSENT TO TRANSFER** (“**Consent**”) is made by and among AtWork Franchise, Inc., a Tennessee corporation (“**Franchisor**”); \_\_\_\_\_, a \_\_\_\_\_ (“**Transferor**”), the undersigned parties listed as Transferor Guarantors (“**Transferor Guarantors**”), \_\_\_\_\_, a \_\_\_\_\_ (“**Transferee**”), and the undersigned parties listed as Transferee Guarantors (“**Transferee Guarantors**”). Transferor and Transferor Guarantors are collectively referred to as the “**Transferor Parties.**” Transferee and Transferee Guarantors are collectively referred to as the “**Transferee Parties.**”

### RECITALS

A. Franchisor and Transferor are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Original Agreement**”), pursuant to which Franchisor granted Transferor, and Transferor undertook, the right and license to own and operate a Personnel Services Business located at \_\_\_\_\_ (the “**Personnel Services Business**”). Transferor Guarantors personally guaranteed all obligations of Transferor under the Original Agreement (the “**Original Guaranty**”).

B. Transferor has notified Franchisor that it wishes to transfer the Personnel Services Business to Transferee, including a transfer of substantially all the assets of the Personnel Services Business and a transfer of the lease to the premises of the Personnel Services Business (the “**Transfer**”), pursuant to the terms of that certain Asset Purchase Agreement dated \_\_\_\_\_, in form and substance provided to Franchisor (the “**Purchase Agreement**”).

### AGREEMENT

**FOR AND IN CONSIDERATION** of the foregoing recitals, the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Consent to Transfer and Waiver of Right of First Refusal.** Subject to the terms and conditions of this Consent, Franchisor hereby consents to the Transfer of the Personnel Services Business on the terms set forth in the Purchase Agreement and hereby waives its right of first refusal to acquire the assets of the Personnel Services Business on the basis of such Transfer under the Original Agreement. Any substantive change or amendment to, or waiver of, any provision of the Purchase Agreement prior to the Transfer will require Franchisor’s separate prior written consent and waiver of right of first refusal. In the event that any term or condition of this Consent is not met by the parties as of the date of the Transfer (the “**Transfer Date**”), including any representation or warranty that is not true as of the Effective Date or the Transfer Date, Franchisor’s consent to the Transfer may be withdrawn, and any transfer that occurs thereafter, of any kind, including the Transfer, shall be deemed an unauthorized transfer under the terms of the Original Agreement.

2. **Termination of Original Agreement.** Upon consummation of the Transfer, the Original Agreement will automatically terminate effective as of the Transfer Date. After the Transfer Date, the provisions of the Original Agreement shall be of no further force or effect; provided, that nothing in this Consent will be deemed to terminate or release the Transferor Parties from any of the following obligations (together, the “**Surviving Obligations**”): (i) any obligations under the Original Agreement that, either expressly or by their nature, survive termination thereof (including, post-termination restrictive covenants, indemnification, dispute resolution, non-disparagement, confidentiality provisions, and the obligation to cease using any proprietary trademarks); (ii) any obligations arising prior to the Transfer Date (including any obligations to pay any amounts to

Franchisor accruing prior to the Transfer Date); (iii) any failure to perform, improper performance, or other breach, default or violation by any Transferor Party of the Original Agreement; or (iv) any obligations of the Transferor Parties under this Consent. The Original Guaranty shall remain in force and effect and shall serve as a guaranty of the Surviving Obligations, and Transferor Guarantors acknowledge and agree that Franchisor may seek any available remedies against them for the failure of any Transferor Party to comply with any Surviving Obligations.

3. **Representations and Warranties.** The Transferor Parties and the Transferee Parties each hereby, jointly and severally, represent and warrant to Franchisor as of the Effective Date and as of the Transfer Date that: (i) Transferor and Transferee are each a legal entity duly organized, validly existing and in good standing under the laws of their respective jurisdiction of organization; (ii) Transferor and Transferee each have all requisite power and authority to be bound by the terms hereof and to carry out and perform its obligations under this Consent, the Purchase Agreement, and in the case of Transferee, the New Agreement (as defined below); and (iii) the parties have provided Franchisor with a final executed and effective copy of the Purchase Agreement and no provision of the Purchase Agreement has been modified, amended, waived, or disclaimed in any manner by the parties thereto prior to the Effective Date.

