

## FRANCHISE DISCLOSURE DOCUMENT

CINCH FRANCHISE, LLC  
(A Massachusetts limited liability company)  
27 West Mountain Street, Worcester, Massachusetts 01606  
(877) 442-4624  
e-mail: info@cinchfranchise.com  
www.cinchfranchise.com



As a CINCH I.T. franchisee you will operate an Information Technology (I.T.) support business (“Franchised Business”). The total investment necessary to begin the operation of a CINCH I.T. Franchised Business is \$100,025 to \$124,850. This includes \$49,000 that must be paid to the franchisor or its affiliate. In addition, if you enter into a Multi-Unit Development Agreement, you must pay us a development fee equal to \$15,000 for each additional Franchised Business that you commit to developing. We do not require a minimum number of CINCH I.T. Franchised Businesses to be opened under a Multi-Unit Development Agreement.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 Richard Porter, Cinch Franchise, LLC, 27 West Mountain Street, Worcester, Massachusetts 01606, (877) 442-4624, info@cinchfranchise.com.

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

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

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

Issuance date of this Franchise Disclosure Document: April 30, 2023

## 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 J.
<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 B 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 CINCH I.T. business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a CINCH I.T. franchisee?</b>	Item 20 or Exhibit J 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 A.

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

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Massachusetts. Out-of-state mediation, 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 Massachusetts than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Sales Performance Requirement.** 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.
4. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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

**NOTICE REQUIRED  
FOR PROSPECTIVE FRANCHISEES  
BY STATE OF MICHIGAN**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

**Section 445.1508(1) of the Michigan Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure documents earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to franchisor’s receipt of any consideration.**

**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, according to the Michigan Department of Attorney General, Consumer Protection Division (the “Division”), 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 by the Michigan Franchise Investment Law. 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 subsection does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. 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 value 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) above.

(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.

**The fact that there is a notice of this offering on file with the Attorney General of Michigan does not constitute approval, recommendation, or endorsement by the Attorney General.**

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General  
Consumer Protection Division  
Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913  
(517) 373-7117

**FRANCHISE DISCLOSURE DOCUMENT  
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**EXHIBITS:**

A. Agent for Service of Process	H. Spousal Non-Disclosure and Non-Competition Agreement
B. Financial Statements	I. State Specific Amendments to the Franchise Agreement & Multi-Unit Development Agreement
C. State Specific Addenda	J. List of Current & Former Franchisees
D. Franchise Agreement	K. Confidential Operations Manual Table of Contents
E. Multi-Unit Development Agreement	L. Franchise Compliance Questionnaire
F. Non-Disclosure, Non-Solicitation and Non-Competition Agreement	M. General Release
G. Employee Confidentiality Agreement	N. Receipt



**CINCH FRANCHISE, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

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**Item 1**

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

**The Franchisor**

The Franchisor is Cinch Franchise, LLC, a limited liability company organized under the laws of the Commonwealth of Massachusetts on January 2, 2019 with a principal business address located at 27 West Mountain Street, Worcester, Massachusetts 01606. Our telephone number is (877) 442-4624. We are owned by our member. We conduct business under our corporate name, under the trade name and service mark “CINCH I.T.” We have never operated a business similar to the Franchised Business. We have offered franchises for CINCH I.T. businesses since April 20, 2019. We have never offered franchises in any other line of business.

To simplify the language in this Disclosure Document, “we,” “us,” “our” or “Cinch Franchise, LLC” means the franchisor, Cinch Franchise, LLC. Similarly, “you” or “your” means the person or entity that purchases the right to operate a CINCH I.T. Business as a franchisee. If you are a corporation, a limited liability company, or a partnership, each of your owners must sign a personal guaranty agreeing to comply with all provisions of the Franchise Agreement.

**Agents for Service of Process**

Our agent for service is disclosed in Exhibit A.

**Parents**

We do not have a parent.

**Predecessors**

In June 2015, our Principal purchased the intellectual property rights to the CINCH IT trademarks, and other related assets from an unrelated third party, Clark Empire, Inc., located at 210 Park Avenue, Worcester, Massachusetts 01609.

**Affiliates**

Through common ownership, we are affiliated with Cinch IT of Massachusetts, Inc., which was formed in Massachusetts on March 5, 2013 under the name Simply IT, Inc. Its name was amended to Cinch IT, Inc. on May 27, 2015 and then to Cinch I.T. of Massachusetts, Inc. on January 4, 2019 (“Cinch I.T. MA”). Its principal business address is 27 West Mountain Street, Worcester, Massachusetts 01606. Cinch I.T. MA operates a business similar to the franchises offered in this Disclosure Document.

Through common ownership, we are affiliated with Cinch HD, LLC, which was formed in Massachusetts on January 2, 2019 to provide help desk and other support services to our

franchisees and affiliates (“Cinch HD”). Its principal business address is 27 West Mountain Street, Worcester, Massachusetts 01606.

Neither our predecessor nor affiliates have offered franchises of the type being offered in this Disclosure Document or in any other line of business.

Except as provided above, we have no parent, predecessor or affiliates required to be disclosed in this Item 1.

### **The Franchised Business Offered**

We are offering, under the terms of this Disclosure Document, a home-based franchise opportunity to become a franchisee to develop and operate a CINCH I.T. franchise providing business computer support, general I.T. support, and other technology related services (“Franchised Business” or “Franchise”).

The Franchised Business operates under the trade name and service mark “CINCH I.T.”, uniform resource locators (URLs), domain names, website addresses, e-mail addresses, digital cellular addresses, wireless web addresses and the like and associated logos, designs, symbols and trade dress (collectively, the “Marks”). We may designate other trade names, trademarks and service marks as Marks.

In order to become a CINCH I.T. franchisee, you must sign a franchise agreement (“Franchise Agreement”) and operate your business in accordance with our system standards and specifications.

### **The CINCH I.T. System**

A CINCH I.T. franchised business operates in accordance with a prescribed system of specifications and operating procedures that we have developed and will continue to develop (“System”). The distinguishing characteristics of the System include specifications for equipment; inventory; software; marketing materials; the Marks; uniform operating methods, procedures and techniques; vendor relationships; methods and techniques for record keeping and reporting; procedures and techniques for marketing, sales promotion and advertising; client service standards and methods; client maintenance and help desk support; hardware and software procurement; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (“System Standards”) set out in our confidential operations manuals (“Operations Manual”). We may change, improve, add to, and further develop the elements of the System from time to time.

### **Development Program**

In addition, for qualified franchisees who desire the right to develop multiple CINCH I.T. franchises within a designated territory (the “Development Area”) and that meet certain conditions, we also offer the opportunity to enter into a Multi-Unit Development Agreement with us (the “Multi-Unit Development Agreement” or “Development Agreement”), as defined under the NASAA Multi-Unit Commentary, to develop a mutually agreed upon number of franchises

in accordance with a development schedule specified in the Multi-Unit Development Agreement (the “Development Schedule”). Our current form of Multi-Unit Development Agreement is included as Exhibit E to this Disclosure Document.

Upon establishing each additional outlet under the Development Schedule, you must deliver to us the then-current Initial Training Fee (as defined in Item 5) and you will be required to sign a copy of our then-current standard form of franchise agreement, which may differ from the current Franchise Agreement and contain terms and condition that are materially different than the form of Franchise Agreement that is attached as Exhibit D to this Disclosure Document, however, the franchise fee and royalty fee will remain the same as the first Franchise Agreement. If you fail to open and continue to operate the required number of franchises in accordance with the mutually agreed upon Development Schedule, we will have the right to terminate the Multi-Unit Development Agreement. If the Multi-Unit Development Agreement is terminated, you will lose all of your rights to develop the Development Area and the initial franchise fees paid for any franchises for which franchise agreements have not been signed. However, the Franchise Agreement for each Franchised Business which has been opened will not be terminated solely by reason of the termination of the Multi-Unit Development Agreement. Unless you sign a Multi-Unit Development Agreement, you have no obligation, nor any right, to open any additional franchises.

The Franchise Agreement for the first CINCH I.T. Franchised Business to be developed under Development Schedule must be executed and delivered at the same time you sign Multi-Unit Development Agreement.

### **Market Competition**

The target market for services and products provided by CINCH I.T. is businesses with a minimum of 10 users in need of I.T. support. Your competitors will include companies providing I.T. support services on a local, regional and national level. CINCH I.T. is a year round business. We consider the market for CINCH I.T. to be a developing market and growing.

### **Regulations**

You must comply with all local, state and federal laws and regulations that apply to all businesses in general such as workers’ compensation, equal protection and workplace safety laws and regulations, including Title VII and the Americans with Disabilities Act requirements. Because you will accept credit cards, you will also have to comply with any general laws and regulations relating to the acceptance of credit cards, including the Payment Card Industry (“PCI”) Data Security Standard (“DSS”). Compliance with the PCI DSS is your responsibility.

There are no regulations specific to our industry that will affect operation of your Franchised Business.

**Item 2**  
**BUSINESS EXPERIENCE**

**Managing Member** – Richard E. Porter

Mr. Porter has been our Managing Member since our formation on January 2, 2019. Since January 2019, Mr. Porter has been Managing Member of Cinch HD in Worcester, Massachusetts. Since 2011, Mr. Porter has been CEO/President of Cinch I.T. MA and owner of its predecessor Simply IT located in Worcester, Massachusetts.

**Director of Technology** – Michael Mosher

Mr. Mosher has been our Director of Technology since our formation on January 2, 2019. Since 2015, Mr. Mosher has been Director of Technology for Cinch I.T. MA in Worcester, Massachusetts.

**Director of Support** – Morgan Hill

Mr. Hill has been our Director of Support since our formation on January 2, 2019. Since 2015, Mr. Hill has been Director of Support of our affiliate Cinch I.T. MA in Worcester, Massachusetts.

**Item 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4**  
**BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**Item 5**  
**INITIAL FEES**

**Franchise Fee**

The Franchise Fee is \$15,000. You must pay the Franchise Fee in a lump sum when you sign the Franchise Agreement.

**Initial Training Fee**

You must pay us an Initial Training Fee of \$30,000 in a lump sum when you sign the Franchise Agreement. The Initial Training Fee provides for one salesperson and one technician to attend the Initial Training Program.

**Multi-Unit Development Fee**

If you enter into a Development Agreement, you must pay us a development fee equal to the sum of the Initial Franchise Fee due for each Franchised Business that you agree to develop (the

“Development Fee”). The Development Fee will be credited towards the initial Franchise Fee for each CINCH I.T. Franchised Business developed pursuant to the Development Agreement. You must pay the Development Fee in a lump sum when you sign the Development Agreement. The Development Fee is not refundable.

**Multi-Unit Initial Training Fee**

Under the Development Agreement, you must pay to us an Initial Training Fee of \$30,000 in a lump sum for the first CINCH I.T. Franchised Business when you sign the first CINCH I.T. Franchise Agreement.

For your second CINCH I.T. Franchised Business you will pay us the then-current Initial Training Fee discounted by 25%. For the third or subsequent CINCH I.T. Franchised Business you will pay us the then-current Initial Training Fee discounted by 50%. You must pay each Initial Training Fee in a lump sum at the time you sign each Franchise Agreement. The Initial Training Fee is not refundable.

**Veterans**

We offer a veteran initiative program. Under this program, honorably discharged veterans of the United States armed forces and their spouses receive a 50% discount on our then-current franchise fee for each CINCH I.T. franchise.

**Marketing Starter Package**

When you sign the Franchise Agreement you will pay us \$4,000 for your Marketing Starter Package which consists of business cards, promotional boxes, cybersecurity packets, presentation packets, referral cards, letterhead and envelopes.

All initial Fees are uniform to all franchisees and fully earned and non-refundable when paid. You pay us or our affiliates no other fees or payments for services or goods before your Franchised Business opens.

**Item 6  
OTHER FEES**

<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee <sup>3</sup>	7% to 5% of Gross Sales or Minimum Royalty whichever is greater.	15th day of each month or other day of the month we designate periodically by automatic debit/Electronic Funds Transfer (EFT)	Royalty for the first 6 months following the execution of your Franchise Agreement is not subject to any Minimum Royalty payments. Interest is charged on late payments.
Minimum Monthly Royalty Fee <sup>3</sup>	Months 1-6, \$0; Months 7-12, \$500;	Same as Royalty Fee	Monthly Minimum Royalty Fees begin the

<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
	Months 13-24, \$750; Months 25-60, \$1,000		7 <sup>th</sup> month after you sign the Franchise Agreement.
Marketing Fund Fee	1.5% of Gross Sales <sup>2</sup> or \$200, whichever is greater.	Same as Royalty Fee	You must pay to the System's Marketing Fund a monthly fee in an amount equal to 1.5% of your Gross Sales for the preceding month, or the monthly minimum of \$200, whichever is greater. Interest is charged on late payments.
Additional or Replacement Trainees attending Initial Training	\$15,000 per person per module	As incurred	Charge is for any additional technician or salesperson trained by us. You are responsible for all expenses related to Initial Training. This Training Fee is subject to change with or without notice.
On-Site Training and Coaching	\$100 per hour or then-current rate plus travel and living expenses	As incurred	Subject to availability of the trainer. This Training Fee is subject to change with or without notice.
Remedial Training	\$100 per hour or then-current rate plus travel and living expenses	On demand	If you fail to meet our Minimum Performance Standards, you must participate in our Performance Improvement Plan for 3 months. You are responsible for all travel and living expenses related to this training. This Training Fee is subject to change with or without notice.
Software Fee	\$250 per person per month	Same as Royalty Fee	Payable to us or our designee, Cinch HD. Cinch HD will provide you and each of your employees with the software needed to run

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			your business. We reserve the right to adjust this fee as further described in Note 4 below.
Marketing Materials	Varies based on items and quantity ordered and can range from \$25 for business cards to \$1,000 for custom brochures. (See Item 8)	At time of purchase (See Item 8)	You must buy marketing materials that (i) meet our standards and specifications and (ii) are purchased from suppliers designated or approved by us. We reserve the right to designate ourselves or affiliates as the exclusive supplier for certain marketing materials. Frequency of purchase is based on your use.
Products Purchased on Behalf of Clients	Varies based on items and quantity ordered and can range from \$25 for cable to \$1,500 for a laptop. (See Item 8)	At time of purchase (See Item 8)	You must offer and sell products that (i) meet our standards and specifications and (ii) are purchased from suppliers designated or approved by us. We reserve the right to designate ourselves or affiliates as the exclusive supplier for certain products. Frequency of purchase is based on Client demand.
Helpdesk Client Managed Services Fees	Monthly Fees range between \$5 and \$90 based on service provided, number of users and equipment supported.	15th day of each month or other day of the month we periodically designate by EFT	Payable to us or our designee, Cinch HD. We reserve the right to adjust this fee as further described in Note 4 below.
Product Testing Fee	The greater of \$500 or the actual cost of our review and/or inspection, including the actual cost of	When billed	

<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
	laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties.		
Failure to Maintain Insurance	Cost of insurance and, if not obtained by you, our procurement expense.	As required and as incurred	Payable upon your failure to comply with the Franchise Agreement.
Annual Conference Registration Fee	Up to \$700 per person	On demand	You must pay us a registration fee, which we expect will not be more than \$700 per person, for attending our annual conference. We require you (or your Operating Principal), and/or your general manager to attend each conference. You will be responsible for all travel and living expenses incurred by you and your personnel for attendance at the annual conference.
Client Complaints	Reimbursement of our time and expenses plus any compensation paid to client	As incurred	If we step in to resolve a complaint from one of your clients, you must pay us for our time and any compensation (i.e., replacement product) given to clients.
Audits	Cost of audit plus interest on underpayment	As incurred	Payable only if audit shows understatement is willful or if 2% or more of gross sales for a two month period.
Interest	Interest on overdue payment	As incurred	Interest rate will be 1.5% per month or if the maximum interest rate permitted by state law is less, then interest will be charged at the



<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
			lesser allowed rate. Interest begins from the date payment was due.
Late Fee	\$100 per occurrence plus interest	On demand, but only if you are delinquent in your payments to us or otherwise violate an obligation under the Franchise Agreement	Payable the day after payment or other event (Ex: a required report) is due, in addition to the interest.
Transfer, Assignment	\$10,000	Time of transfer	Payable if you sell your franchise. No fee charged if you transfer franchise to a corporation or other entity you control.
Transfer Fee – Development Agreement	\$5,000 for each unopened Franchise; \$10,000 for each open and operating Franchised Business.	Time of transfer	Payable if Multi-Unit Developer sells its franchise. No fee charged if you transfer franchise to a corporation or other entity you control.
Multi-Unit Extension Fee – Development Agreement	\$5,000 per extension	As incurred	Payable if Multi-Unit Developer desires to extend a Development Period.
Renewal	\$5,000	Time of renewal	New franchise agreement, which may have different terms or conditions, must be signed by you and us. You may be required to attend training classes.
Costs & Attorneys' Fees	Cost of collection and attorneys' fees	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Cost of liability	As incurred	You must indemnify and hold us harmless against any claims, losses, costs, expenses, liabilities and damages, including costs and attorneys' fees arising

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
			from the operation of your Franchised Business.
Liquidated Damages	Will vary under the circumstances	If Franchise Agreement is terminated as a result of your default	A lump sum equal to the value of the Royalty and Marketing Fees that you would have paid for the remainder of the term. <sup>5</sup>

**NOTES:**

(1) All fees are uniformly imposed by and payable only to us or our designee and are payable through Electronic Funds Transfer. Maximum interest permitted in California is 10% annually. You must authorize your bank to accept automatic withdrawals for all fees to us through EFT of the stated amount from your bank into our bank account when due. You must provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits. (See Franchise Agreement, EFT Authorization). All fees are non-refundable.

(2) The term “Gross Sales” will mean and include the total of all revenue and income from the sale of services and products to clients of the Franchised Business or any other source, whether or not sold or performed at or from the Franchised Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You will deduct from your Gross Sales (but only if they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients, if the taxes are separately stated when the client is charged and if the taxes are paid to the appropriate taxing authority. You will also deduct from your Gross Sales the amount of any documented refunds, charge backs, credits and allowances which you give in good faith to clients. All barter and/or exchange transactions to which Franchised Business furnishes services and/or products in exchange for goods or services to be provided to Franchised Business by a vendor, supplier or client will, for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services so provided to Franchised Business.

(3) Royalty Fees and Marketing Fund Fees will be calculated based on the Franchised Business’ monthly Gross Sales and begin from the date the Franchised Business is opened and continue through the term of the Franchise Agreement.

Royalty Fee Calculations are as follows:

You will pay a monthly royalty based on the following percentages as they relate to “Monthly Gross Sales”:

- a) 7% of Gross Sales from the preceding month where the Monthly Gross Sales as of the end of the preceding month are less than \$83,333.34.

b) 6% of Gross Sales revenue from the preceding month where the Monthly Gross Sales as of the end of the preceding month is from \$83,333.35 to \$166,666.67.

c) 5% of Gross Sales revenue from the preceding month where the Monthly Gross Sales as of the end of the preceding month is greater than \$166,666.67.

Regardless of the level of Gross Sales in any year, the following minimum monthly Royalty payments will apply:

	Minimum Monthly Royalty
Months 0-6	\$0
Months 7-12	\$500
Months 13-24	\$750
Months 25-60	\$1,000

(4) We reserve the right to adjust this fee, upon 90 days written notice, based on a change in circumstance such as increased costs from the vendor or 3<sup>rd</sup> party.

(5) Royalty Fees and Marketing Fund Fees will be calculated based on the Franchised Business' average monthly Gross Sales for the 12 months preceding the termination date. If you have not operated your Franchised Business for at least 12 months preceding the termination date, Royalty Fees and Marketing Fund Fees will be calculated based on the average monthly Gross Sales of franchised businesses operating under the same trademark during our last fiscal year.

Except as provided above, there are no provisions for any of these fees to increase during the term of your Franchise Agreement. We do not finance any fee. You must provide us with all reports we require.

**Item 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE<sup>1</sup></b>	<b>LOW ESTIMATED AMOUNT</b>	<b>HIGH ESTIMATED AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee	\$15,000	\$15,000	Lump sum	At signing of Franchise Agreement	Us
Initial Training Fee <sup>2</sup>	\$30,000	\$30,000	Lump sum	At signing of Franchise Agreement	Us

<b>TYPE OF EXPENDITURE<sup>1</sup></b>	<b>LOW ESTIMATED AMOUNT</b>	<b>HIGH ESTIMATED AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Travel & Living Expenses while Training <sup>2</sup>	\$1,250	\$1,800	As incurred	During training	Airlines, hotels, restaurants and car rental
Marketing Starter Package	\$4,000	\$4,000	Lump sum	At signing of Franchise Agreement	Us
Rent <sup>3</sup>	See Note	See Note			
Computer System/ End User Software, Printer, Tools, Inventory & SmartPhone	\$2,500	\$5,000	As incurred	Before opening	Affiliate and various vendors
Office Supplies & Misc. Expense	\$100	\$550	As incurred	As incurred	Various vendors
Advertising/Promotion/ Grand Opening Materials	\$4,000	\$4,000	As incurred	Before and after opening	Various vendors
Insurance (3 months) <sup>4</sup>	\$675	\$1,000	As arranged	Before opening	Various vendors
Professional Fees <sup>5</sup>	\$2,500	\$3,500	As arranged	Before opening	Professional advisors
Additional Funds (3 months) <sup>6</sup>	\$40,000	\$60,000	As incurred	Before and after opening	Employees, other Expenses
<b>TOTAL*:</b>	\$100,025	\$124,850			

\*(Does Not Include Real Estate Costs)

### Multi-Unit Development Agreement

<b>ITEM</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Development Fee for each Franchised Business to be Developed	\$15,000 <sup>1</sup>	Lump sum	At signing of Multi-Unit Development Agreement	Us
Total	\$15,000			

Notes:

- (1) We do not offer direct or indirect financing to franchisees for any item.
- (2) You are responsible for the travel and living expenses, wages, and other expenses incurred by trainees during initial training. The actual cost will depend on the number of trainees, point of origin, method of travel, class of accommodations, and dining choices. The Initial Training Fee as well as travel and living expenses will increase should you request, and be granted, permission for additional trainees to attend Initial Training.
- (3) We do not estimate any real estate costs. They vary dramatically based on numerous factors. We presume you will operate the business office of your CINCH I.T. Franchised Business from your home.
- (4) Estimated cost of down payment required to activate policy coverage plus 2 months of payments. See Item 8 for detailed information. The actual cost may be more than shown here.
- (5) The estimate is for legal, accounting, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement.
- (6) This is an estimate of the amount of opening cash and other miscellaneous expenses over and above those included in the table in this Item that may be incurred during the initial period of the Franchised Business' operations. These expenses include normal operating costs for travel, sales expenses, office overhead and supplies to get your CINCH I.T. Franchised Business ready to open for business, and extra labor expense you will incur while training your staff both before and after opening. This estimate for Additional Funds does not include your salary, draw, or your personal expenses. This estimate is based on our affiliate's 10 years of experience and on our management's 19 years of experience. The typical start up period during which costs can be expected to run higher than normal is 3 months.

All payments to us are non-refundable. Any refund of payments made to various vendors will depend on the terms you arrange with those vendors.

### **Item 8**

#### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods and System Standards as we may periodically prescribe in the Operations Manual or otherwise in writing; and you must refrain from deviating from these methods and System Standards without our prior written consent. We may revise the contents of the Operations Manual, and you must comply with each new or changed standard and specification. You must at all times insure that your copies of the Operations Manual are kept current and up to date.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating a CINCH I.T. Franchised Business in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards.

We have the right to restrict the availability of branded and proprietary products and other client services related products and technologies as well as other current and future products, supplies, or services to: (a) us; (b) one of our affiliates; or (c) one or more third party suppliers that we have designated or approved. Use or sale of any substitute product or service for the proprietary products and services is strictly prohibited.

### **Purchases from Us or Our Affiliate**

Currently, we and/or our affiliate are the only approved supplier of the proprietary CINCH I.T. products and services as well as other products and services. We and/or our affiliate are the exclusive vendor for all CINCH I.T. trademarked and branded products, Marketing Starter Package, and other CINCH I.T. marketing and promotional materials. Except in specific instances detailed in our Operations Manual, you are required to purchase all technology, software and hardware for your use and client resale at cost directly from us or our affiliates. Our affiliate, Cinch HD is the exclusive vendor of all client support through its Helpdesk services.

We and/or our affiliate earn revenue on your purchase of products and services. As of December 2022, our affiliate Cinch HD LLC earned \$4,281,954.69 from required franchisee leases and purchases, which represented 100% of its revenue.

Except as described above, currently you are not required to purchase any other products or services from us or our affiliates. However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier for any products and services, and we may also designate ourselves or an affiliate as the sole supplier of one or more items, in which case you would have to buy those items from us or our affiliate at our or their then-current price.

### **Purchases according to Our System Standards**

You must operate the Franchised Business according to our mandatory System Standards which include specifications, operating procedures, and rules that we periodically prescribe for the development and operation of CINCH I.T. Franchised Businesses. System Standards may regulate, among other things, the types, models and brands of required equipment, hardware, software, inventory and supplies to be used in operating the Franchised Business; required or authorized products and product categories; and designated or approved suppliers of such items (which may be limited to or include us or our affiliates). We do not make any express or implied warranties with respect to any products or goods we recommend for your use. Our System Standards may impose minimum requirements for quality, cost, performance, warranty, delivery capabilities, financing terms, and ability to service our Franchise System as a whole. We will notify you in our Operations Manual or other communications of System Standards and/or names of approved suppliers.

You must purchase and install, at your expense, all equipment (including smartphone, computer, printer, and software), as we may reasonably direct periodically; and refrain from installing or permitting to be installed on or about the premises of your Franchised Business, without our prior written consent, any equipment, or other items not previously approved as meeting our System Standards. If you elect to purchase a work vehicle it must be branded at your expense with the CINCH I.T. wrap graphic according to our specifications, which we will provide to you.

We will inspect your Franchised Business as often as we deem necessary to ensure that our System Standards are maintained. If we find anything that does not meet our standards, you will be required to correct them within a reasonable period of time. If you fail to take corrective action, we may close the Franchised Business until the corrective action is taken or otherwise terminate your Franchise Agreement.

### **Purchases from Approved Suppliers**

In addition to the above, we may require that you, at your expense, enter into agreements with suppliers approved by us. Currently, you are required to purchase hardware and software only from suppliers designated as required, recommended or approved by us, which may include us and our affiliates. We may change approved and required suppliers from time to time.

Except for us and our affiliates disclosed in this Disclosure Document, none of our officers own an interest in any of our approved suppliers.

We will provide you with a current list of approved suppliers (including required and recommended suppliers) through updates to the Operations Manual or other forms of communication.

### **Proportion of Purchases Subject to Specifications**

We estimate that approximately 25% to 100% of your expenditures for leases and purchases in establishing your CINCH I.T. Franchised Business will be for goods and services that must be purchased either from us, our affiliate or a designated supplier, or in accordance with our standards and specifications. We estimate that approximately 90% to 100% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliate, a designated supplier or in accordance with our standards and specifications.

### **Approval of Alternate Suppliers**

If you desire to purchase, lease or use any products, services or other items from a supplier we have not pre-approved, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular item(s). At our request, you must submit to us samples of the proposed product(s) for our examination so that we can determine whether they meet our quality standards. We also have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, or to conduct appropriate testing of the proposed new product or service, at your expense. We do charge a fee for evaluating alternative suppliers, services and products; you must pay us the greater of \$500 or

the actual cost of the review and/or inspection, including the actual cost of laboratory fees, professional fees, and travel and living expenses, as well as any other fees we pay to third parties in furtherance of the evaluation. If we have not responded in writing within 30 days of our written receipt of such information or product samples from you, or the delivery of test results if testing is conducted, then the request will be deemed rejected by us. In providing such approval we may consider not just the quality standards of the products or services, but the delivery capabilities, financing terms and ability of the supplier to service our Franchise System as a whole.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We do not have to issue our specifications and standards to franchisees and/or approved suppliers, nor are criteria for supplier approval made available to franchisees.

We may terminate the use of any products or services, or any supplier of such items or services, that does not meet our then-current standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such products or services in your Franchised Business unless or until we notify you that such supplier or such products or services qualify to meet our quality standards. If we revoke an approved supplier, we will provide notice to that supplier and notify you in our Operations Manual or other forms of communication.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our Franchise System.

### **Technology, Computer Hardware and Software**

You must use the computer software and hardware components and accessories as further detailed in Items 7 and 11 (“**Computer System**”) that we require. We have the right to designate a single supplier for the Computer System. We have the right to appoint additional suppliers or different suppliers for the Computer System. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts.

Neither we nor our affiliates currently derive revenue from your purchase of the Computer System; however, we are permitted and may do so in the future.

### **Insurance**

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by law or otherwise. Currently, required coverages include, without



limitation, casualty, liability, and workers' compensation. Below are the minimum levels of coverage you must maintain.

You must purchase workers' compensation in the minimum amount required by state law without exclusion of principal owners who actively work in the Franchised Business; general liability insurance, including broad form contractual liability, products and completed operations in the amount of \$1,000,000 per occurrence, in the aggregate of \$2,000,000; professional liability insurance in the amount of \$1,000,000 per occurrence, in the aggregate of \$2,000,000; business personal property insurance of \$2,500 limit, \$1,000 deductible; data breach \$100,000 limit, \$2,500 deductible; employment practices liability insurance \$250,000 limit, \$10,000 deductible. Some states may require a deposit for workers' compensation insurance.

The policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better and include the types, risks, amount of coverage and deductibles as stated in our Operations Manual. We may periodically change the types and amounts of coverage required under the insurance policies, based on changes in circumstances, if the changes apply to all CINCH I.T. Franchised Businesses. If you fail to purchase the mandatory insurance, we may obtain insurance for you, and you must reimburse us for its cost, which might be higher than the cost of insurance you could obtain for yourself, and you must also reimburse us for any costs we incur in procuring the insurance for you. All insurance policies must name us and any affiliates that we designate as additional insureds and give us at least 30 days' prior written notice of termination, amendment, or cancellation. You must provide us with certificates of insurance evidencing your insurance coverage no later than 10 days before your Franchised Business opens and annually as prescribed in our Operations Manual.

### **Revenue from Franchisee Purchases**

We and our affiliates may receive revenue or other benefits like rebates, discounts, and allowances from authorized or designated suppliers based upon their dealings with you and other franchisees. Our affiliate Cinch HD derives income in the form of rebates paid to it by certain approved vendors or referral partners in exchange for referrals they receive from our franchisees. In our most recent fiscal year ending December 31, 2022, Cinch HD LLC received a rebate of \$53,706.61 from a referral partner that franchisees are not required to purchase from.

We may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Rebate, discount or allowance programs vary depending on the supplier and the nature of the product or service. Suppliers may pay us based upon the quantities of products our franchisees purchase from them. We may receive fees from a supplier as a condition of our approval of that supplier. Not every supplier pays rebates to us. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers. We may negotiate supply arrangements with suppliers for the benefit of franchisees.

### **Cooperatives and Purchase Arrangements**

We are not involved in any purchasing or distribution cooperatives.

**Item 9**  
**FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement (FA), Multi Unit Development Agreement (MUDA) and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
a. Site selection and acquisition/lease	Not Applicable	Items 6, 7 and 11
b. Pre-opening purchases/ leases	FA Sections 7, 14, 15 and 17	Items 7 and 8
c. Site development and other pre-opening requirements	FA Sections 4, 9 and 14	Items 5, 7 and 11
d. Initial and ongoing training	FA: Sections 9 and 13 MUDA: Sections 4 and 5	Items 6, 7 and 11
e. Opening	FA: Sections 9 and 14 MUDA: Sections 2, 4, 5, 6, 7 and 8	Item 11
f. Fees	FA: Section 7 MUDA: Sections 4, 5, 8 and 21	Items 5, 6 and 7
g. Compliance with standards and policies/ operating manual	FA: Sections 11 and 17 MUDA: Sections 4, 10 and 22	Item 11
h. Trademarks and proprietary information	FA: Sections 3, 10, 18, 19, 25, 26 and 27 MUDA: Sections 2, 10, and 22	Items 13 and 14
i. Restrictions on products/ services offered	FA: Section 10	Items 8 and 16

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
j. Warranty and client service requirements	FA: Section 17	Item 15
k. Territorial development and sales quotas	FA: Sections 13 and 17 MUDA: Sections 2, 5, 7, 8, 11, 12 and 16	Item 12
l. Ongoing product/service purchases	FA: Sections 9 and 15	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	FA: Sections 14 and 15	Item 11
n. Insurance	FA: Section 23	Items 6 and 7
o. Advertising	FA: Section 21	Items 6, 7, 11 and 12
p. Indemnification	FA: Section 23 MUDA: Sections 8 and 14	Item 13
q. Owner's participation/management/staffing	FA: Sections 17 and 24	Item 15
r. Records and reports	FA: Sections 7 and 22 MUDA: Section 13	Item 6
s. Inspections and audits	FA: Sections 14 and 22	Items 6 and 11
t. Transfer	FA: Sections 28 and 29 MUDA: Section 8	Items 6 and 17
u. Renewal	FA: Section 6	Items 6 and 17
v. Post-termination obligations	FA: Section 35	Item 17
w. Non-competition covenants	FA: Sections 25 and 27 MUDA: Section 11	Item 17
x. Dispute resolution	FA: Sections 34 and 37 MUDA: Section 21	Item 17
y. Other: Guaranty of	FA: Section 24 and	Item 15

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
franchisee obligations	Addendum C MUDA: Section 8 and Addendum C	
z. Other: Spousal Non-Compete	Not Applicable	Item 15 and Exhibit H

**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, we are not required to provide you with any assistance.**

**Pre-opening Assistance**

Before you open your business, we will:

- a) License you the Marks necessary to begin operating your CINCH I.T. Franchised Business (Franchise Agreement - Sections 2 and 3)
- b) Designate your territory within which you will open a single CINCH I.T. Franchise. (Franchise Agreement - Section 4 and Addendum A; Development Agreement- Section 1)
- c) Provide delivery of Marketing Starter Package. (Franchise Agreement - Section 7)
- d) Provide access to our confidential Operations Manual for your use while the Franchise Agreement is in effect and you are not in default. The Operations Manual contains mandatory System Standards and suggested specifications, standards, methods and procedures. The Operations Manual will be provided through our Intranet or any other medium capable of conveying its content. The Operations Manual is confidential and remains our property. We may amend, modify, or supplement the Manual at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within 7 days after we transmit the updates. (Franchise Agreement – Section 9)

The Operations Manual was updated December, 2021.

The Table of Contents of the Operations Manual appears as Exhibit K to this Disclosure Document. The total number of pages in our Operations Manual is 130 pages.

e) Give you general assistance in the opening of your business including operational organization and vendor coordination. We will also make our personnel available to help you plan pre-opening promotional programs. You will need to give us at least 90 days' notice of the planned opening date of your business if you wish us to provide you with pre-opening assistance. (Franchise Agreement - Section 9 and Section 14)

f) Provide the Initial Training Program which you are required to complete prior to opening your Franchised Business. (Franchise Agreement - Section 9 and Section 13)

### **Post-Opening Assistance**

During the operation of your business, we will:

a) Continue to provide access to one electronic copy of our confidential Operations Manual, and furnish you with any and all updates and other Manuals and training aids that are developed in the future. Any training media we develop will be made available to you at our cost. (Franchise Agreement - Sections 9 and 13)

b) Provide access to our CINCH I.T. proprietary intranet and software needed to run your Franchised Business. (Franchise Agreement - Section 9)

c) Provide you and your clients with Help Desk client managed services through our affiliate. (Franchise Agreement - Section 9)

d) Provide the primary toll free telephone service to process inbound leads to franchisees. (Franchise Agreement - Section 9)

e) Administer and maintain the Marketing Fund. (Franchise Agreement - Section 21)

f) If we deem it necessary or advisable, provide you individual or group guidance and assistance, by various methods which may include personal visit, telephone, newsletters, brochures, reports, bulletins or electronically. This help may include advice on maximizing sales and profits, establishing minimum and maximum pricing, marketing, employee training, client service, vendor relations, equipment, or any operating problems you may be experiencing. (Franchise Agreement - Section 9)

g) Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees. (Franchise Agreement - Section 9)

h) Provide you with copies of our available marketing and advertising material, if you

desire, at no cost via our Intranet. (Franchise Agreement - Section 21)

i) Provide you with additional training programs that we may develop in the future. Except for Remedial Training, there is no charge for programs you must attend. You must pay travel costs and other expenses you incur to attend training programs for you and anyone attending with you. We may charge for optional training programs. (Franchise Agreement - Section 13)

j) As we deem appropriate, test new products, services, equipment or technologies, and if they meet our System Standards, we will make them available to you. (Franchise Agreement - Section 9)

k) Include key information as we deem appropriate on your Franchised Business on the CINCH I.T. Internet website, and provide you with no less than one e-mail address, which you must use as the Franchised Business' e-mail address and for all electronic transmissions. (Franchise Agreement - Section 9)

l) Continue efforts to establish and maintain high standards of client satisfaction and professionalism in the System. (Franchise Agreement - Section 17)

m) Take initiatives and steps to protect the integrity of the Brand. (Franchise Agreement - Sections 17 and 19)

### **Marketing Program**

We provide a national or regional marketing program. We charge you a 1.5% royalty, or a \$200 monthly minimum, whichever is greater, to fund it. The Marketing Fund is administered by our members.

We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Marketing Fund and will have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them.

The Marketing Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Marks and the image of the CINCH I.T. System and to pay for the administration of the Marketing Fund and its programs. The purpose of the Marketing Fund is to pool marketing money from franchised businesses so as to achieve greater benefits for all in promoting the trade name and Marks.

For this reason, the Marketing Fund is not obligated to make expenditures for you or any other franchisee which are equivalent or proportionate to your or another franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the marketing or promotion conducted by the Marketing Fund.

No portion of the Marketing Funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of CINCH I.T. franchises may be included in advertising, marketing and other items produced and/or distributed using the Marketing Fund.

The Marketing Fund may elect to assist in the marketing of franchises in otherwise weak markets, and to assist franchises that are slow to ramp up by providing additional marketing dollars.

The Marketing Fund may be used to pay for market research, media space, branding, public relations, sponsorships, partnerships, and other activities designed to promote the organization, the trade name and the Marks; travel and related miscellaneous expenses; conducting Internet-based advertising and marketing campaigns; utilizing social and business networking media sites and other emerging media or promotional tactics; developing, maintaining, and updating our Website on the Internet; search engine optimization; media buying; print, radio, television, direct mail, or other promotions; providing promotional and other marketing materials and services to the businesses operating under the CINCH I.T. System, or any combination of these. We will direct all programs financed by the Marketing Fund, with sole discretion over the creative concepts and materials.

The Marketing Fund may be used to cover our or our designee's costs and overhead for activities reasonably related to the administration of the Marketing Fund, including costs and salaries of our or our designee's personnel who perform services for the Marketing Fund.