4. **Conditions to Consent.** Franchisor's consent to the Transfer is conditioned on all of the following terms and conditions being met on or prior to the Transfer Date:

(a) The Transfer must occur no later than \_\_\_\_\_, and if the Transfer shall not have occurred by such date, this Consent shall be deemed void, and Franchisor's consent to the Transfer shall be deemed withdrawn, and any transfer that occurs thereafter, of any kind, including the Transfer, shall be deemed an unauthorized transfer under the terms of the Original Agreement;

(b) All of the representations and warranties made in this Consent by the Transferor Parties and Transferee Parties must be true and correct as of the Transfer Date, and Transferor Parties and Transferee Parties must not have violated any provision of this Consent, the Original Agreement, the New Agreement or any other agreement between any such party and Franchisor or Franchisor's affiliates, or any suppliers or landlord of the Personnel Services Business, as applicable;

(c) Transferor Parties must provide Franchisor all information or documents Franchisor requests about the Transferee Parties to evaluate their ability to satisfy their obligations under Franchisor's then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of Franchisor's application and certification requirements;

(d) Transferor Parties must provide Franchisor executed versions of any documents executed by Transferor Parties and Transferee Parties to effect the Transfer, and all other information Franchisor requests about the proposed Transfer, and such Transfer meets all of Franchisor's requirements, including terms, closing date, purchase price, amount of debt and payment terms, and Franchisor has determined that the purchase price and payment terms of the Transfer will not adversely affect the Transferee's operation of the Personnel Services Business;

(e) Transferor Parties must not have violated any provision of the Original Agreement or any other agreement with Franchisor or its affiliates during both the sixty (60) day period before Transferor Parties requested Franchisor's consent to the Transfer and the period between Transferor Parties' request and the Transfer Date, including that Transferor

Parties have paid all amounts owed to Franchisor, its affiliates, and third-party vendors, and have submitted all required reports and statements;

(f) If the proposed Transfer (including any assignment of the lease of the premises of the Personnel Services Business or subleasing of the premises of the Personnel Services Business) requires notice to or approval from Transferor's landlord, or any other action under the terms of the lease for the Personnel Services Business, Transferor has taken such appropriate action and delivered Franchisor evidence of the same;

(g) Transferee must sign Franchisor's then-current form of franchise agreement and related documents, including execution of a guaranty of all obligations thereunder by the Transferee Guarantors (together, the "**New Agreement**"), any and all of the provisions of which may differ materially from any and all of those in the Original Agreement; provided, the term of the New Agreement will be the remaining term of the Original Agreement;

(h) Transferee and its required personnel satisfactorily complete Franchisor's then-current training program as required under the New Agreement;

(i) Transferor must pay Franchisor a transfer fee equal to 50% of Franchisor's then-current initial fee;

(j) If Transferor Parties finance any part of the purchase price, Transferor Parties agree that all of the Transferee's obligations under promissory notes, agreements, or security interests reserved in the Personnel Services Business are subordinate to the Transferee's obligation to pay amounts due to Franchisor, Franchisor's affiliates, and third-party vendors related to the operation of the Personnel Services Business and otherwise to comply with the Original Agreement;

(k) Transferor must have corrected any existing deficiencies of the Personnel Services Business of which Franchisor has notified Transferor, and/or the Transferee agrees to upgrade, remodel, and refurbish the Personnel Services Business in accordance with Franchisor's then-current requirements and specifications for Personnel Services Business within the time period Franchisor specifies following the Transfer Date and the Transferee agrees to escrow an amount Franchisor approves for payment of the required upgrade, remodel or refurbishment; and

(l) Transferor provides Franchisor the evidence Franchisor reasonably requests to show that appropriate measures have been taken to effect the Transfer as it relates to the operation of the Personnel Services Business, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