In our most recent fiscal year, 2022, the Marketing Fund collected \$111,773.84 and expended \$76,095.31 as follows:

Website Development	10%
SEO	35%
Online Marketing/Social	
Media	30%
<u>Public Relations</u>	<u>25%</u>
Total	100%

No portion of the marketing fund was used to solicit new franchisees.

All franchisees and our affiliate, CINCH I.T. MA, will contribute to the Marketing Fund on the same basis, and the expenditure of funds will be limited to advertising, promoting and marketing the goods and services offered by our System. If you are not yet contributing to the Marketing Fund you may be excluded from receiving benefits from the activities of the Marketing Fund.

We will maintain separate bookkeeping accounts for the Marketing Fund and may, but will not be required to cause Marketing Fund contributions to be deposited into one or more separate bank accounts. The Marketing Fund will not be audited, however the Marketing Fund will

prepare income and expense statements annually. Income and expense statements will be available to you upon written request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. Although once established the Marketing Fund is intended to remain in existence, we reserve the right to terminate the Marketing Fund only after all monies have been spent for advertising, marketing and promotion.

The Marketing Fund is not a trust, and we are not a fiduciary or trustee of the Marketing Fund or the monies in the Marketing Fund. However, we may, in our discretion, separately incorporate the Marketing Fund or create a Marketing Fund trust, over which we may be the trustee, into which Marketing Fund contributions may be deposited. We may place additional advertising at our own expense, but we are not obligated to do so. (Franchise Agreement - Section 21)

### **Grand Opening Marketing**

You are required to spend \$4,000 on a Grand Opening Marketing and Promotional Program. Your Grand Opening Marketing must be conducted in accordance with the guidelines in our Operations Manual. You must provide us with a summary of your Grand Opening marketing and promotional expenses within 60 days of the opening of your Franchised Business. After your first month of operation you will also be required to spend a minimum of \$1,000 per month on local advertising.

You may develop your own marketing and promotional materials provided they are submitted to us in advance for review and approval. You must obtain our prior written approval of all advertising, marketing and promotional materials that you desire to use at least 30 days before the implementation of such plans, unless such materials have been previously approved by us. You may not use such materials until they have been approved by us in writing and will promptly discontinue use of any advertising, marketing or promotional materials upon our request. Any materials submitted by you to us that have not been approved or disapproved, in writing, within 15 days of our receipt will be deemed disapproved. (Franchise Agreement - Section 21)

You agree that upon transfer, termination or expiration of this Agreement, you will immediately remove all advertising that you control and notify all advertising sources that your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, you are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires. (Franchise Agreement - Section 21)

We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future.

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple CINCH I.T. businesses.



You may request a local area code telephone number for your CINCH I.T. business, which will be routed to us or our affiliate. We will own all rights to the telephone listing. You will be solely responsible for all costs related to this telephone number.

### **Computer System**

While the components of our hardware and software are widely available, the technology system includes components that are proprietary.

To run your business you are required to have the following hardware:

Laptop: i7 Processor, 8GB of Memory, 256GB Solid State Hard Drive, currently supported version of Windows Pro with BitLocker Enabled, an All in One Printer, and a Label Maker. This hardware can be acquired from a vendor of your choice.

To run your business, you are required to have the following software:

Microsoft software: Office 365, Email, Word, PowerPoint, Teams Chat, Video Conferencing and Storage; as well as Digital Signature Software, our Ticket System with Documentation solution add on; and our Accounting Software; our cloud-based software with mobile app; and our recommended Network Diagram Tool. These software tools are either included with your monthly software fee or will be purchased directly from our approved vendor list. The approved vendor list is provided in the Operation Manual.

You are responsible for purchasing and arranging delivery of this equipment with the vendor.

You are also responsible for securing and paying for a service contract which may include software upgrades.

The computer system manages your sales activities and general business operations.

You must also purchase and use a smartphone, brand and vendor of your choosing, to communicate with clients, the Help Desk and us.

The cost of a computer system that includes all of the above listed items varies widely but we estimate you may purchase the required computer system components, accessories and smartphone for between \$2,500 and \$5,000.

We have no contractual obligation to maintain, repair, update or upgrade your computer system. You must maintain your computer system and keep it in good repair. There is no limit on our ability to require you to upgrade the system, add components and software to the system and replace components and software of the system. We cannot estimate the costs of maintaining, updating or upgrading your computer system or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

We have the right to remotely access all your computer information and records to monitor your productivity and we have no contractual limitations on our ability to do so. (Franchise Agreement - Section 10)

### **Internet/e-commerce**

We restrict, designate, and have the right to approve, or control all of your electronic media, including Internet activities, and e-mail marketing correspondence, digital content, and electronic communications if any. This includes any websites and all Social Networking and Marketing activities, including Twitter, Facebook, Foursquare, LinkedIn or any social media outlets. This also includes any group or social buying platforms, promotions or campaigns. You must follow the most recent rules and regulations published in our Operations Manuals or other manuals we have created regarding the upkeep and communications sent out via these channels.

You are not permitted to establish a website on the Internet using any domain name containing the words CINCHIT.com, .net, .biz, .org or any other top level domain or variation thereof. We maintain the cinchit.com Internet website and provide you with access to our website and include your location information. We may require that you utilize e-commerce products or services designated by us.

Any digital or electronic content published must be within brand communication standards and is subject to our approval. All digital imagery bearing our Marks is subject to our approval.

Due to the speed of electronic communication, all instructions by us which are deemed to restrict, designate or control e-commerce activities must be responded to within 24 hours.

We also reserve the right to restrict, designate and have the right to approve or control any existing or future (not yet developed) Fan Page or other marketing, advertising or social networking services of the Franchised Business, including the sending of bulk e-mail or facsimiles, other than in accordance with the guidelines in the Operations Manual or otherwise as we specify in writing.

### **Site**

You may operate your CINCH I.T. business as a home or office based business as long as it complies with all local zoning requirements. We do not provide specifications for leased office space but if you choose to operate your business from an office location, it must be within your designated territory.

### **Franchise Agreement**

The length of time between signing your Franchise Agreement and actually opening for business should be 3 to 4 months. This time period is generally determined by how long it takes you to successfully complete training and initiate marketing. You must open your CINCH I.T. Franchised Business within 6 months of signing your Franchise Agreement. If you fail to open your CINCH I.T. Franchised Business within 6 months of signing the Franchise Agreement, we

have the right to (a) terminate the Franchise Agreement; or (b) operate or permit others to operate within your territory.

### **Training**

You, or your Operating Principal (if you are an entity), and one technician and one salesperson must successfully complete our Initial Training Program (“Initial Training Program”) to our reasonable satisfaction, prior to commencing operations of your Franchised Business.

The Operating Principal may attend either the technical training module or sales training modules only if they function in that capacity for the Franchised Business. The CINCH I.T. franchise model requires that at all times you must employ at least one trained salesperson and one trained technician each of whom has satisfactorily completed the Initial Training Program. Vacancies in either position must be filled within 90 days and the Initial Training Program for that module commenced within 30 days after hire.

We will provide the Initial Training Program for two people as follows: a Pre-Training Program followed by the “Cinch University” Training Program with a curriculum containing distinct modules: franchise owner administration, sales training, and technical training.

The Pre-Training Program is conducted via telephone, Webinar and our Intranet. The time to complete the Pre-Training varies depending on how much time you can devote to training and how quickly you are able to absorb the materials. We expect Pre-Training to take you 4-6 weeks to complete and it must be completed prior to attending the “Cinch University” Training Program outlined below.

During Weeks 1 and 2 of remote training, the Operating Principal must attend the franchise owner administration training module; Weeks 3-7 simultaneous remote Sales Training and Technician Training; Weeks 8-9 simultaneous on-site Sales Training and Technician Training; and Weeks 10-12 simultaneous remote Sales Training and Technician Training.

We reserve the right to charge a training fee of \$15,000 per module for (i) each additional person, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent Operating Principal, general manager, technician or salesperson who is required to attend one or more modules of the Cinch University Training Program.

Anyone who attends the Training Program must complete the Training Program to our satisfaction. We may extend the Training Program for anyone who fails to successfully complete it. If you do not successfully complete all required parts of the Training Program to our reasonable satisfaction within 6 months after signing the Franchise Agreement we may terminate the Franchise Agreement without refund of any initial fees.

We reserve the right to modify the length, location, and timing of the Training Program. The Training Program may be changed without notice to reflect updates in the curriculum, methods, personnel and System Standards. We may waive a portion of the Training Program or alter the

training schedule if we determine that your required trainees have sufficient prior experience or training.

“Cinch University” Training Program will last for two weeks and is conducted at our headquarters in Worcester, Massachusetts. “Cinch University” Training Programs are scheduled and run as needed. Your training will be scheduled so that you complete it just prior to opening your Franchised Business. The instructional material used in the “Cinch University” Training Program is our confidential Operations Manual and our Intranet. The primary instructors conducting the Training Programs are our corporate staff members identified in Item 2. Richard Porter has 4 years of experience with us and 19 years of experience in operations and finance. Mike Mosher has 4 years of experience with us and has 14 years of I.T. Support experience. Morgan Hill has 4 years of experience with us and 12 years of I.T. Support experience. Steve Lettery has 4 years of experience with us and 6 years of IT Support experience. Anthony Archambault has 4 years of experience with us and 8 years of IT Support experience. Jason Herrmann has 4 years of experience with us and 5 years of IT Support experience. Occasionally, the individuals instructing the training may vary, but all of our instructors must have at least 1 to 3 years of relevant work experience. (Franchise Agreement - Section 13)

An outline of the Initial Training Program is as follows:

**PRE-TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Administration	8	0	Live & Recorded Webinar
Sales	8	0	Live & Recorded Webinar
Marketing	8	0	Live & Recorded Webinar
Operations	8	0	Live & Recorded Webinar
Software	8	0	Live & Recorded Webinar
<b>Total</b>	<b>40</b>	<b>0</b>	

“Cinch University” Training Program includes instruction in these subject matters:

**“Cinch University” TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location*</b>
Welcome	1	0	Worcester, MA
Creating Culture & Organization	4	2	Worcester, MA
Business Setup & Strategy	8	0	Worcester, MA
CINCH I.T. University	4	0	Worcester, MA
Marketing & Strategy	8	0	Worcester, MA
Sales Training	16	8	Worcester, MA
Service Training	8	16	Worcester, MA
Operations	6	0	Worcester, MA
Financials & Key Performance Indicators	2	0	Worcester, MA
Business Planning	2	0	Worcester, MA
Wrap Up & Commencement	1	0	Worcester, MA
<b>Total Hours:</b>	<b>60</b>	<b>26</b>	

It is the nature of the Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times.

**Additional Training**

If you request additional On-Site Training and coaching, it will be subject to our availability. You will pay us \$100 per hour or our then-current rate. You are responsible for all travel and living expenses related to this training. If you fail to meet our Minimum Performance Standards, you must participate in our Performance Improvement Plan for 3 months which provides remedial training. You will pay us \$100 per hour or our then-current rate. You are responsible for all travel and living expenses related to this training.

We may periodically conduct mandatory or optional training programs for you and/or your employees at our headquarters or another location that we designate. Except for Remedial Training, there will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require you or your employees to satisfactorily complete any additional training programs that we specify. We may require you and/or your employees to participate in refresher or advanced training each year.

## **Annual Conference**

We may periodically but not more than once every year conduct an Annual Conference. You or your Operating Principal and/or your general manager are required to attend the Annual Conference, and to pay all expenses incurred in connection with attending the event including transportation cost, meals, lodging and living expenses. The duration, curriculum and location of the Annual Conference will be determined by us. Because the planning and funding of the Annual Conference must be done well in advance and requires a substantial financial commitment, we have the right to charge you up to a \$700 Annual Conference registration fee for you to attend this event. We may charge this registration fee up to one year in advance invoiced and paid via EFT as part of your standard monthly billing. This fee is not refundable and will be collected even if you do not attend the Conference. If you do not attend the Annual Conference, we will do our best to make available to you through our Intranet all of the substantive training materials that were presented at the Conference.

## **Item 12 TERRITORY**

### **Multi-Unit Development Agreement**

Under the Development Agreement, you will receive a Development Area, which will be mutually agreed upon by us and you. A description of the Development Area will be attached as Addendum A to the Multi-Unit Development Agreement. The Development Area will be determined by the number of franchises agreed upon multiplied by the Designated Territory business population each containing an approximate of 3,000 to 3,500 qualified businesses as defined below. By example a Development Area for four franchises would contain a business population of 12,000 to 14,000 qualified businesses. Once a Development Area is granted you may not relocate any franchised business.

The Development Agreement is not a license or franchise agreement. It does not give you the right to operate a CINCH I.T. franchised business or use the System or the Marks, nor does it give you any right to license others to operate CINCH I.T. businesses. The Development Agreement does not provide a right of first refusal nor similar right to obtain additional franchises within your Development Area.

We will not franchise or license others to use the Licensed Rights, nor will we develop, own or operate a CINCH I.T. business office, in any Designated Territory identified as part of the Development Area during the term of the Development Agreement. We reserve the right to sell products and services under the Marks or any other marks, through any other channels of distribution, including the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate a CINCH I.T. Business at any location outside the Development Area; (b) develop, lease and license the use of, at any location inside or outside of the Development Area, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which we deem advisable; (c) merge with, acquire or be acquired by any other business, including a business that competes with the

CINCH I.T. Franchised Businesses operated by you, whether located inside or outside of the Development Area; (d) acquire any information technology support business operated by competitors, or operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned, and convert it to the CINCH I.T. System inside or outside of the Development Area; and (e) implement multi-area marketing programs which may allow us, our affiliates or other CINCH I.T. franchisees to solicit or sell to clients anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. We and our affiliates are not restricted from soliciting or conducting business within a Development Area and you will not receive any compensation from these sales. Upon the expiration or termination of this Agreement, you will no longer have a designated Development Area and each CINCH I.T. Franchised Business that you opened will be limited to marketing solely within the Designated Territory described in the individual Franchise Agreements.

You will not receive an exclusive territory. You may face competition from other franchisees, from businesses that we own, or from other channels of distribution or competitive brands that we control.

Continuation of your development rights does not depend on your achieving a certain sales volume, market penetration or other contingency. However, if you are in default of the Development Agreement (which may include, but is not limited to, a default for failing to comply with the Development Schedule) or any Franchise Agreement and fail to cure the default within the applicable cure period (if any), we may terminate the Development Agreement and your territorial rights in the Development Area, or other remedy as provided in the Development Agreement. There are no other circumstances in which we can unilaterally modify your territorial rights in the Development Area.

### **Franchise Agreement**

You will be granted a designated territory as described below and which will be defined in the Franchise Agreement (the “Designated Territory”).

You may operate the business office of the Franchised Business from your home at any location and do not need our permission before relocating. If you operate your business office from your home you must secure a virtual address located within the Designated Territory for the website listing, search engine optimization and all Franchise Business related purposes.

If you operate your business office for the Franchised Business from a commercial property such as leased office space, the business office must be located within the Designated Territory. You do not need our permission before relocating as long as the leased or purchased office is within your Designated Territory.

If you relocate or your address changes you must notify us of the change at least 7 days prior to the relocation.

You will be granted a Designated Territory with an approximate business population of 3,000 to

3,500 qualified businesses (defined as businesses with 10 or more employees) as identified by a database of business establishments and employment. We offer pre-defined territories by state which are defined by contiguous zip codes with drive times and minimum and maximum number of qualifying businesses taken into consideration. The size and population density of your Designated Territory could vary depending on the demographic information and business population density of the area included in the Designated Territory. For example, your Territory could vary in size from a city in an urban location to a county in a more suburban area.

You maintain your rights to your Designated Territory as long as you abide by the terms of your Franchise Agreement. We may not alter your Designated Territory without your consent.

We will not establish or license another to establish any other CINCH I.T. businesses within your Designated Territory while your Franchise Agreement is in effect and you are not in default.

You do not receive an automatic the right to acquire additional franchises within your Territory.

### **Minimum Performance Standards**

The grant of your designated Territory is expressly conditioned upon your successful penetration of the market in the Designated Territory. You must promote actively and aggressively the products and services of your CINCH I.T. Franchised Business within your Designated Territory.

If you do not sell one new managed service provider (“Managed Service Provider” or “MSP”) contract for 3 consecutive months, we will require you to undertake and complete a performance improvement plan (“Plan”) over a consecutive 3 month period. The Performance Improvement Plan consists of a list of activity metrics assigned by us that must be performed by you each week. You must also attend a weekly accountability telephone conference to review the assigned metrics and your results. You will be charged in one hour increments at our then-current rate for remedial training for each accountability conference. If after completion of the Plan you do not sell one new MSP contract within 3 months, you will be in default of your Franchise Agreement and we may we may terminate the Franchise Agreement.

As fully detailed in our confidential Operations Manual, a Managed Services Contract is a Technology Support Plan that offers Support, Proactive Maintenance, a Cybersecurity Suite of Services and Consultation. The Support Plans are priced per user and have a minimum of 10 users.

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.

If a client in your Designated Territory has satellite offices in another franchisee’s territories, we recommend working together to provide on-site support and sharing revenue.



You may not market or advertise outside of the Designated Territory. Except for the limitations on advertising and marketing outside of your Designated Territory, you have no restrictions on who your clients are or where they come from. You may accept, service and retain business from outside of your Territory without permission or special payment.

We do not restrict you from passively attracting clients from outside your Designated Territory and likewise we do not restrict other franchisees from passively attracting clients outside their designated territory which may include your Territory.

In addition, with our prior written permission, you may attend extra-territorial tradeshows, meetings and events anywhere, including territories owned by other franchisees, however you cannot actively use telemarketing, direct marketing or other channels of distribution to advertise outside of your Designated Territory unless specifically authorized in the Operations Manual or in written communication from us.

If your area lies within the reach of media sources that serve other franchise or company-owned businesses, we can require you to advertise cooperatively with those franchise or company-owned businesses. The terms of the cooperative advertising will be established by us and our franchisees at that time.

We will not establish or license others for a similar or competitive business within your area, but can develop, use and franchise other trade names and trademarks for other types of businesses.

Presently, there are no active plans to do so, but we also have the right to develop and license others or retain for ourselves dissimilar or non-competitive business within your Designated Territory under other trade names and trademarks.

Presently, there are no active plans to do so, but we also have the right to develop and use alternative distribution channels for the sale of any trademarked merchandise both within and outside of your Territory and you will receive no compensation for our sales through alternative distribution channels.


We also have the right to use other channels of distribution, such as the Internet, retail stores, or other direct marketing, for the sale of products and services within and outside your Territory under trademarks different from those you will use under your Franchise Agreement.

### **Item 13**

#### **TRADEMARKS**

You will be granted the non-exclusive right, and undertake the obligation, under the terms of the Franchise Agreement, to establish and operate a CINCH I.T. Franchised Business under our Proprietary Marks and System. You may also use other current or future Marks that we may designate to identify the goods and services associated with the CINCH I.T. System.

We will license to you the following trademarks which are our principal marks and have been registered with the United States Patent and Trademark Office (the “USPTO”) as indicated:

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>	<b>Principal or Supplemental Register</b>
<b>Cinch IT (Word)</b>	<b>4,898,623</b>	<b>February 9, 2016</b>	<b>Principal</b>
<b>(Composite Mark)</b>  	<b>5,898,997</b>	<b>October 29, 2019</b>	<b>Principal</b>

We plan to file all required affidavits and renewals with the USPTO.

In view of our federal registration, we have not, and do not intend to, pursue any additional state registrations, in this or any other state.

There are presently no effective material determinations by the USPTO, Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings; or any pending material litigation involving our Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, nor are there any superior rights or infringing uses actually known to us which would materially affect your use of the Marks.

We will take all steps that we deem reasonably appropriate to preserve and protect the ownership and validity of the Marks. Any decision to protect your right to use the Marks or to protect you against claims of infringement will be made by us. Should we elect to protect the Marks or protect you against claims of infringement, we will have the right to control any administrative proceeding or litigation. If litigation involving the Marks is filed or threatened against you, or you become aware of any infringement by a third party, you must tell us promptly and cooperate with us fully in pursuing, defending or settling the litigation.

You must sign all documents requested by us or our counsel that are necessary to protect our Marks or to maintain their validity and enforceability. We may substitute different Marks to identify the business conducted under the CINCH I.T. System if we can no longer use or license the Marks, or if we decide that substitution of different Marks is beneficial for the System.

If that happens, you will be responsible for your tangible costs of complying (for example, changing signs or advertising materials). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

Your Franchise Agreement provides that any use of the Marks that is not authorized is an infringement. You may not use the Marks as part of your corporate or other legal name, website

address, e-mail address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design without our consent. All rights in, and goodwill from, the use of the Marks accrue solely to us.

You must display in a conspicuous location in or upon the Franchised Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: “This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark “CINCH I.T.”, which is a registered trademark owned by Cinch Franchise, LLC.” You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationery, and other written materials we designate.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. We cannot prevent anyone who began using the name “CINCH I.T.” before our use of it from continuing their use of that name in the area of prior use. The name “CINCH I.T.” may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You are responsible for finding out whether the name “CINCH I.T.” is already being used in the Territory.

Because your telephone listings will be associated with the Marks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will inure to our benefit. See Items 9 and 11.

## **Item 14**

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

#### **Patent Rights**

We own no rights in, or licenses to, any patents or patent applications.

#### **Copyrights**

We do not own any rights in, or to, any registered copyrights that are material to the franchise.

#### **Proprietary Information**

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures in our confidential Operations Manual or otherwise in writing. Prior to attending our Initial Training program, we will loan you one copy of the Operations Manual, or make it available to you through a password protected website, for the term of your Franchise Agreement.

You must treat the Operations Manual, and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in the Operations Manual, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these

materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual is and will remain our sole property and must be kept in a secure place at the Franchised Business.

You must not, during or after the term of the Franchise Agreement or Development Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or business entity, any confidential information, knowledge, or know how concerning the methods of operation of the business franchised under the Franchise Agreement or the Development Agreement, including the Operations Manual, and other proprietary information which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement or the Development Agreement.

We require your managers to sign our then-current form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement; our current form is attached as Exhibit F to this Disclosure Document. We require your employees to sign our then-current form of Confidentiality Agreement; our current form is attached as Exhibit G to this Disclosure Document.

You may compile and maintain current, former and prospective client information, for your Franchised Business, however, all client lists are our proprietary information and may only be used for the normal conduct of the Franchised Business during the term of the Franchise Agreement. You must transfer them to us on the expiration, termination, repurchase or transfer of your Franchised Business.

### **Item 15**

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

At all times the Franchised Business must be under the personal supervision of either you, or if Franchisee is a business entity, your Operating Principal, or a trained general manager (“General Manager”). You or your Operating Principal and General Manager, if any, must successfully complete our Initial Training program and any other training programs that we may require. You may not permit your Franchised Business to be operated, managed, directed, or controlled by any other person without our prior written consent.

Your Operating Principal must have at least a 25% ownership interest in your Franchise Entity, and Development Entity, if applicable, and must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. You must appoint a General Manager to manage the day-to-day business of your Franchised Business if you or your Operating Principal cannot devote full time, energy and efforts to the operation of the Franchised Business. General Managers are not required to have an equity interest in the Franchise. We have the right to approve your General Manager (if not an owner) based on our review of their relevant experience and qualifications.

You must provide us with written notice of your Operating Principal at the signing of the

Franchise Agreement, and Development Agreement, if applicable, and your General Manager prior to opening, and you may not change your Operating Principal without our prior approval. You must inform us of any changes in the management or operation of your Franchised Business.

You must employ at least one trained salesperson and one trained technician each of whom has satisfactorily completed the Initial Training Program. Vacancies in either position must be filled within 90 days and the Initial Training Program for that position commenced within 30 days after hire.

If you purchase the Franchised Business as an individual, the Franchise Agreement may be assigned to a business entity which is newly formed, only operates the CINCH I.T. Franchised Business and you own all of the equity and control the voting power of the stock of the corporation or business entity. An assignment is made by executing an assignment agreement in a form approved by us in which you, individually, and the business entity must be bound jointly and severally by all the provisions of the Franchise Agreement and must provide information and documentation concerning the formation of the business entity, its articles, bylaws, resolutions, stockholders, members, directors and officers to us. Further, all issued and outstanding share certificates of this corporation must bear a legend stating that the shares are bound by the terms of the Franchise Agreement. We will not charge you a transfer fee for this transaction.

You must maintain business times and hours as we may specify in the Operations Manual.

Everyone who must attend training will be identified in the Notice of Key Employees, attached as Addendum B to the Franchise Agreement. General Managers and anyone required to attend training cannot have an interest in or business relationship with any business competitive with the CINCH I.T. concept. They must also sign a Non-Disclosure, Non-Solicitation and Non-Competition Agreement that requires them to maintain confidentiality of the proprietary information described in Item 14 and to conform with the covenants not to compete described in Item 17.

You must maintain a competent, conscientious, trained staff who have successfully completed the designated training program and any additional training as we may specify in writing. You must take those steps as are necessary to ensure that your employees preserve good client relations; render competent, prompt, courteous and knowledgeable service; and meet our minimum standards, as we may establish periodically in the Operations Manual.

You will be solely responsible for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of your employees in writing, in a form approved by us in advance, that we are not a “joint employer” of your employees and acknowledge that we do not control your personnel policies.

All owners of the Franchisee must personally guarantee all of the obligations of the Franchisee under the Franchise Agreement by signing the form attached as Addendum C to the Franchise Agreement. All owners of the Multi-Unit Developer must personally guarantee all of the obligations of the Developer under the Development Agreement by signing the form attached as Addendum C to the Development Agreement. If Franchisee or Multi-Unit Developer are owned by a trust, or if owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Guaranty.

We do not require your spouse or domestic partner to sign the Franchise Agreement nor provide a personal guaranty but we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement; our current form is attached as Exhibit H to this Disclosure Document.

### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must (1) sell or offer for sale only those products, merchandise and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of products, merchandise, and services we specify; (3) refrain from any deviation from our System Standards without our prior written consent; and (4) discontinue selling and offering for sale any products, merchandise, and services which we may, in our discretion, disapprove in writing at any time. You must sell all products and merchandise at retail and not sell these products and merchandise at wholesale or for re-sale. All products and services sold or offered for sale at the Franchised Business must meet our then-current System Standards, as established in the Operations Manual or otherwise in writing.

You must obtain permission from us to offer any goods and services that we have not approved. You may not engage in any business activities that compete with the products and services offered by us. Based on our sole judgement, we have the sole authority to accept or decline to provide services or products to any of your current clients or proposed new clients if we or our affiliate determine that they are not compatible with our methods or system.

We have the right to establish minimum and maximum prices for the products and services you offer and sell. You must strictly adhere to the prices we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion.

We have the right to add products, services and merchandise, or to delete existing ones. There are no limits on our right to do so except that we cannot make any changes that will unreasonably increase your obligations, or place an excessive economic burden on your operation. You will be notified of changes in approved products, merchandise and services through our Operations Manual or otherwise in writing.

You must comply with all of our policies regarding advertising and promotion. You must

comply with all of our policies regarding acceptance of credit and debit cards. Except for the limitations on advertising outside of your Designated Territory (see Item 12), you have no restrictions on who your clients are or where they come from.

**Item 17**

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

**MULTI UNIT DEVELOPMENT AGREEMENT**

<b>Provision</b>	<b>Section in development agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 3	Expires either on the completion date of the Development Schedule or expiration of the term of the Development Schedule.
b. Renewal or extension of the term	Section 5	May request two 90 day extensions.
c. Requirements for you to renew or extend	Section 5	Prior written request and payment of extension fee.
d. Termination by you	None	Not Applicable
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 7	We have discretionary right to terminate the Multi-Unit Development Agreement for cause. Termination of the Multi-Unit Development Agreement does not terminate any of the Franchise Agreements that you have signed before termination (subject to local state law).

<b>Provision</b>	<b>Section in development agreement</b>	<b>Summary</b>
g. “Cause” defined - curable defaults	None	Not Applicable
h. “Cause” defined – non-curable defaults	Sections 2, 5, 7 and 11	Non-curable defaults include: failure to comply with the Development Schedule (including failure to meet Opening Dates); failure to perform any of your obligations under this Agreement or any individual Franchise Agreement. Termination of the Multi-Unit Development Agreement does not terminate any of the Franchise Agreements that you have signed before termination.
i. Your obligations on termination/non-renewal	Section 11	Comply with post-termination covenants, termination of the Multi-Unit Development Agreement does not affect any of the Franchise Agreements that you have signed before termination.
j. Assignment of contract by us	Section 8	We may assign to anyone we believe is able to carry out terms of contract.
k. “Transfer” by you-defined	Section 8	Includes transfer of contract or assets or ownership change.
l. Our approval of transfer by you	Section 8	We must approve all transfers, but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 8	You must not be in default at time of transfer, you must sign a release, pay transfer fee.



<b>Provision</b>	<b>Section in development agreement</b>	<b>Summary</b>
n. Our right of first refusal to acquire your business	Section 8	We have thirty days to match bona fide offer for your business.
o. Our option to purchase your business	None	Not Applicable
p. Your death or disability	None	Not Applicable
q. Non-competition covenants during the development term	Section 11	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 11	Two year and 25 mile radius restriction on competing business (subject to state law).
s. Modification of the agreement	Section 22	No modification generally without signed agreement, but we may modify the System.
t. Integration/merger clause	Section 23	Only the terms of the Multi-Unit Development Agreement and the documents referred to are binding (subject to applicable state law). Any representation or promise made outside the Disclosure Document, Franchise Agreement and Multi-Unit Development Agreement may not be enforceable. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

<b>Provision</b>	<b>Section in development agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	Section 21	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Most disputes and claims related to the Multi-Unit Development Agreement or our relationship will be settled by arbitration at the location of the American Arbitration Association office nearest to our then-current principal place of business (currently Worcester, Massachusetts) (subject to state law).
v. Choice of forum	Section 21	The place where our principal place of business is located. (subject to state law).
w. Choice of law	Sections 18 and 21	Federal Arbitration Act and Massachusetts law applies (subject to state law).

### **FRANCHISE AGREEMENT**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 5	Term is 5 years.
b. Renewal or extension of the term	Section 6	If you are in good standing, you can renew for 3 successive 5 year terms.
c. Requirements for franchisee to renew or extend	Section 6	Give timely notice, not in default, has not received 3 or more default notices in prior term, sign new agreement which may have materially different terms and

Provision	Section in franchise or other agreement	Summary
		conditions than your original Franchise Agreement, including territory and royalty, sign release, refresher training if required by us, renewal fee equal to \$5,000.
d. Termination by franchisee	Section 32	You must be in full compliance with the terms of your Franchise Agreement, sign a general release and abide by your post termination covenants, then you may terminate with 180 days prior written notice (subject to local state law).
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 32	Failure to cure material breach within 15 days. (subject to local state law). Any default of your Franchise Agreement is a material default under any and all other agreements between us and our affiliates.
g. "Cause" defined-curable defaults	Section 32	Failure to make payments, failure to maintain Franchised Business according to System Standards, failure to submit reports, failure to follow Operations Manual, failure to get permission when needed, default in other terms and covenants not separately identified.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
h. "Cause" defined-non-curable defaults	Section 32	Cessation of business for one business day, misuse of trademark or licensed rights, having interest in a competitor, repeated defaults even if cured, abandonment, deliberate understating of sales, bankruptcy, creditors attach or foreclose business property, conviction or "no contest" plea to a felony, false statements on franchise application, unauthorized transfer, failure to maintain independent contractor status with us.
i. Franchisee's obligations on termination/non-renewal	Section 35	Payment of all amounts due, complete de-identification, cease using Marks and proprietary information, return of Operations Manual and other proprietary materials, assignment of telephone numbers, e-mail address, etc. to us (See also Item "r" below).
j. Assignment of contract by franchisor	Section 28	We may assign to anyone we believe is able to carry out terms of contract.
k. "Transfer" by franchisee - defined	Section 28	Includes transfer of contract or assets or ownership change.
l. Franchisor approval of transfer by franchisee	Section 28	We must approve all transfers, but will not unreasonably withhold approval.
m. Conditions for franchisor	Section 28	You must not be in default at time of transfer, you must

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
approval of transfer		sign a release, the proposed transferee must meet new franchisee qualifications, sign the then-current franchise agreement, pay training fee and complete training, and pay transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 31	We have 30 days to match bona fide offers for your business.
o. Franchisor's option to purchase franchisee's business	Section 35	If your Franchise Agreement is terminated, we may, but are not obligated to, buy your inventory, supplies and equipment.
p. Death or disability of franchisee	Section 29	May transfer franchise to spouse, heirs or relatives if they are qualified. Otherwise, your estate has 6 months to transfer to a qualified buyer.
q. Non-competition covenants during the term of the franchise	Section 27	No involvement with competing business is allowed anywhere in the United States (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Sections 27 and 35	Two year and 25 mile radius restriction on competing business. Permanent restriction on using licensed rights (subject to state law).
s. Modification of the Agreement	Section 50	No modification generally unless agreed to in writing by both parties, but we may modify the System.
t. Integration/merger clause	Section 50	

Provision	Section in franchise or other agreement	Summary
		Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 37	The parties must first submit the dispute to non-binding mediation (except for injunctive relief). Certain disputes and claims related to the Franchise Agreement, however, will be settled by arbitration under the rules of the American Arbitration Association (subject to state law).
v. Choice of forum	Section 37	Arbitration must be in the county nearest our home office at the time (subject to state law).
w. Choice of law	Sections 37 and 48	Federal Arbitration Act and Massachusetts law applies (subject to state law).

**Item 18  
PUBLIC FIGURES**

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

**Item 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC 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 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 that 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.

We do not make any financial performance representation. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing franchise, however, we may provide you with the actual records of that business. 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 Managing Member, Richard Porter, Cinch Franchise, LLC, 27 West Mountain Street, Worcester, Massachusetts 01606, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	2	5	+3
	2021	5	8	+3
	2022	8	10	+2
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Total Outlets	2020	3	6	+3
	2021	6	9	+3
	2022	9	11	+2

\* We do not operate any Company-Owned outlets. The Company-Owned Outlet reflected in the above table is owned and operated in Worcester, Massachusetts by our affiliate, as described in Item 1.

**Table No. 2**

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2020 to 2022**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

**Table No. 3**

**STATUS OF FRANCHISE OUTLETS  
FOR YEARS 2020 TO 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
AZ	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1



GA	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
KY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MA	2020	2	3	0	0	0	0	5
	2021	5	0	1	0	0	0	4
	2022	4	0	0	0	0	0	4
MI	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
UT	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	2	3	0	0	0	0	5
	2021	5	4	1	0	0	0	8
	2022	8	2	0	0	0	0	10

**Table No. 4**

**STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2020 TO 2022**

<b>Col. 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of the Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Outlets Reacquired From Franchisees</b>	<b>Col. 6 Outlets Closed</b>	<b>Col. 7 Outlets Sold to Franchisees</b>	<b>Col. 8 Outlets at End of the Year</b>
MA	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

\* We do not operate any Company-Owned outlets. The Company-Owned Outlet reflected in the above table is owned and operated in Worcester, Massachusetts by our affiliate, as described in Item 1.

**Table No. 5**

**PROJECTED OPENINGS**  
**AS OF DECEMBER 31, 2022**

Col. 1 STATE	Col. 2 FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPEN	Col. 3 PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	Col. 4 PROJECTED NEW COMPANY- OWNED OUTLETS IN THE NEXT FISCAL YEAR
CT	0	0	1
FL	0	2	2
GA	0	1	0
MA	0	1	1
NH	0	1	0
TX	0	2	0
<b>TOTALS</b>	0	7	4

The names, addresses and telephone numbers of our current franchisees, as of December 31, 2022 are listed in Exhibit J to this Disclosure Document. This list includes any franchisees who signed a franchise agreement prior to our last fiscal year end but had not opened their CINCH I.T. franchise as of that date.

Also listed in Exhibit J is the name, city and state, and current business telephone number, or if unknown the last known home telephone number, of the franchises that were transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us during the most recently completed fiscal year or have not communicated with us within 10 weeks preceding the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you.

During the last three fiscal years, no current or former franchisees have signed a confidentiality clause that restricts them from discussing with you their experience as a franchisee in our franchise system.

We have not created, sponsored or endorsed any trademark-specific franchisee organization nor have any independent franchisee organizations asked to be included in this Disclosure Document.

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

Our audited financial statement for the period ending December 31, 2022, December 31, 2021 and December 31, 2020 is attached as Exhibit B. Our fiscal year ends December 31<sup>st</sup>. We were formed on January 2, 2019.

Our unaudited financial statements for the period ending July 31, 2023 are also attached as Exhibit B.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

## **Item 22 CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Form of Franchise Agreement with Addenda is attached as Exhibit D.

Form of Multi-Unit Development Agreement is attached as Exhibit E.

Form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement is attached as Exhibit F.

Form of Confidentiality Agreement is attached as Exhibit G.

Form of Spousal Non-Disclosure and Non-Competition Agreement is attached as Exhibit H.

Form of Franchise Compliance Questionnaire is attached as Exhibit L.

Form of General Release is attached as Exhibit M.

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.