5. **Terms of Purchase Agreement.** Notwithstanding the terms of the Purchase Agreement, the Transferor Parties and Transferee Parties hereby agree that the Transfer shall not transfer or purport to transfer any assets, rights or interests reserved by, owned by or accruing to the benefit of Franchisor, including, without limitation: (i) any assets, rights or interests associated with the trademarks, trade dress, copyrights, goodwill, domain names, or other intellectual property used in connection with the Personnel Services Business; (ii) any customer lists, databases, website data, logins and passwords, or any other proprietary information used in connection with the Personnel Services Business; and (iii) any other assets, rights or interests reserved to Franchisor under the terms of the Original Agreement and/or New Agreement. All such assets, rights or interests of Franchisor are hereby expressly reserved by Franchisor, and the Transferor Parties and Transferee Parties hereby expressly waive and disclaim such assets, rights or interests in all respects.

6. **Further Assurances.** The Transferor Parties and Transferee Parties each covenant and agree, at their own expense, to execute and deliver, at Franchisor's request, such further instruments and to take such other action as Franchisor may request to consummate the Transfer, the effectiveness of the New Agreement, and the other terms and conditions of this Consent.

7. **Franchisor Release.** The Transferor Parties, jointly and severally, and each of them, on behalf their respective affiliates, parents, subsidiaries, and each such foregoing person's or entity's respective owners, agents, insurers and our and their respective employees, officers, directors, successors, assigns, owners, guarantors and other representatives (collectively, the "**Releasing Parties**"), hereby fully and forever unconditionally release and discharge Franchisor, and its affiliates, parents, subsidiaries, each such foregoing person's or entity's respective owners, agents, insurers and our and their respective employees, officers, directors, successors, assigns, owners, guarantors and other representatives (the "**Franchisor Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of action, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had, or may have against any of the Franchisor Parties, from the beginning of time to the Effective Date, including as arising out of or relating to the Original Agreement or the relationship of the Transferor Parties with the Franchisor Parties.

IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR ANY OF THE RELEASING PARTIES IS A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**



YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Personnel Services Business is located in Maryland or if Transferor or a Transferor Guarantor is a resident of Maryland, the following shall apply:

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq, governs the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. **Future Assignments.** Franchisor's consent under this Consent will not be construed as its consent to any further assignments or transfers of the Original Agreement or New Agreement, the Personnel Services Business, or the membership or ownership interests of the Transferor Parties or Transferee Parties, or to the waiver of any future rights of first refusal Franchisor may have under the Original Agreement and/or New Agreement, as applicable. Any further transfers require Franchisor's prior written consent under the Original Agreement and/or New Agreement, as applicable.

9. **Role of Franchisor.** Transferor Parties and Transferee Parties each acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor, that Franchisor has not effected or arranged the Transfer, and that Franchisor's only involvement in the transaction has been for the purpose of exercising its right of consent to the Transfer in accordance with the Original Agreement.

10. **Binding Effect.** This Consent inures to the benefit of Franchisor Parties and their respective successors and assigns and will be binding upon the parties and their respective successors, permitted assigns and legal representatives.

11. **Miscellaneous.** This Consent constitutes the entire understanding between the parties with respect to the matters it contemplates. This Consent will be construed and interpreted in accordance with the laws of the State of Tennessee, without regard to its conflicts of laws rules. The captions and headings are only for convenience of reference, are not a part of this Consent, and will not limit or construe the provisions to which they apply. This Consent may be executed in multiple copies, each of which will be deemed an original. This Consent may be executed electronically.

*[Signature page to follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be made effective as of the Effective Date.