**Item 23**  
**RECEIPTS**

The last two pages of this Disclosure Document, attached as Exhibit N, are detachable documents acknowledging receipt of this Disclosure Document. Please sign and date both receipts and return one to us.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**AGENT FOR SERVICE OF PROCESS  
AND  
STATE FRANCHISE ADMINISTRATORS**

Our registered agent in the Commonwealth of Massachusetts:  
Richard Porter  
Cinch Franchise, LLC  
27 West Mountain Street, Worcester, Massachusetts 01606

<b>STATE</b>	<b>AGENCY</b>	<b>PROCESS, IF DIFFERENT</b>
California Toll-free (866) 275-2677 Email: <a href="mailto:Ask_DFPI@dfpi.ca.gov">Ask_DFPI@dfpi.ca.gov</a> <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a>	Department of Financial Protection and Innovation  Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013  Sacramento 2101 Arena Blvd. Sacramento, CA 95834  San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108  San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner of Financial Protection and Innovation  Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013  Sacramento 2101 Arena Blvd. Sacramento, CA 95834  San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108  San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104
Hawaii	Securities Examiner 335 Merchant Street, Room 203 Honolulu, HI 96813	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, IN 46204

STATE	AGENCY	PROCESS, IF DIFFERENT
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Franchised Business Michigan Dept of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, MI 48933	
Minnesota	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York	NY State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fourteenth Floor 600 East Boulevard Bismarck, ND 58505	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920	

STATE	AGENCY	PROCESS, IF DIFFERENT
South Dakota	Department of Labor and Regulation Division of Securities 124 S Euclid, Suite 104 Pierre, SD 57501	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Division of Securities 4 <sup>th</sup> Floor 345 W. Washington Ave Madison, WI 53703	

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**FINANCIAL STATEMENTS**



**CINCH FRANCHISE, LLC**  
**INTERIM UN-AUDITED FINANCIAL STATEMENTS**

**For the Period**  
**January through July 2023**

# Cinch Franchise LLC

## Balance Sheet As of July 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Berkshire Advertising Fund Checking	83,339.81
Berkshire Checking	85,965.74
Berkshire Savings	1,010.74
<b>Total Bank Accounts</b>	<b>\$170,316.29</b>
Accounts Receivable	
Accounts Receivable (A/R)	7,850.24
<b>Total Accounts Receivable</b>	<b>\$7,850.24</b>
Other Current Assets	
Prepaid Expenses	14,493.76
Unbilled Revenue	-15,000.00
Undeposited Funds	0.00
<b>Total Other Current Assets</b>	<b>\$ -506.24</b>
<b>Total Current Assets</b>	<b>\$177,660.29</b>
<b>TOTAL ASSETS</b>	<b>\$177,660.29</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	1,151.76
<b>Total Accounts Payable</b>	<b>\$1,151.76</b>
Credit Cards	
American Express 1001	0.00
American Express 1004	11,408.15
<b>Total Credit Cards</b>	<b>\$11,408.15</b>
Other Current Liabilities	
Accrued Expenses	456.00
Accrued Payroll	0.00
Deferred Revenue	32,250.00
Deferred Revenue - Franchise Fees	56,375.00
Due To/From Cinch HD	0.00
Due To/From Cinch IT	-99,133.74
Massachusetts Department of Revenue Payable	0.00
Out Of Scope Agency Payable	0.00
<b>Total Other Current Liabilities</b>	<b>\$ -10,052.74</b>
<b>Total Current Liabilities</b>	<b>\$2,507.17</b>

Accrual Basis Monday, October 9, 2023 11:14 AM GMT-04:00

1/2

	TOTAL
Long-Term Liabilities	
EIDL Loan	98,400.00
Officer Loan	0.00
<b>Total Long-Term Liabilities</b>	<b>\$98,400.00</b>
<b>Total Liabilities</b>	<b>\$100,907.17</b>
Equity	
Distributions	-38,784.99
Owner's Investment	0.00
Retained Earnings	157,151.31
Net Income	-41,613.20
<b>Total Equity</b>	<b>\$76,753.12</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$177,660.29</b>

# Cinch Franchise LLC

## Profit and Loss

January - July, 2023

	TOTAL
<b>Income</b>	
Advertising Fund Fee	67,734.89
Annual Conference Fees	-107.17
Credit Card Convenience Fee Sales	4,575.83
Royalties	241,022.04
Training Franchise Fee	6,000.00
<b>Total Income</b>	<b>\$319,225.59</b>
<b>GROSS PROFIT</b>	
	<b>\$319,225.59</b>
<b>Expenses</b>	
<b>Advertising &amp; Marketing</b>	
Advertising & Marketing	
Annual Conference Expenses	24,150.07
Brand - Adv for Franchisees	28,553.65
Franchise - Adv for Selling Franchises	38,481.26
<b>Total Advertising &amp; Marketing</b>	<b>91,184.98</b>
<b>Insurance</b>	
Bank Charges	0.33
Charitable Contributions	115.99
Client Meeting	821.70
Credit Card Processing	5,424.89
Fuel, Tolls, Parking	196.90
Health Insurance	8,320.35
Liability Insurance	786.50
Workers Comp Insurance	494.00
<b>Total Insurance</b>	<b>9,600.85</b>
<b>Payroll Expenses</b>	
Office Supplies	1,147.37
Admin Payroll	28,265.16
Finance Payroll	62,188.37
Marketing Payroll	22,578.69
Payroll Processing	1,759.64
Payroll Taxes	17,551.45
Training Payroll	60,570.31
<b>Total Payroll Expenses</b>	<b>192,913.62</b>
<b>Professional Services</b>	
Accounting	13,456.00
Legal Fees	8,368.31
<b>Total Professional Services</b>	<b>21,824.31</b>
Rent	17,500.00
Repairs & Maintenance	318.64
Software	11,935.59
Taxes & Licenses	240.00

Accrual Basis Monday, October 9, 2023 11:19 AM GMT-04:00

1/2

	TOTAL
Travel	7,620.89
<b>Total Expenses</b>	<b>\$360,846.06</b>
NET OPERATING INCOME	<b>\$ -41,620.47</b>
Other Income	
Interest Income	7.27
Other Miscellaneous Income	71.29
<b>Total Other Income</b>	<b>\$78.56</b>
Other Expenses	
Other Miscellaneous Expense	71.29
<b>Total Other Expenses</b>	<b>\$71.29</b>
NET OTHER INCOME	<b>\$7.27</b>
NET INCOME	<b>\$ -41,613.20</b>

# Cinch Franchise, LLC

*Financial Statements*  
*December 31, 2022 and 2021*

Our service will be so awesome that  
we will become your benchmark for  
measuring all other professionals®



Business Consultants &  
Certified Public Accountants

CINCH FRANCHISE, LLC  
INDEX TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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Business Consultants &  
Certified Public Accountants

100 Front Street, 16th Floor  
Worcester, MA 01608  
Tel: (508) 757-3311  
Fax: (508) 752-3577

## INDEPENDENT AUDITORS' REPORT

To the Member of  
Cinch Franchise, LLC  
Worcester, Massachusetts

### **Opinion**

We have audited the accompanying financial statements of Cinch Franchise, LLC (an S-Corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and member's equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **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.

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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 Cinch Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional 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 Cinch Franchise, LLC'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 Cinch Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

*S&G, LLP*

Worcester, Massachusetts

February 24, 2023

CINCH FRANCHISE, LLC  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>		
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 189,038	\$ 101,234
Receivables:		
Trade	54,720	112,709
Employee Retention Credit	-	32,487
Prepaid expenses	14,494	14,697
TOTAL CURRENT ASSETS	<u>\$ 258,252</u>	<u>\$ 261,127</u>
 <u>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES		
Payables - trade	\$ 5,155	\$ 26,973
Accrued liabilities	16,534	19,451
Current portion of deferred revenue	55,500	102,200
Due to related parties	42,550	112,866
TOTAL CURRENT LIABILITIES	<u>119,739</u>	<u>261,490</u>
LONG-TERM LIABILITIES		
Long-term debt	98,500	-
Long-term portion of deferred revenue	39,500	50,500
TOTAL LONG-TERM LIABILITIES	<u>138,000</u>	<u>50,500</u>
TOTAL LIABILITIES	257,739	311,990
MEMBER'S EQUITY (DEFICIT)	<u>513</u>	<u>(50,863)</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)	<u>\$ 258,252</u>	<u>\$ 261,127</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUE		
Franchise sales	\$ 23,000	\$ 39,625
Advertising	115,774	83,241
Annual conference	37,350	-
Royalties	397,716	257,946
Training	92,500	142,500
TOTAL REVENUE	<u>666,340</u>	<u>523,312</u>
OPERATING EXPENSES		
Salaries and wages	229,422	156,687
Franchise acquisition and development	25,788	38,809
Insurance	10,250	12,418
Management fee	75,000	75,000
Marketing	146,870	113,640
Miscellaneous	9,305	10,106
Office	2,013	1,086
Professional fees and outside services	27,655	20,493
Rent	24,000	3,000
Software	17,550	18,327
Taxes:		
Other	1,341	456
Payroll	21,367	12,947
Travel and entertainment	9,439	3,208
TOTAL OPERATING EXPENSES	<u>600,000</u>	<u>466,177</u>
INCOME FROM OPERATIONS	<u>66,340</u>	<u>57,135</u>
OTHER INCOME (EXPENSE)		
Paycheck Protection Program loan forgiveness	-	78,135
Interest - net	(2,179)	-
TOTAL OTHER (EXPENSE) INCOME	<u>(2,179)</u>	<u>78,135</u>
NET INCOME	\$ 64,161	\$ 135,270

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
MEMBER'S DEFICIT, BEGINNING OF YEAR	\$ (50,863)	\$ (186,133)
MEMBER'S DISTRIBUTIONS	<u>(12,785)</u>	<u>-</u>
MEMBER'S EQUITY (DEFICIT), END OF YEAR	<u>\$ 513</u>	<u>\$ (50,863)</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 64,161	\$ 135,270
Adjustments to reconcile net income to net cash provided by operations:		
Paycheck Protection Program loan forgiveness	-	(78,135)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables - trade	57,989	(63,978)
Employee Retention Credit receivable	32,487	-
Prepaid expenses	203	(14,697)
(Decrease) increase in:		
Payables - trade	(21,818)	16,601
Accrued liabilities	(2,917)	2,456
Deferred revenue	(57,700)	27,325
Total adjustments	<u>8,244</u>	<u>(110,428)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>72,405</u>	<u>24,842</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments to member	-	(41,467)
(Repayments to) advances from related parties	(70,316)	37,866
Proceeds from Paycheck Protection Program loan	-	60,138
Proceeds from issuance of long-term debt	98,500	-
Member distributions	(12,785)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,399</u>	<u>56,537</u>
NET INCREASE IN CASH	87,804	81,379
CASH, BEGINNING OF YEAR	<u>101,234</u>	<u>19,855</u>
CASH, END OF YEAR	<u>\$ 189,038</u>	<u>\$ 101,234</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. NATURE OF OPERATIONS

Cinch Franchise, LLC (the “Company”), is a limited liability company organized in the Commonwealth of Massachusetts. The Company engages in franchising the business of providing outsourced information technology services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when cash is received, and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes all cash balances and highly liquid investments with an initial maturity of three months or less.

Receivables - Trade

The Company carries its trade receivables at cost. On a periodic basis, management evaluates its trade receivables and establishes an allowance for doubtful accounts when deemed necessary. The Company’s policy is to not accrue interest on trade receivables. No allowance for uncollectible accounts has been established since management has determined that the potential for bad debts is not material as of December 31, 2022 and 2021.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

The estimated amount of deferred revenue equals the transaction price allocated to unfulfilled performance obligations. As of December 31, 2022 and 2021, deferred revenue was \$95,000 and \$152,700, respectively. Of the total amounts, \$32,250 and \$81,950 consisted of training fees and annual conference sponsorships for 2022 and 2021, respectively, which were not yet earned by the Company and are expected to be earned in the following year. The remaining amounts consisted of initial franchise fees of \$62,750 and \$70,750 for the years ended December 31, 2022 and 2021, respectively, that are amortized over the life of the franchise license in accordance with FASB ASC 606 "Revenue from Contracts with Customers." The amount of deferred revenue that is expected to be recognized in future years is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ 55,500
2024	19,875
2025	13,250
2026	6,125
2027	<u>250</u>
Total	<u>\$ 95,000</u>

Compensated Absences

Employees of the Company are entitled to paid vacation depending on their length of service. It is not practical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

Revenue Recognition

The Company accounts for revenue from franchise fees using the accounting method prescribed under FASB ASC 606 "Revenue from Contracts with Customers." ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is 5 years. Payment of the initial franchise fee is due at the signing of the franchise



CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

agreement. Revenue from franchise sales for the years ended December 31, 2022 and 2021 totaled \$23,000 and \$39,625, respectively. Royalties and advertising fees are based on a percent of sales and are recognized at the same time that the underlying sales occur. Training and annual conference fees are recognized as the revenues are earned.

Marketing

The Company expenses marketing costs as they are incurred. Marketing costs amounted to \$146,870 and \$113,640 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

In 2021, the member elected, for federal and state income tax purposes, to be taxed as a small business corporation (S-Corporation). This election provides for the net income or loss of the Company to be reported on the personal federal and state income tax returns of the individual member. The Company pays no federal income tax on its profits and receives no income tax benefit from its losses. The Company is taxed at the corporate level for state income tax purposes, in those states where it has nexus, in accordance with applicable current state tax laws.

As of December 31, 2022, the Company's income tax returns are subject to potential examination by taxing authorities for the years ended December 31, 2021 and 2022.

Common Control Arrangements

The Company's member controls various related entities with which the Company transacts business. The Company has adopted the accounting alternative offered to private companies for entities under common control. In accordance with this alternative, the Company discloses any transactions with the related entities rather than evaluating the related entities for possible consolidation.

Reclassification

Certain reclassifications have been made to the prior year's financial statements in order for them to be comparable with the current year, with no effect on net income or member's equity (deficit).

CINCH FRANCHISE, LLC  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2022 AND 2021

3. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Note payable, with interest at 3.75 percent, secured by all assets of the Company, payable in monthly installments of principal and interest of \$508, due February 2052. Monthly payments were deferred for a period of 30 months and will begin in September 2024.	\$ <u>98,500</u>	\$ <u>-0-</u>

Principal maturities begin in 2028, once the accrued interest is repaid.

4. RELATED PARTY TRANSACTIONS

The member is in a position to, and in the future may, influence the operations of the Company for the benefit of other entities that are under his control and provide services to the Company.

Due to Related Parties

Due to related parties represents advances from entities related through common ownership. These payables are unsecured and do not bear interest. Since management expects the entire amount to be repaid in the next twelve months, the balance is classified as short-term on the balance sheets.

Revenues

Cinch IT, Inc., a related party, purchased a franchise from the Company. Per the franchise agreement, the franchisee pays a royalty of 5 to 7 percent of its gross sales and an advertising fee of 1.5 percent of its gross sales. During the years ended December 31, 2022, the Company collected royalty fees of \$187,724 and advertising fees of \$56,326 from the related party. During the year ended December 31, 2021, the Company collected royalty fees of \$157,390 and advertising fees of \$42,983 from the related party. At December 31, 2021 the franchisee owed the Company \$38,146 in advertising and royalties fees, which are included in trade receivables.

During the years ended December 31, 2022 and 2021, the Company also collected annual conference fees of \$1,400 and \$3,500, respectively from this related party. The fees for 2022 are included in deferred revenue and fees for 2021 have been recognized as annual conference revenue in 2022.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

4. RELATED PARTY TRANSACTIONS (Continued)

Revenues (continued)

During the years ended December 31, 2022 and 2021, the Company also collected annual conference fees of \$2,500 and \$3,200, respectively from a related party, Worcester Interactive LLC. The fees for 2022 are included in deferred revenue and fees for 2021 have been recognized as annual conference revenue in 2022.

Expenses

Worcester Interactive LLC provides web hosting, maintenance, and advertising services to the Company. The Company had expenses totaling \$46,925 and \$35,850 for these services during the years ended December 31, 2022 and 2021, respectively.

In 2021, the Company began paying rent to a related party, WIK Investments LLC, for its facilities. The Company is a tenant-at-will. Rent expense totaled \$24,000 and \$3,000 for the years ended December 31, 2022 and 2021, respectively.

In 2021, the Company began paying management fees to Cinch IT, Inc. Management fees totaled \$75,000 for the years ended December 31, 2022 and 2021.

5. OTHER INCOME – CARES ACT

The Company applied for and was awarded a forgivable loan of \$17,997 in 2020 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits, as well as utilities, during a 24-week period (the covered period) as defined in the CARES Act. All or a portion of these funds may be forgiven, as defined in the loan agreement, at the end of the covered period and any unforgiven funds will be due over a two-year period with interest at one percent. The Company received forgiveness of debt in the amount of \$17,997 in June 2021, which has been included in other income in the statements of operations and member's equity (deficit).

The Company applied for and was awarded a second forgivable loan of \$60,138 in 2021 from the program. As of December 31, 2021, the Company applied for and received forgiveness of debt in the amount of \$60,138, which has been included in other income on the statements of operations and member's equity (deficit).

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

5. OTHER INCOME – CARES ACT (Continued)

Under relief provisions established by the CARES Act, the Company applied for a refundable tax credit against certain employment taxes. The tax credit is equal to 50 percent of qualified wages, up to \$10,000 per employee, that an employer paid to employees after March 12, 2020 and before January 1, 2022. The Company received the tax credit in February 2022.

6. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

Uncertainties

The COVID-19 outbreak in the United States is unprecedented and has had a significant impact on the economy, businesses, and organizations. The United States and other countries removed the majority of COVID-19 restrictions in 2022, but could potentially reinstate restrictions should there be a resurgence in virus. There is still some uncertainty around the pandemic's duration and future impact, particularly as new variants of the virus emerge. COVID-19 could result in continued market volatility and possible economic downturn. The future impact on the Company's financial position and operating results cannot be reasonably determined at this time.

7. CONCENTRATIONS

Concentration of Credit Risk

The Company maintains its cash balance at a federally insured institution. At times, cash balances may exceed the federal insured limit of \$250,000. Management monitors the financial condition of the banking institution, along with its cash balances, and tries to keep this potential risk to a minimum.

Concentration of Customers

Two franchisees, including a related party, accounted for approximately 64 and 55 percent of the Company's total revenues for the years ended December 31, 2022 and 2021, respectively. Receivables from these customers totaled \$16,204 and \$57,982 as of December 31, 2022 and 2021, respectively.

The Company expects these relationships to continue.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 24, 2023, which is the date the financial statements were available to be issued.



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# Cinch Franchise, LLC

*Financial Statements*  
*December 31, 2021 and 2020*

Our service will be so awesome that  
we will become your benchmark for  
measuring all other professionals®



Business Consultants &  
Certified Public Accountants

CINCH FRANCHISE, LLC  
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DECEMBER 31, 2021 AND 2020

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Business Consultants &  
Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
Cinch Franchise, LLC  
Worcester, Massachusetts

### **Opinion**

We have audited the accompanying financial statements of Cinch Franchise, LLC (an S-Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and member's deficit and cash flows for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **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.

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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 Cinch Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional 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 Cinch Franchise, LLC'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 Cinch Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

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

*S&G, LLP*

Worcester, Massachusetts

March 30, 2022

CINCH FRANCHISE, LLC  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>Restated 2020</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 101,234	\$ 19,855
Receivables		
Trade	112,709	48,731
Employee Retention Credit	32,487	-
Prepaid expenses	14,697	-
<b>TOTAL CURRENT ASSETS</b>	<u>261,127</u>	<u>68,586</u>
<b>OTHER ASSETS</b>		
Employee Retention Credit receivable	-	32,487
<b>TOTAL ASSETS</b>	<u>\$ 261,127</u>	<u>\$ 101,073</u>

LIABILITIES AND MEMBER'S DEFICIT

<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ -	\$ 9,982
Payables - trade	26,973	10,372
Accrued liabilities	19,451	16,995
Current portion of deferred revenue	102,200	71,250
Due to related parties	112,866	75,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>261,490</u>	<u>183,599</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	-	8,015
Long-term portion of deferred revenue	50,500	54,125
Due to member	-	41,467
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>50,500</u>	<u>103,607</u>
<b>TOTAL LIABILITIES</b>	311,990	287,206
<b>MEMBER'S DEFICIT</b>	<u>(50,863)</u>	<u>(186,133)</u>
<b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>	<u>\$ 261,127</u>	<u>\$ 101,073</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>Restated 2020</u>
REVENUE		
Franchise sales	\$ 39,625	\$ 16,000
Advertising	83,241	65,298
Annual conference	-	26,600
Royalties	257,946	207,393
Training	142,500	45,000
TOTAL REVENUE	523,312	360,291
OPERATING EXPENSES		
Salaries and wages	156,687	255,057
Franchise acquisition and development	38,809	27,165
Insurance	12,418	28,202
Management fee	75,000	-
Marketing	113,640	112,112
Miscellaneous	10,106	6,262
Office	1,086	1,730
Professional fees and outside services	20,493	18,141
Rent	3,000	-
Software	18,327	23,915
Taxes		
Other	456	-
Payroll	12,947	24,224
Travel and entertainment	3,208	2,292
TOTAL OPERATING EXPENSES	466,177	499,100
INCOME (LOSS) FROM OPERATIONS	57,135	(138,809)
OTHER EXPENSE - Interest	-	243
NET INCOME (LOSS) BEFORE EXTRAORDINARY INCOME	\$ 57,135	\$ (139,052)

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>Restated 2020</u>
EXTRAORDINARY INCOME		
Employee Retention Credit	\$ -	\$ 32,487
Paycheck Protection Program loan forgiveness	<u>78,135</u>	<u>-</u>
TOTAL EXTRAORDINARY INCOME	<u>78,135</u>	<u>32,487</u>
NET INCOME (LOSS)	<u>135,270</u>	<u>(106,565)</u>
MEMBER'S DEFICIT, BEGINNING OF YEAR - AS PREVIOUSLY REPORTED	(186,133)	(100,766)
PRIOR PERIOD ADJUSTMENT - Correction of an error	<u>-</u>	<u>21,198</u>
MEMBER'S DEFICIT, BEGINNING OF YEAR - AS ADJUSTED	<u>(186,133)</u>	<u>(79,568)</u>
MEMBER'S DEFICIT, END OF YEAR	<u>\$ (50,863)</u>	<u>\$ (186,133)</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>Restated 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) before extraordinary income	\$ 57,135	\$ (139,052)
Adjustments to reconcile net income (loss) before extraordinary income to net cash provided (used) by operations:		
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables - trade	(63,978)	47,332
Prepaid expenses	(14,697)	-
Increase (decrease) in:		
Payables - trade	16,601	(5,624)
Accrued liabilities	2,456	(4,340)
Deferred revenue	27,325	41,000
Total adjustments	<u>(32,293)</u>	<u>78,368</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>24,842</u>	<u>(60,684)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments to member	(41,467)	(23,633)
Advances from related parties	37,866	70,000
Proceeds from Paycheck Protection Program loans	60,138	17,997
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>56,537</u>	<u>64,364</u>
<b>NET INCREASE IN CASH</b>	81,379	3,680
<b>CASH, BEGINNING OF YEAR</b>	<u>19,855</u>	<u>16,175</u>
<b>CASH, END OF YEAR</b>	<u>\$ 101,234</u>	<u>\$ 19,855</u>
 <b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
Cash paid for interest	\$ -	\$ 243
 <b><u>SCHEDULE OF NONCASH FINANCING ACTIVITIES</u></b>		
Paycheck Protection Program loan forgiveness	<u>\$ 78,135</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

1. NATURE OF OPERATIONS

Cinch Franchise, LLC (the “Company”), is a limited liability company organized in the Commonwealth of Massachusetts. The Company engages in franchising the business of providing outsourced information technology services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when cash is received, and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes all cash balances and highly liquid investments with an initial maturity of three months or less.

Receivables - Trade

The Company carries its trade receivables at cost. On a periodic basis, management evaluates its trade receivables and establishes an allowance for doubtful accounts when deemed necessary. The Company’s policy is to not accrue interest on trade receivables. No allowance for uncollectible accounts has been established since management has determined that the potential for bad debts is not material as of December 31, 2021 and 2020.



CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

The estimated amount of deferred revenue equals the transaction price allocated to unfulfilled performance obligations. As of December 31, 2021 and 2020, deferred revenue was \$152,700 and \$125,375, respectively. Of the total amounts, \$81,950 and \$52,500 consisted of training fees and annual conference sponsorships for 2021 and 2020, respectively, which were not yet earned by the Company and are expected to be earned in the following year. The remaining amounts consisted of initial franchise fees of \$70,750 and \$72,875 for the years ended December 31, 2021 and 2020, respectively, that are amortized over the life of the franchise license in accordance with FASB ASC 606 "Revenue from Contracts with Customers." The amount of deferred revenue that is expected to be recognized in future years is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 102,200
2023	20,250
2024	16,875
2025	10,250
2026	<u>3,125</u>
Total	<u>\$ 152,700</u>

Compensated Absences

Employees of the Company are entitled to paid vacation depending on their length of service. It is not practical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

Revenue Recognition

The Company accounts for revenue from franchise fees using the accounting method prescribed under FASB ASC 606 "Revenue from Contracts with Customers." ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is 5 years. Payment of the initial franchise fee is due at the signing of the franchise

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

agreement. Revenue from franchise sales for the years ended December 31, 2021 and 2020 totaled \$39,625 and \$16,000, respectively. Royalties and advertising fees are based on a percent of sales and are recognized at the same time that the underlying sales occur. Training and annual conference fees are recognized as the revenues are earned.

Marketing

The Company expenses marketing costs as they are incurred. Marketing costs amounted to \$113,640 and \$112,112 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

In 2021, the stockholder elected, for federal and state income tax purposes, to be taxed as a small business corporation (S-Corporation). This election provides for the net income or loss of the Company to be reported on the personal federal and state income tax returns of the individual member. The Company pays no federal income tax on its profits and receives no income tax benefit from its losses. In years when the Company's revenue exceeds \$6 million, the Company is taxed at the corporate level for state income tax purposes. The Company pays no state income tax on its profits and receives no income tax benefit from its losses on those years when its revenue is below \$6 million.

As of December 31, 2021, the Company's income tax returns are subject to potential examination by taxing authorities for the year ended 2021.

CINCH FRANCHISE, LLC  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021 AND 2020

3. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Paycheck Protection Program note payable, with 1.00 percent interest, unsecured, payable in monthly installments of principal and interest of \$2,008, forgiven in June 2021.	\$ -0-	\$ 17,997
Less: Current portion of long-term debt	<u>-0-</u>	<u>9,982</u>
Total long-term debt	<u>\$ -0-</u>	<u>\$ 8,015</u>

4. RELATED PARTY TRANSACTIONS

Due to Related Parties

Due to related parties represents advances from entities related through common ownership. These payables are unsecured and do not bear interest. Since management expects the entire amount to be repaid in the next twelve months, the balance is classified as short-term on the balance sheets.

Due to Member

Due to member represented advances from the member. Since management did not expect the entire amount to be repaid in the next twelve months, the balance was classified as long-term on the balance sheets.

Revenues

Cinch IT, Inc., a related party, purchased a franchise from the Company. Per the franchise agreement, the franchisee pays a royalty of 5 to 7 percent of its gross sales and an advertising fee of 1.5 percent of its gross sales. During the year ended December 31, 2021, the Company collected royalty fees of \$157,390 and advertising fees of \$42,983 from the related party. During the year ended December 31, 2020, the Company collected royalty fees of \$133,400 and advertising fees of \$36,497 from the related party. At December 31, 2021 and 2020, the franchisee owed the Company \$38,146 and \$17,642, respectively, in advertising and royalties fees, which are included in trade receivables. During the year ended December 31, 2021, the Company also collected annual conference fees of \$3,500 from this related party. These fees are included in deferred revenue.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

4. RELATED PARTY TRANSACTIONS (Continued)

Revenues (continued)

During the year ended December 31, 2021, the Company also collected annual conference fees of \$3,200 from a related party, Worcester Interactive LLC. These fees are included in deferred revenue.

Expenses

Worcester Interactive LLC provides web hosting, maintenance, and advertising services to the Company. The Company had expenses totaling \$35,850 and \$59,355 for these services during the years ended December 31, 2021 and 2020, respectively.

In 2021, the Company began paying rent to a related party, WIK Investments LLC, for its facilities. The Company is a tenant-at-will. Rent expense totaled \$3,000 for the year ended December 31, 2021.

In 2021, the Company began paying management fees to Cinch IT, Inc. Management fees totaled \$75,000 for the year ended December 31, 2021.

5. EXTRAORDINARY INCOME – CARES ACT

The Company applied for and was awarded a forgivable loan of \$17,997 in 2020 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits, as well as utilities, during a 24-week period (the covered period) as defined in the CARES Act. All or a portion of these funds may be forgiven, as defined in the loan agreement, at the end of the covered period and any unforgiven funds will be due over a two-year period with interest at one percent. The Company received forgiveness of debt in the amount of \$17,997 in June 2021, which has been recognized as extraordinary income due to the unprecedented nature of COVID-19.

The Company applied for and was awarded a second forgivable loan of \$60,138 in 2021 from the program. As of December 31, 2021, the Company applied for and received forgiveness of debt in the amount of \$60,138, which has been recognized as extraordinary income due to the unprecedented nature of COVID-19.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

5. EXTRAORDINARY INCOME – CARES ACT (Continued)

Under relief provisions established by the CARES Act, the Company applied for a refundable tax credit against certain employment taxes. The tax credit is equal to 50 percent of qualified wages, up to \$10,000 per employee, that an employer paid to employees after March 12, 2020 and before January 1, 2022. The credit of \$32,487 has been recognized as extraordinary income in the 2020 statement of operations and member's deficit due to the unprecedented nature of COVID-19. The refund was not received by December 31, 2021 and is included as a receivable on the balance sheets.

6. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

Uncertainties

The COVID-19 outbreak in the United States and globally is unprecedented and has had a significant impact on the economy, businesses, and organizations. While many U.S states and other countries removed COVID-19 restrictions in 2021, later in the year they reinstated those restrictions. There is still some uncertainty around the pandemic's duration and future impact, particularly as new variants of the virus emerge. COVID-19 could result in continued market volatility and possible economic downturn. The future impact on the Company's financial position and operating results cannot be reasonably determined at this time.

7. CONCENTRATIONS

Concentration of Credit Risk

The Company maintains its cash balance at a federally insured institution. At times, cash balances may exceed the federal insured limit of \$250,000. Management monitors the financial condition of the banking institution, along with its cash balances, and tries to keep this potential risk to a minimum.

Concentration of Customers

Two franchisees, including a related party, accounted for approximately 55 percent of the Company's total revenues for the year ended December 31, 2021. Receivables from these customers totaled \$57,982 as of December 31, 2021.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

7. CONCENTRATIONS

Concentration of Customers (continued)

Three franchisees, including a related party, accounted for approximately 82 percent of the Company's total revenues for the year ended December 31, 2020. Receivables from these customers totaled \$17,642 as of December 31, 2020.

The Company expects these relationships to continue.

8. PRIOR PERIOD ADJUSTMENT

Certain errors resulting in an understatement of previously reported receivables – trade at December 31, 2019 and 2020 were discovered during the current year. Accordingly, an adjustment of \$21,198 was made to increase receivables - trade for the year ended December 31, 2020.

In 2021 the Company applied for the Employee Retention Credit (“ERC”) established by the CARES Act in the amount of \$38,487. The tax credit applies to payroll taxes paid during the year ended December 31, 2020. The credit is expected to be received in the year ended December 31, 2022 and is included as a long-term receivable on the balance sheet and as extraordinary income in the statements of operations and member's deficit due to the unprecedented nature of COVID-19.

The net effect of the restatement on net loss and member's deficit was a decrease in net loss of \$32,487 and an increase in member's deficit of \$53,685 for the year ended December 31, 2020.

The following is a summary of the line items from the 2020 financial statements that were restated as a result of the correction of the errors:

	Previously <u>Reported</u>	<u>Adjustment</u>	Restated <u>Amount</u>
Receivables - trade	\$ 27,533	\$ 21,198	\$ 48,731
Total current assets	47,388	21,198	68,586
Employee retention credit receivable	-0-	32,487	32,487
Total assets	47,388	53,685	101,073
Member's deficit	(239,818)	53,685	(186,133)
Total liabilities and member's deficit	47,388	53,685	101,073
Employee Retention Credit	-0-	32,487	32,487
Total extraordinary income	-0-	32,487	32,487
Net loss	\$ (139,052)	\$ 32,487	\$ (106,545)

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 30, 2022, which is the date the financial statements were available to be issued.



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# Cinch Franchise, LLC

*Financial Statements*  
*December 31, 2020 and 2019*

Our service will be so awesome that  
we will become your benchmark for  
measuring all other professionals®



Business Consultants &  
Certified Public Accountants

CINCH FRANCHISE, LLC  
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DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Member of  
Cinch Franchise, LLC  
Worcester, Massachusetts

We have audited the accompanying financial statements of Cinch Franchise, LLC (organized in the Commonwealth of Massachusetts), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and member's deficit and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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**Opinion**

In our opinion, the financial statements referred to above, presents fairly, in all material respects, the financial position of Cinch Franchise, LLC as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*S&G, LLP*

Worcester, Massachusetts

February 22, 2021

CINCH FRANCHISE, LLC  
BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,855	\$ 16,175
Receivables - trade	<u>27,533</u>	<u>74,865</u>
TOTAL ASSETS	<u>\$ 47,388</u>	<u>\$ 91,040</u>

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES		
Current portion of long-term debt	\$ 9,982	\$ -
Payables - trade	10,372	15,996
Accrued liabilities	16,995	21,335
Current portion of deferred revenue	71,250	38,250
Due to related parties	<u>75,000</u>	<u>5,000</u>
TOTAL CURRENT LIABILITIES	<u>183,599</u>	<u>80,581</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	8,015	-
Long-term portion of deferred revenue	54,125	46,125
Due to member	<u>41,467</u>	<u>65,100</u>
TOTAL LONG-TERM LIABILITIES	<u>103,607</u>	<u>111,225</u>
TOTAL LIABILITIES	287,206	191,806
MEMBER'S DEFICIT	<u>(239,818)</u>	<u>(100,766)</u>
TOTAL LIABILITIES AND MEMBER'S DEFICIT	<u>\$ 47,388</u>	<u>\$ 91,040</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUE		
Franchise sales	\$ 16,000	\$ 4,875
Advertising	65,298	46,649
Annual conference	26,600	-
Royalties	207,393	138,665
Training	45,000	45,000
TOTAL REVENUE	<u>360,291</u>	<u>235,189</u>
OPERATING EXPENSES		
Salaries and wages	255,057	140,850
Consulting	-	12,630
Franchise acquisition and development	27,165	68,210
Insurance	28,202	2,940
Marketing	112,112	49,062
Miscellaneous	6,262	1,616
Office	1,730	1,180
Professional fees and outside services	18,141	18,625
Software	23,915	26,944
Taxes - payroll	24,224	12,708
Travel and entertainment	2,292	1,190
TOTAL OPERATING EXPENSES	<u>499,100</u>	<u>335,955</u>
LOSS FROM OPERATIONS	(138,809)	(100,766)
OTHER EXPENSE - Interest	<u>243</u>	<u>-</u>
NET LOSS	(139,052)	(100,766)
MEMBER'S DEFICIT, BEGINNING OF YEAR	<u>(100,766)</u>	<u>-</u>
MEMBER'S DEFICIT, END OF YEAR	<u>\$ (239,818)</u>	<u>\$ (100,766)</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (139,052)	\$ (100,766)
Adjustments to reconcile net loss to net cash used by operations:		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables - trade	47,332	(74,865)
Increase (decrease) in:		
Payables - trade	(5,624)	15,996
Accrued liabilities	(4,340)	21,335
Deferred revenue	41,000	84,375
Total adjustments	<u>78,368</u>	<u>46,841</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(60,684)</u>	<u>(53,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repayments to) member	(23,633)	65,100
Advances from related parties	70,000	5,000
Proceeds from issuance of Paycheck Protection Program loan	17,997	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>64,364</u>	<u>70,100</u>
NET INCREASE IN CASH	3,680	16,175
CASH, BEGINNING OF YEAR	<u>16,175</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 19,855</u>	<u>\$ 16,175</u>
 <u>SUPPLEMENTAL DISCLOSURES</u>		
Cash paid for interest	<u>\$ 243</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.

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CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. NATURE OF OPERATIONS

Cinch Franchise, LLC (the “Company”), is a limited liability company organized in the Commonwealth of Massachusetts. The Company engages in franchising the business of providing outsourced information technology services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when cash is received, and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

Receivables - Trade

The Company carries its trade receivables at cost. On a periodic basis, management evaluates its trade receivables and establishes an allowance for doubtful accounts when deemed necessary. The Company’s policy is to not accrue interest on trade receivables. No allowance for uncollectible accounts has been established since management has determined that the potential for bad debts is not material as of December 31, 2020 and 2019.



CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

The estimated amount of deferred revenue equals the transaction price allocated to unfulfilled performance obligations. As of December 31, 2020 and 2019, deferred revenue was \$125,375 and \$84,375, respectively. Of the total amounts, \$52,500 and \$25,000 consisted of training fees and annual conference sponsorships for 2020 and 2019, respectively, which were not yet earned by the Company and are expected to be earned in the following year. The remaining amounts consisted of initial franchise fees of \$72,875 and \$59,375 for the years ended December 31, 2020 and 2019, respectively, that are amortized over the life of the franchise license in accordance with FASB ASC 606 "Revenue from Contracts with Customers." The amount of deferred revenue that is expected to be recognized in future years is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 71,250
2022	18,750
2023	18,750
2024	13,875
2025	<u>2,750</u>
Total	<u>\$ 125,375</u>

Compensated Absences

Employees of the Company are entitled to paid vacation depending on their length of service. It is not practical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

Revenue Recognition

The Company accounts for revenue from franchise fees using the accounting method prescribed under FASB ASC 606 "Revenue from Contracts with Customers." ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is 10 years. Payment of the initial franchise fee is due at the signing of the franchise

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

agreement. Revenue from franchise sales for the years ended December 31, 2020 and 2019 totaled \$16,000 and \$4,875, respectively. Royalties are based on a percent of sales and are recognized at the same time that the underlying sales occur. Training, advertising, and annual conference fees are recognized as the revenues are earned.

Marketing

The Company expenses marketing costs as they are incurred. Marketing costs amounted to \$112,112 and \$49,062 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Company is a single-member limited liability company and currently does not file an income tax return. The sole member of the Company reports the business activity of the Company on his individual tax return. Accordingly, no provision or liability for income taxes has been recorded in the accompanying financial statements.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements in order for them to be comparable with the current year with no effect on net loss or member's deficit.

3. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Paycheck Protection Program note payable, with 1.00 percent interest, unsecured, payable in monthly installments of principal and interest of \$2,008, due April 2022.	\$ 17,997	\$ -0-
Less: Current portion of long-term debt	9,982	-0-
Total long-term debt	\$ 8,015	\$ -0-

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

3. LONG-TERM DEBT (Continued)

Principal maturities of long-term debt are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 9,982
2022	<u>8,015</u>
Total	<u>\$ 17,997</u>

4. PAYCHECK PROTECTION PROGRAM GRANT

The Company applied for and was awarded a forgivable loan of \$17,997 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits as well as utilities, during a 24-week period (the covered period) as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the loan agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at one percent. As of December 31, 2020, the Company had not applied for forgiveness and included the full amount of the loan as a note payable at year-end, as disclosed in Note 3.

5. RELATED PARTY TRANSACTIONS

Due to/from Related Parties

Due to/from related parties represents advances to and from related parties. Since management expects the entire amount to be repaid in the next twelve months, the balance is classified as short-term on the balance sheets.

Due to Member

Due to member represents advances from the member. Since management does not expect the entire amount to be repaid in the next twelve months, the balance is classified as long-term on the balance sheets.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

5. RELATED PARTY TRANSACTIONS (Continued)

Revenue

Cinch IT, LLC, a related party, purchased a franchise from the Company. Per the franchise agreement, the franchisee pays a royalty of 5 to 7 percent of its gross sales and an advertising fee of 1.5 percent of its gross sales. During the year ended December 31, 2020, the Company collected royalty fees of \$133,400 and \$36,497 in advertising fees from the related party. During the year ended December 31, 2019, the Company collected royalty fees of \$126,029 and \$31,942 in advertising fees from the related party. At December 31, 2020 and 2019, the franchisee owed the Company \$3,495 and \$4,464, respectively, in advertising fees, which are included in trade receivables.

6. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

Cash

From time to time, the Company's cash balances fluctuate and can exceed the federal insured limits of \$250,000. Management monitors the financial condition of the banking institution, along with its cash balances, and tries to keep this potential risk to a minimum.

Uncertainties

The COVID-19 outbreak in the United States and globally is unprecedented. It has had a significant impact on the economy, businesses, and organizations and the future impact is unknown. While this disruption is expected to be temporary, there is considerable uncertainty around its duration. It is likely to result in continued market volatility and economic downturn. The impact on the Company's financial position and operating results cannot be reasonably determined at this time.