**ATWORK FRANCHISE, INC.,**  
a Tennessee corporation

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date\*: \_\_\_\_\_

*\* This is the Effective Date*

**TRANSFEROR**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFeree**

\_\_\_\_\_, a  
\_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TRANSFEROR GUARANTORS**

\_\_\_\_\_

Sign: \_\_\_\_\_

**TRANSFeree GUARANTORS**

\_\_\_\_\_

Sign: \_\_\_\_\_

**EXHIBIT K**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE DOMICILED IN OR LOCATED IN, YOUR PERSONNEL SERVICES BUSINESS WILL BE OPERATED IN, OR THE FRANCHISE GRANTED IS SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS OF: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

The purpose of this Statement is to demonstrate to ATWORK FRANCHISE, INC., (“Franchisor”) that each person signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights (“Franchisee”), (a) fully understands that the purchase of an AtWork franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables over which Franchisor has no control such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:
<p align="center"><b><u>SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION.</u></b></p> <p><b>PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.</b></p> <p>Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD?</p> <p align="center"> <input type="checkbox"/> Yes                      <input type="checkbox"/> No                      (INSERT INITIAL HERE: _____) </p> <p>If you selected “Yes,” please describe the information you received on the lines below:</p> <p>_____</p> <p>_____</p>	

**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department’s List of Specially Designated Nationals;
2. the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department’s Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists,

sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

**FRANCHISEE:**

Sign here if you are taking the franchise as an  
**INDIVIDUAL(S)**  
**(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)**

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Sign here if you are taking the franchise as a  
**CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
Print Name of Legal Entity

By: \_\_\_\_\_  
**Signature**

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	March 29, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	March 29, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



**EXHIBIT L**

**RECEIPTS**

**RECEIPT  
(OUR COPY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If AtWork Franchise, Inc. 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, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If AtWork Franchise, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The franchisor is AtWork Franchise, Inc., located at 3215 W. John Sevier Highway, Knoxville, TN 37920. Its telephone number is (865) 609-9611.

Issuance Date: March 29, 2024.

The franchise seller for this offering is:

- |   |   |  |  |
|---|---|--|--|
| <input type="checkbox"/> Jason Leverant<br>AtWork Franchise, Inc.<br>3215 W. John Sevier Hwy<br>Knoxville, TN 37920<br>(865) 609-9611 | <input type="checkbox"/> Nick Wallace<br>AtWork Franchise, Inc.<br>3215 W. John Sevier Hwy<br>Knoxville, TN 37920<br>(865) 609-9611 | <input type="checkbox"/> _____<br>AtWork Franchise, Inc.<br>3215 W. John Sevier Hwy<br>Knoxville, TN 37920<br>(865) 609-9611 | <input type="checkbox"/> Name of Franchise Seller:<br>_____<br>Principal Business Address:<br>_____<br>_____ |
|---|---|--|--|

AtWork Franchise, Inc., authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a Disclosure Document dated March 29, 2024 that included the following Exhibits:

- |             |   |           |  |
|-------------|---|-----------|--|
| Exhibit A   | Financial Statements  | Exhibit G | Table of Contents to Operations Manual       |
| Exhibit B   | Franchise Agreement   | Exhibit H | List of Franchisees and Former Franchisees   |
| Exhibit C   | Addendum to Franchise Agreement for<br>Additional Territory | Exhibit I | Form of General Release                      |
| Exhibit D-1 | Workers' Compensation Power of Attorney                     | Exhibit J | Consent to Transfer                          |
| Exhibit D-2 | Workers' Compensation Program Agreement                     | Exhibit K | Representations and Acknowledgment Statement |
| Exhibit E   | State Agencies/Agents for Service of Process                | Exhibit L | Receipts                                     |
| Exhibit F   | State Specific Addenda and Agreement Riders                 |           |  |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_  
Name of Business Entity  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

If an individual:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it to AtWork Franchise, Inc., 3215 W. John Sevier Highway, Knoxville, Tennessee 37920.

**RECEIPT  
(YOUR COPY)**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If AtWork Franchise, Inc. 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, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under New York law, we must provide this Disclosure Document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If AtWork Franchise, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

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|---|---|--|--|

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- |             |  |           |  |
|-------------|--|-----------|--|
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| Exhibit E   | State Agencies/Agents for Service of Process             | Exhibit L | Receipts                                     |
| Exhibit F   | State Specific Addenda and Agreement Riders              |           |  |

**PROSPECTIVE FRANCHISEE:**

If a business entity:

\_\_\_\_\_  
Name of Business Entity  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

If an individual:

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Dated: \_\_\_\_\_  
(Do not leave blank)

**KEEP THIS COPY FOR YOUR RECORDS**