7. CONCENTRATION OF CREDIT RISK

Three franchisees, including a related party, accounted for approximately 82 percent of the Company's total revenues for the year ended December 31, 2020. Receivables from these customers totaled \$3,495 as of December 31, 2020.

One franchisee, a related party, accounted for approximately 67 percent of the Company's total revenues for the year ended December 31, 2019. Receivables from this customer totaled \$4,464 as of December 31, 2019.

The Company expects these relationships to continue.

CINCH FRANCHISE, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 22, 2021, which is the date the financial statements were available to be issued.

In February 2021, the Company applied for and was awarded a second forgivable loan of \$60,138 from the Paycheck Protection Program (PPP) established by the Consolidated Appropriations Act, 2021 (the "Act"). The funds will be used to pay certain payroll, utilities, operation, supplier, or worker protection costs during a period between 8 and 24 weeks (the covered period) as defined in the Act. A portion of these funds may be forgiven, as defined in the loan agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at one percent.



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**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**STATE SPECIFIC ADDENDA**

**ADDENDUM TO THE CINCH FRANCHISE, LLC  
DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.
2. Neither the Franchisor nor any person or franchise broker 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective Agreement. This provision may not be enforceable under California law.
6. The Franchise Agreement requires binding arbitration. The arbitration is to occur in Massachusetts with the costs being borne by the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California. This provision may not be enforceable under generally applicable contract defenses such as fraud, duress or unconscionability.
7. The franchise agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.
8. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.



9. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
10. Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.
11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dbo.ca.gov](http://www.dbo.ca.gov).
12. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT FOR  
CINCH FRANCHISE, LLC.  
STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of the Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor's financial condition.

**ADDENDUM TO CINCH FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**REQUIRED BY THE STATE OF RHODE ISLAND**

**RHODE ISLAND LAW MODIFICATIONS**

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 multi-unit development agreement or 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.”

**ADDENDUM TO CINCH FRANCHISE, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Cinch Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h under the subheading Franchise Agreement of the Virginia Disclosure Document:

“Under Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground 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 laws of Virginia, that provision may not be enforceable.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Cinch Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following statements are added to Item 17.h under the subheading Area Development Agreement of the Virginia Disclosure Document:

“Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground 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 laws of Virginia, that provision may not be enforceable.

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.

**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT FOR  
CINCH FRANCHISE, LLC.  
STATE OF WISCONSIN**

Franchise Disclosure Document for CINCH FRANCHISE, LLC. for use in the State of Wisconsin shall be amended as follows:

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF WISCONSIN OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENTS ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.**

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 ("Fair Dealership Law"). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

a. "To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

b. "To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

c. "If the franchise agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the franchise agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be supersede by the law's requirement."

d. “Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.”

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of the Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**FRANCHISE AGREEMENT**

**CINCH FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**



# FRANCHISE AGREEMENT

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**SIGNATURES**

**LIST OF ADDENDA**

- A Franchisee's Designated Territory**
- B Notice of Key Employees**
- C Guaranty Agreement**
- D Principal Owner's Statement**
- E Acknowledgement Statement**
- F Electronic Funds Transfer Agreement**
- G Veteran Amendment**

## **CINCH FRANCHISE, LLC**

### **FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made at Worcester, Massachusetts, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, (the “Effective Date”) by and between Cinch Franchise, LLC, a Massachusetts limited liability company with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (hereinafter referred to as “We,” “Us,” “Our” or “Franchisor”), and \_\_\_\_\_ [a/an] [Individual/Entity] with its principal address at \_\_\_\_\_, (hereinafter referred to as “You,” “Your,” or “Franchisee”) and, if Franchisee is a partnership, corporation, trust, or limited liability company, including each of its partners, shareholders, trustees, or members.

### **RECITALS**

1. We and Our affiliates and/or predecessors have developed a system for establishing, operating and marketing an Information Technology (I.T.) support business providing business computer support, general I.T. support, and other technology related services under the trade name and/or trademark “CINCH I.T.” and Franchisor is currently marketing and selling franchises under that name and/or mark;
2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for providing Information Technology Support Services (“Franchisor’s System” or “System”), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the CINCH I.T. business (“System Standards”), which System Standards may be further developed by Us;
3. Our System is used in connection with the name CINCH I.T., CINCH I.T. design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, URLs, domain names, website addresses, e-mail addresses, digital cellular addresses, wireless web addresses and the like (“e-marks”) and copyrights (hereinafter referred to collectively as “Marks”), as We have adopted and designated, or may subsequent to the date of this Franchise Agreement acquire and/or develop and designate for use by You in connection with Our System (“Licensed Rights”);
4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;
5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing the Licensed Rights as We make available to

Our franchisees through and under franchise agreements;

6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through CINCH I.T. businesses, which will continue to be a major benefit to Us and those associated with Us;
7. You desire to use Our System, Marks and goodwill to establish and operate a CINCH I.T. franchised business in the territory described, and upon the terms and conditions set forth, in this Franchise Agreement;
8. The terms and conditions of this Agreement are reasonably necessary to maintain Our uniform standards of quality and service and to protect the goodwill of the Licensed Rights;
9. You acknowledge and agree that, in the administration of this Agreement and in taking actions with respect to Our relationship with You, We must take into account the needs of the System, and the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System; and,
10. The territory described in Addendum A to this Agreement is being made available by Us as a territory for a CINCH I.T. franchised business ("Territory" or "Designated Territory").

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

### **1. INCORPORATION OF RECITALS**

The Recitals are incorporated herein by reference.

### **2. GRANT OF FRANCHISE**

On the terms and conditions of this Agreement, We hereby grant to You the right to establish and operate a CINCH I.T. franchise (the "Franchise" or "Franchised Business") and to use the Licensed Rights associated with the Franchised Business and developed by Us. The Franchise is granted for the area set out in the attached Addendum A to this Agreement, entitled Franchisee's Designated Territory.

The Franchised Business described in this Section will service an area more particularly described in Section 4 of this Agreement.

### **3. GRANT OF LICENSED RIGHTS**

(a) Subject to the terms and conditions of this Agreement, We grant to You the right to use the Licensed Rights in the establishment and operation of the Franchised Business. You acknowledge

Our sole and exclusive right to use CINCH I.T. Marks in connection with the products and services to which they are or may be applied by Us, and represent, warrant and agree that, neither during the term of this Agreement nor after its expiration or other termination, shall You directly or indirectly contest, or aid in contesting, the validity or ownership of the Licensed Rights, or take any action whatsoever in derogation of the rights claimed by Us in this Agreement.

(b) Nothing contained in this Agreement shall be construed to vest in You any right, title or interest in or to the Licensed Rights, the goodwill now or hereafter associated with such rights, other than the rights and license expressly granted to You in this Agreement. Any and all goodwill associated with or identified by the Licensed Rights shall inure directly and exclusively to Our benefit and is Our property.

(c) No advertising or other use of the CINCH I.T. Marks by You shall contain any statement or material which, in Our sole judgment, We consider to be in bad taste or inconsistent with CINCH I.T.'s public image, or tends to bring disparagement, ridicule or scorn upon Us or Our affiliates or predecessors or successors or the CINCH I.T. Marks, or diminish Our associated goodwill. You shall not make any use of the CINCH I.T. Marks or any advertising/marketing material that We have disapproved for any of the reasons set forth in this Section.

(d) You shall adopt and use CINCH I.T. Licensed Rights only in the manner expressly approved by Us.

#### **4. TERRITORY**

(a) You shall have the right to operate a CINCH I.T. Franchised Business, and to use the Licensed Rights in a Designated Territory that contains an approximate business population of three thousand (3,000) to three thousand five hundred (3,500) businesses defined as businesses with ten (10) or more employees. The businesses in Your Designated Territory will be determined by a review of any combination of records of business establishments and agencies or commissions which track business population count in Your Designated Territory. We will not grant to others (nor reserve unto ourselves except as specified in this Agreement) the right to operate a CINCH I.T. business within Your Designated Territory.

(b) We reserve the right to use and franchise within Your Designated Territory any other trade names and trademarks that We might develop and not designate as Licensed Rights in the future, for use with similar or different franchise systems. You are granted no automatic rights to acquire additional franchises within Your Designated Territory, or within any contiguous territories.

(c) Notwithstanding the provisions of the above Subsection 4(a), We specifically reserve the right to develop, grant, license or use additional distribution methods for the sale of Our trademarked merchandise, including wholesalers and retailers within Your Designated Territory.

(d) As long as You are in compliance with all terms and conditions of this Agreement, We may not otherwise alter Your Designated Territory, as it is defined in this Agreement, and as it is more specifically identified in Addendum A to this Agreement.

(e) You agree that You will not actively advertise or market for clients outside of Your Designated Territory without Our prior written approval. We do not restrict You from passively attracting clients from outside Your Designated Territory and likewise We do not restrict other franchisees from passively attracting clients from outside their designated territory which may include Your Designated Territory. In addition, with Our prior written permission, You may attend national, regional or extra-territorial tradeshows, meetings and events anywhere, including territories owned by other franchisees, however, You cannot actively use telemarketing, direct marketing or other channels of distribution to advertise outside of Your Designated Territory unless specifically authorized in the Operations Manual or in written communication from Us.

Except for the limitations on advertising and marketing outside of Your Designated Territory, You have no restrictions on who Your clients are or where they come from. You may accept business from outside of Your Territory without permission or special payment.

## **5. TERM**

The term of this Agreement shall commence on the date first set forth above and shall continue for a term expiring upon the date five (5) years following, unless earlier terminated pursuant to the terms of Section 32 of this Agreement.

## **6. RENEWAL**

You may renew the franchise to own and operate the Franchised Business and the right to use the Licensed Rights for three (3) additional successive five (5) year terms; provided that, prior to the expiration of the applicable initial or renewal term:

- (a) You provide Us written notice of Your election to exercise the renewal option not less than six (6) months, nor more than twelve (12) months, prior to the end of the then-current term;
- (b) When such notice is given, and thereafter up to and including the date of renewal, You are not in default of any provision of this Agreement, or any other agreement between You and Us or any of Our subsidiaries or affiliates, including any other franchise agreement, and have substantially complied with the terms and conditions of all such agreements during the term of this Agreement;
- (c) You have not received three (3) or more notices of default from Us during the then-current term of this Agreement;
- (d) All monetary obligations owed by You to Us and any of Our subsidiaries and affiliates have been satisfied and paid when due throughout the initial and all prior renewal terms of this Agreement;
- (e) You execute Our then-current standard form of franchise agreement (with appropriate modifications to reflect that such agreement relates to the grant of a renewal franchise) being

executed by franchisees for new CINCH I.T. franchised businesses, which agreement shall supersede in all respects this Agreement and which may contain terms and conditions substantially different from those set forth in this Agreement, including, without limitation, a different royalty fee, different advertising expenditure requirements, and a smaller Designated Territory;

(f) You, except to the extent prohibited by state law, execute a general release, in a form prescribed by Us, of any and all claims You may have against Us and Our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, managers, agents and employees;

(g) You, or a representative approved by Us, or any other person who has an interest in You (if You are a group of individuals or a corporation, partnership, limited liability company, unincorporated association or similar entity) attend and satisfactorily complete such retraining or refresher training programs at Our then-current rate, as We in Our sole discretion may require;

(h) You perform such replacements and upgrading as We may require to cause the Franchised Business' equipment and computer system to conform to the specifications being used for new CINCH I.T. franchised businesses on the renewal date; and,

(i) You pay to Us a Renewal Fee equal to Five Thousand Dollars (\$5,000.00).

If You continue to operate after the end of the Term or any Renewal Term without exercising an option to renew and signing Our then-current franchise agreement, You shall be deemed to be operating on a month-to-month basis under the terms and conditions of Our then-current form of franchise agreement. In such circumstances, and notwithstanding the foregoing, We may, on ten (10) days written notice, terminate Your Franchise Agreement.

## **7. FRANCHISEE'S PAYMENTS**

(a) You shall pay to Us an Initial Franchise Fee of Fifteen Thousand Dollars (\$15,000.00). Such Initial Franchise Fee shall be due and payable in full upon the execution of this Agreement. You understand and acknowledge that the Initial Franchise Fee is non-refundable and is fully earned by Us at the time the parties execute this Agreement.

(b) You shall pay to Us an Initial Training Fee of Thirty Thousand Dollars (\$30,000.00) for You and one additional person to attend Our Initial Training as further described in Sections 9 and 13. Such Initial Training Fee shall be due and payable in full upon the execution of this Agreement. You understand and acknowledge that the Initial Training Fee is non-refundable and is fully earned by Us at the time the parties execute this Agreement.

(c) You shall pay to Us a Marketing Starter Package Fee of Four Thousand Dollars (\$4,000.00) for business cards, promotional boxes, cybersecurity packets, presentation packets, referral cards and other marketing materials.

(d) You shall pay to Us a monthly fee of between five percent (5%) and seven percent (7%) of



Gross Sales (as defined in Section 7(j) below) of the Franchised Business (“Royalty Fee”), based on Monthly Gross Sales, or a monthly minimum royalty fee as shown below, whichever is greater for that month (“Monthly Minimum Royalty Fee”):

<b>Monthly Gross Sales</b>	<b>Royalty Percent</b>
Up to \$83,333.34	7%
\$83,333.35 to \$166,666.67	6%
\$166,666.68 and up	5%

<b>Monthly Minimum Time Periods</b>	<b>Monthly Minimum Royalty Fees</b>
Months 1-6	\$0
Months 7-12	\$500
Months 13-24	\$750
Months 25+	\$1,000

Royalty Fees shall be payable from the date the Franchised Business is opened and are due to Us on or before the fifteenth (15<sup>th</sup>) day of the month or other day We designate in the Confidential Operations Manual (“Operations Manual”) for the prior month's Gross Sales. We may change the frequency of payment and reporting, and if We do so, the Royalty Fee will be adjusted accordingly. Monthly Minimum Royalty Fees shall be payable starting the seventh (7<sup>th</sup>) month after execution of the Franchise Agreement and continue for the remaining term of the Agreement. Monthly Minimum Royalty Fees are payable on the fifteenth (15<sup>th</sup>) day of the month or other day We designate in the Operations Manual.

(e) You shall pay to Us a monthly marketing fund fee in an amount equal to one and one half percent (1.5%) of the prior month’s Gross Sales of the Franchised Business or Two Hundred Dollars (\$200.00), whichever is greater for that month (“Marketing Fund Fee”). Marketing Fund Fees shall be payable from the date the Franchised Business is opened and are due to Us on or before the fifteenth (15<sup>th</sup>) day of each month, or other day of the month as We may designate in the Operations Manual.

(f) You must pay Us, Our affiliate or other mandatory supplier the then-current monthly helpdesk client managed services fees (“Helpdesk Client Managed Services Fees”) for services provided to You and clients of the Franchised Business. We reserve the right to adjust these fees, upon ninety (90) days written notice.

(g) You must pay Us, Our affiliate or other mandatory supplier a software access fee (“Software Fee”) of Two Hundred Fifty Dollars (\$250.00) per user per month for access to the software to operate Your Franchised Business. We reserve the right to adjust this fee, upon ninety (90) days written notice.

(h) In addition to any other remedies We may have, if You are late in paying any fees due under this Agreement, interest shall be payable on such fees from the date such payment was due at the rate of eighteen percent (18%) per year or the maximum contract rate of interest permitted

by governing law, whichever is less. In addition, You shall pay any and all of Our expenses in collecting overdue payments from You, including attorneys' fees and the fees of any collection agencies hired by Us. The foregoing shall be in addition to any other remedy We may possess, as permitted by law. You acknowledge that this Subsection shall not constitute agreement by Us to accept such payments after they are due, or a commitment by Us to extend credit to, or otherwise finance Your operation of the Franchised Business. Any acceptance of an amount which is less than the full amount due shall not be considered a waiver of Our right to (or Your obligation for) the full amount then due, or which may become due in the future.

(i) In addition to Our other rights and remedies, We may charge You a fee of One Hundred Dollars (\$100.00) per violation by You of any term or condition of this Agreement, payable upon receipt of such notice. This fee may be changed or eliminated by Us. These Late Fees are intended to reimburse Us for Our expenses and to compensate Us for Our inconvenience and do not constitute interest.

(j) As used in this Agreement, the term "Gross Sales" shall mean and include the total of all revenue and income which You are entitled to receive from the provision of services and products to clients of the Franchised Business or any other source, whether or not sold or performed at or from the Franchised Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You will deduct from the Franchised Business' Gross Sales (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients, if such taxes are separately stated when the client is charged and as long as such taxes are promptly paid to the appropriate taxing authority. You may also deduct from the Franchised Business' Gross Sales the amount of any documented refunds, charge-backs, credits and allowances You pay in good faith to clients. All barter and/or exchange transactions pursuant to which the Franchised Business furnishes services and/or products in exchange for goods or services to be provided to You or the Franchised Business by a vendor, supplier or client shall, for the purpose of determining Gross Sales, be valued at the full value of the goods and/or services so provided to You or the Franchised Business. Gross Sales shall also include all insurance proceeds received by You for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business.

(k) You are required to submit reports, signed by You, in a form to be prescribed by Us. Such reports shall reflect the sales data which occurred during the preceding month, along with any additional information that We may deem reasonably necessary. These reports shall be electronically transmitted to Us so that they are received by Us no later than the fourteenth (14<sup>th</sup>) day of the next succeeding month. Pursuant to Section 22 of this Agreement, You are also required to provide Us with annual reports of Gross Sales from each Franchised Business' operation within thirty (30) days of the end of Your fiscal or other operating year. We reserve the right to require other additional reports, as are or may be more particularly set forth in Our Operations Manual.

(l) You must reimburse Us for any taxes that We must pay to any state taxing authority on account of either Your operation of the Franchised Business or payments that You make to Us.

(m) Notwithstanding any designation by You, We shall have the sole discretion to apply any

payments by You to any past due amount You owe Us for Royalty Fees, Marketing Fund Fees, purchases from Us and/or any of Our subsidiaries or affiliates, interest or any other indebtedness.

(n) You shall not withhold payment of any Royalty Fees, Marketing Fund Fees, or any other amounts of money owed to Us and/or any of Our subsidiaries or affiliates for any reason on grounds of alleged nonperformance by Us of any obligation under this Agreement, and any Royalty Fees, Marketing Fund Fees or any other amounts of money owed to Us and/or any of Our subsidiaries or affiliates that are withheld shall be deemed by Us to be unpaid.

(o) You authorize Us and Our subsidiaries and affiliates to initiate debit entries and credit correction entries to Your checking, savings or other accounts for the payment of Royalty Fees, Marketing Fund Fees, and any other amounts due from You under this Agreement or otherwise. You must complete and sign the Electronic Funds Transfer Agreement attached to this Agreement as Addendum F. You shall comply with Our procedures and instructions in connection with the direct debit process, and shall sign all documents or take any action that may be required to effect this authorization. We may require You to pay the Royalty Fees, Marketing Fund Fees and other amounts due under this Agreement or otherwise by means other than automatic debit whenever We deem it appropriate and You agree to comply with Our payment instructions.

(p) You shall, during the term of this Agreement and thereafter, promptly pay all sums owing to Us and Our subsidiaries and affiliates.

## **8. BUSINESS RELATIONSHIP**

(a) We and You agree and acknowledge that each of us is an independent business entity or person; that Our only relationship is as franchisor and franchisee as specified in this Agreement; that this Agreement does not create a fiduciary relationship between the parties. Neither of us is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent of the other. Neither party is liable or responsible for the other's debts or obligations and neither party shall be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. We and You agree that neither of us will hold ourselves out to be the agent, employer, partner or co-venturer of the other, and that neither of us has the authority to create or assume in the other's name or on their behalf, any obligation, express or implied, or to act or purport to act as agent or representative for any purpose whatsoever and cannot bind or incur liability on behalf of the other.

(b) All employees or agents hired or engaged by or working for You will be only Your employees or agents and will not for any purpose be considered Our employees or agents or the owner of the Marks, nor subject to Our control, and in particular, We will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for You, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. It is understood that You will have sole responsibility for Your employees and all acts of Your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare

contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of Your employees in writing, in a form approved by Us in advance, that We are not a “joint employer” of the Franchisee's employees. You acknowledge that We do not control Your personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of Your employees. You will file Your own tax, regulatory and payroll reports with respect to Your employees or agents and operations, saving and indemnifying Us of and from any liability of any nature whatsoever by virtue of it.

## **9. SERVICES TO BE PERFORMED BY FRANCHISOR**

We agree to make available to You the following:

(a) General specifications for such equipment, furnishings and operating supplies as are typically identified with CINCH I.T. franchised businesses and which You are required to purchase and use in the operation of Your CINCH I.T. Franchised Business;

(b) Initial training in Our System, including instruction with respect to CINCH I.T.'s standards, methods, procedures and techniques, for each person identified in this Agreement, at such time and places as We may in Our discretion designate for Our training program. As of the date of this Agreement, the training program is conducted at Our training facility;

(c) Provided at least ninety (90) days advance notice is given by You, such assistance as We deem necessary and appropriate in assisting You with the opening of Your Franchised Business, including assistance by Our personnel in the planning and developing of pre-opening and promotional programs during Your initial period of operation;

(d) Provide access to Our confidential Operations Manual for Your use while the Franchise Agreement is in effect and You are not in default. The Operations Manual will be provided through Our Intranet or any other medium capable of conveying its content. You acknowledge and agree that Our Operations Manual and other system communications will be in the English language only. The Operations Manual contains mandatory and suggested specifications, policies, methods, standards, operating procedures and requirements prescribed from time to time by Us and information relative to other obligations of a franchisee, and to the operation of a Franchised Business. Any required System Standards exist to protect Our interests in Our System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You. The Operations Manual also will include guidelines or recommendations in addition to required System Standards. In some instances, the required System Standards will include recommendations or guidelines to meet the required System Standards. You may follow the recommendations or guidelines or some other suitable alternative, provided You meet and comply with the required System Standards. In other instances, no suitable alternative may exist. In order to protect Our interests in the System and Marks, We reserve the right to determine if You are meeting a required System Standard and whether an alternative is suitable to any recommendations or guidelines. The Operations Manual will remain confidential and the property of Us, which constitutes a Trade Secret owned by Us. The Operations Manual is provided on loan to You and may

not be loaned to any person, or duplicated or copied in whole or in part in any manner. We have the right to amend, modify, or supplement the Operations Manual at any time, so long as such amendments, modifications, or supplements will, in Our good faith opinion, benefit Us and Our existing and future franchisees or will otherwise improve the System. You must comply with revised standards and procedures within seven (7) days after We transmit the updates. We may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in Our good faith opinion, benefit Us and Our existing and future franchisees or will otherwise improve the System. You shall always follow the directives of the Operations Manual, as it may be modified by Us from time to time. You acknowledge that such compliance by You is necessary to protect the integrity and reputation of Our System.

(e) Such periodic continuing individual or group advice, consultation and assistance, rendered by personal visit, telephone, electronic transmission, newsletter, brochures, reports or bulletins as We may deem necessary or appropriate. Such advice, consultation and assistance may include such topics as marketing and advertising, management, maximizing sales and profits, client service, employee training, vendor relations, operating problems and such other reasonable subjects as may be of interest to You, or in which You may be experiencing problems;

(f) New products, services, equipment or technologies, as they are located or developed in the marketplace, which may be tested and evaluated by Us, and, if they meet Our System Standards, are made available to all CINCH I.T. franchisees, either through an approved supplier or by Us directly;

(g) Provide access through Our designee to Helpdesk Client Managed Services;

(h) Provide the primary toll-free telephone service to process inbound leads sourced from Your Designated Territory;

(i) Provide access to the Software needed to operate Your Franchised Business;

(j) Maintain the CINCH I.T. Internet Website for the purpose of enhancing the goodwill and public image of the CINCH I.T. franchise system, and to attract prospective clients for the benefit of the CINCH I.T. franchisees. We will include Your Franchised Business location details on the CINCH I.T. Internet Website and provide You with no less than one (1) e-mail address, which You must use as the Franchised Business' e-mail address and for all electronic transmissions. We reserve the right to update or make changes or additions to the CINCH I.T. Internet Website without limitation. Unless otherwise indicated, the Website shall be accessible to third parties via the Internet twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance, updates, changes, required repairs, and except for any loss or interruption of the CINCH I.T. Internet Website due to causes beyond Our control or which are not reasonably foreseeable by Us, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures. In the event of any loss or interruption of the CINCH I.T. Internet Website, Our sole and exclusive liability shall be only for loss or interruption due to (i) causes resulting from Our failure to maintain and/or repair the Website, (ii) other causes exclusively within Our control, or (iii) causes reasonably foreseeable by

the Us, and which loss or interruption of the CINCH I.T. Internet Website exceeds a continual period of twenty-four (24) hours. Your sole and exclusive remedy shall be a credit against future Software Fees required by Us, if any, equal to a pro rata portion of said Software Fees for the period of downtime;

(k) We shall have no liability for unauthorized access to, or alteration, theft, or destruction of, the Website or Your data files, programs, or information, if any, through accident, fraudulent means or devices. We shall have no liability with respect to Our obligations under this Agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if We have been advised of the possibility of such damages;

(l) We may, at Our option, maintain, either a series of “private” pages on Our Website or an intranet through either of which We, Our franchisees, and their respective authorized employees may communicate with each other, and through which We may disseminate the Manual, updates to it and other Confidential Information. We will have sole discretion and control over all aspects of the intranet/extranet, including the content and functionality of it. We will have no obligation to maintain the intranet indefinitely, and may dismantle it at any time without liability to You;

(m) You will have the privilege to use Our intranet, subject to Your strict compliance with the System Standards, protocols and restrictions (collectively, “Franchisor Protocols”) that We may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee’s franchise or license agreement, (iii) confidential treatment of materials that We transmit via the intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Us suspending or revoking a franchisee’s access to the intranet, and (vi) a privacy policy governing Our access to and use of electronic communications that franchisees post to the intranet. You acknowledge that, as administrator of the intranet, We can technically access and view any communication that any person posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Our property, free of any claims of privacy or privilege that You or any other person or entity may assert; and,

(n) Confirmation of Performance. After We have completed Our pre-opening obligations to You under this Agreement, We may ask that You sign and deliver to Us a confirmation (the “Confirmation of Performance”), in a form We reasonably request, verifying that We have performed those obligations. If We ask You to provide Us with such a certificate, then You agree to sign and deliver the Confirmation of Performance to Us within three (3) business days after Our request. However, if You do not reasonably believe that We have performed all of Our pre-opening obligations, You must, within that same three (3) day period, give Us written notice specifically describing the obligations that We have not performed. Not later than three (3) business days after We complete all the obligations that You specified in that notice, You must sign and deliver the Confirmation of Performance to Us. The term “pre-opening obligations” means the obligations We have to You under this Agreement that must be performed before the date when Your Franchised Business starts its operations.

## 10. LIMITATIONS ON RIGHTS EXTENDED TO FRANCHISEE

You acknowledge and agree that:

- (a) You will use the Licensed Rights strictly in accordance with the terms of this Agreement. Any unauthorized use of the Licensed Rights is and shall be deemed an infringement of Our rights and a material breach of this Agreement.
- (b) Except as expressly provided by this Agreement, You shall not acquire any right, title or interest to the Licensed Rights. Any and all goodwill associated with the Licensed Rights shall accrue exclusively to Our benefit. Upon the expiration or termination of this Agreement and any renewals, no monetary amount shall be attributable to goodwill associated with Your use of the Licensed Rights.
- (c) Except as provided for in Section 4 of this Agreement above, the Franchised Business and Licensed Rights granted under this Agreement are non-exclusive, and We retain the right, in Our sole discretion:
  - (i) To continue to operate CINCH I.T. businesses and to use the Licensed Rights in any territory outside of Your Designated Territory, and to license others to do so; and,
  - (ii) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignias or copyrights not specifically designated by Us as Licensed Rights, for use with similar or different franchise systems in any territory, on such terms and conditions as We may deem advisable, and without granting You any rights.
- (d) You alone are responsible for operating the Franchised Business in full compliance with all System Standards, as modified from time to time. System Standards mean mandatory specifications, standards, operating procedures, and rules that We periodically prescribe for the development and operation of CINCH I.T. franchised businesses. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards which are authorized by this Agreement or the Operations Manual. Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of CINCH I.T. franchised businesses, provided that all System Standards will apply uniformly to all similarly situated CINCH I.T. franchised businesses.
- (e) You shall offer for sale all types of products and/or services that We from time to time authorize. You shall not offer for sale, without Our prior written approval, any other products and/or services, or use any equipment, commercial vehicles or leased premises for any purpose other than the operation of the Franchised Business in full compliance with this Agreement.
- (f) You shall be required to purchase and sell all products and services bearing CINCH I.T.'s trade name and/or logo which We now carry or see fit to carry or develop in the future. You may not develop or sell other products or services on Your own without Our prior written

consent.

(g) In order to allow Us to establish and enforce standards of quality and uniformity for the distribution and sale of Our products and services, and in order to preserve incentive for other entities to become CINCH I.T. franchisees in the future, You shall not sell CINCH I.T. products and services other than on a retail basis as set forth in the Operations Manual, and not for resale by the purchasers thereof, without Our prior written consent and without executing a separate agreement with Us for the right to conduct such sales, if We request the execution of such an agreement.

(h) We have the right to determine, approve and supervise the quality of services and products sold by You from the Franchised Business, and to take all action We deem necessary to maintain the quality and standards of the services and products, the Franchised Business and Our System. We have the right to establish minimum and maximum prices for the products and services You offer and sell. You must strictly adhere to the prices We establish. We retain the right to modify the prices from time-to-time in Our reasonable discretion. You are required to purchase certain services, equipment and operating supplies, as are more particularly set forth in the Operations Manual, from suppliers whose services, products and materials are approved, and not thereafter disapproved, by Us. If You desire to purchase any services or products from suppliers that We have not previously approved, You or the supplier must submit a written request for such approval to Us. As a condition of Our approval, which shall not be unreasonably withheld, We may require that Our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to Us or Our designee for testing. In such event You or the supplier may be charged a fee of Five Hundred Dollars (\$500.00) or the actual cost of such inspection and/or testing, whichever is greater. Within thirty (30) days of delivery of the test results, if testing is conducted, or the written request if testing is not conducted, We will issue a decision in writing. Such decision may be a determination that additional time is needed to complete the review. Any denial will state the reasons. In the event We do not provide You with a written decision, the request shall be deemed denied.

(i) The Franchised Business must at all times be under the direct supervision of an individual who has successfully completed the Initial Training program. You shall keep Us informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. You shall have a fully trained general manager operate the Franchised Business at all times when You or Your Operating Principal are not personally managing and operating the Franchised Business. We shall make training available, as is reasonable and necessary, for all managers designated by You. We may provide such training at Our then-current rates. We have the right to approve Your general manager (if not an owner) based on Our review of their relevant experience and qualifications. You must inform Us of any changes in the management or operation of Your Franchise. You agree that You will at all times faithfully, honestly and diligently perform Your obligations hereunder and that You will not engage in any business or other activities that will conflict with Your obligations hereunder or Your CINCH I.T. Franchise.

(j) You have the sole responsibility for the performance of all obligations arising out of the operation of the Franchised Business pursuant to this Agreement. You shall secure and maintain



in force, at Your expense, all required licenses, permits and certificates relating to the full and proper operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation, zoning, access, signage, all government regulations relating to occupational hazards and health, fire, safety, consumer protection, equal opportunity, trade regulation, workers' compensation, unemployment insurance, licenses to do business, sales tax permits, withholding and payment when due of any and all taxes levied or assessed by reason of the operation of the Franchised Business, and fictitious name filings and registrations, privacy laws and data protection or security laws as well as Payment Card Industry Data Security Standard (PCI DSS) compliance.

(k) During the term of this Agreement, and any renewals or extensions hereof, You shall hold Yourself out to the public only as an independent contractor operating the Franchised Business pursuant to a Franchise Agreement with Us. You agree to take such affirmative actions as may be necessary to do so, including without limitation exhibiting a public notice of that fact, the content and display of which We shall have the right to specify from time to time.

(l) It is the express intention of Subsections (j) and (k) of this Section 10 to establish that You are an independent contractor, and as such are solely responsible for the day-to-day affairs, management, operations and financial control of the Franchised Business and for Your employees and Your treatment of them.

(m) We shall have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to remotely examine Your records pertaining to the operation of the Franchised Business. We may require that You utilize e-commerce products or services as designated in the Operations Manual.

(n) You shall not establish a website on the Internet using any domain name containing the words CINCHIT.com, .net, .biz, .us, .org or any variation. We retain the sole right to control all Internet activity and create websites using any of the foregoing or other domain names. We may require You to utilize e-commerce products or services designated by Us, which We may change from time to time. You acknowledge that We are the owner of all right, title and interest in and to such domain names as We shall designate and all uniform resource locators (URLs), future addresses and sub-addresses (including the Franchisee Page sub-addresses), software, content prepared for or used on Our website, and all intellectual property rights in or to any of them. We retain the right to control Your use of linking and framing between Your web pages and all other websites. Any digital or electronic content You publish must comply with Our brand communication standards and is subject to Our approval. All digital imagery bearing the Marks are subject to Our approval. Due to the speed of electronic communication, You must respond to all instructions by Us which are deemed to restrict, designate or control e-commerce activities within twenty-four (24) hours. We also reserve the right to restrict, designate and to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Business, including the sending of bulk e-mail or facsimiles, except as are in accordance with the guidelines in the Operations Manual or otherwise as We may specify in writing.

## **11. VARIATIONS IN STANDARDS**

Because complete uniformity under varying conditions may be impossible or impractical, We reserve the right to vary the standards of eligibility, including financial terms and conditions, for any franchisee, including You, based upon the peculiarities of a particular territory, including density of the trade area population, business potential, existing business practices, or any other conditions which We determine to have, or potentially have, a significant effect on the successful operation of such franchisee's business. Variations from standard specifications and practices granted to other franchisees shall not under any circumstances be cause to require Us to grant to You a like or similar variation hereunder, either now or in the future.

## **12. KEY EMPLOYEES**

A “Key Employee” as used in this Agreement is anyone who is an owner, partner, member and/or employee who acts in a management, or supervisory capacity for or on behalf of the Franchised Business; and anyone who functions in a sales or technician capacity. You shall identify all of Your Key Employees in Addendum B of this Agreement. Each individual listed in Addendum B as a Key Employee no matter when so listed, shall thereafter be jointly and severally responsible for operating the Franchised Business in accordance with Our System Standards and this Agreement. You represent and warrant that each of the individuals designated in Addendum B will at all times abide by the System Standards of Our System, this Agreement, and the Licensed Rights; that You will at all times assume personal responsibility for their continued compliance with those System Standards; and that You will promptly notify Us if any of them shall at any time during the term of this Agreement divest themselves of ownership, partnership, membership, or employment, as the case may be, with You. You shall amend Addendum B and submit the amended Addendum to Us whenever there is any change in Your list of Key Employees. We reserve the right to require certain individuals to be included in Your list of Key Employees.

We possess certain proprietary Confidential Information consisting of the Marks, the Intellectual Property, Our System Standards, and other methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of CINCH I.T. franchised businesses (the “Confidential Information”). Every Key Employee must sign a non-disclosure, non-solicitation and non-competition agreement in a form approved by Us or as We otherwise provide. You must provide a copy of each Key Employee’s signed non-disclosure, non-solicitation and non-competition agreement to Us prior to such Key Employee beginning Our Initial Training Program and prior to Your disclosing Our Confidential Information to such Key Employee.

## **13. FRANCHISOR TRAINING PROGRAM**

(a) The following persons shall satisfy all of the conditions established by Us for admission to, and graduation from, Our Initial Training Program, which consists of remote training and on-site training in Massachusetts or at such other location as We designate, and shall attend and satisfactorily complete any additional training programs that may be established by Us in the

future:

- (i) You, if Franchisee is an individual;
- (ii) Your Operating Principal, if You are owned by a group of individuals or a corporation, limited liability company, partnership, unincorporated association or similar entity; and
- (iii) Key Employees, as defined in Section 12 who, at any time during the term of this Agreement, is actively involved in the management or the operation of the Franchised Business including general managers, technicians and salespersons.

Any person or persons so designated to attend the training program will be identified in Addendum B to this Agreement, and become subject to the terms and conditions of this Agreement, if appropriate. Each such person shall complete Our Initial Training Program to Our satisfaction. Upon the failure of any such person to do so, We reserve the right to extend the training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement. We will provide the Initial Training Program in two (2) parts: a Pre-Training Program conducted via telephone, Webinar and Our Intranet, followed by the “Cinch University” Training Program with a curriculum containing three (3) distinct modules: sales training, technical training and franchise administration. The Cinch University on-site Initial Training Program will last for approximately two (2) weeks and will generally be scheduled so that it is completed just prior to the scheduled opening of the Franchised Business. You shall be responsible for the travel, hotel, meals and all such other costs and expenses of each person who attends the Initial Training Program.

(b) You acknowledge that successful completion of the Initial Training Program will require that, among other things, each attendee be able to demonstrate that he/she can read, write, and converse in English.

(c) We may, in Our sole discretion, in the event that more than two (2) people are trained for any single Franchised Business of Franchisee, require that You pay Us a Training Fee for each such additional persons. The amount of such Fee shall be Fifteen Thousand Dollars (\$15,000.00) per person, per module, which shall be paid prior to the commencement of training. This Training Fee is subject to change with or without notice by Us.

(d) We also maintain an on-site training and coaching program. If requested by You, and if personnel are available and We deem it appropriate, a member of Our staff will provide on-the-job training at the Franchised Business. We reserve the right to charge a fee for such training in the amount of One Hundred Dollars (\$100.00) per hour plus travel and living expenses for the trainer, which shall be paid prior to the commencement of training. This Training Fee is subject to change with or without notice by Us. Any training media We develop will be made available to You at Our cost.

(e) You must employ at least one (1) trained salesperson and one (1) trained technician each

of whom has satisfactorily completed the Initial Training Program. Vacancies in either position must be filled within ninety (90) days and the Initial Training Program for that position commenced within thirty (30) days after hire.

(f) We also maintain a remedial training program. If You fail to meet Our Minimum Performance Standards, You must participate in Our Performance Improvement Plan for three (3) months. We reserve the right to charge a fee for such remedial training in the amount One Hundred Dollars (\$100.00) per hour, plus travel and living expenses if incurred, which shall be paid prior to the commencement of the remedial training. This Training Fee is subject to change with or without notice by Us.

(g) We may from time to time offer additional training programs, workshops, seminars and the like, to franchisees and may require that franchisees, or their employees, as appropriate, attend such programs. In the event We require the attendance of You or Your employees, said program will be provided at no cost to You, except that You will be responsible for the travel, hotel and all such other costs and expenses of each person who attends the program. For any training program at which Your attendance is optional, We may require the payment of a training fee in an amount set by Us.

(h) We require everyone participating in Our training program to execute a non-disclosure, non-solicitation and non-competition agreement, which agreement is intended to protect Our proprietary interest in the Licensed Rights.

(i) We may, at Our option, from time to time but not more than once every year conduct a national or regional Conference (“Conference”). The duration, curriculum and location of Conference will be determined by Us in Our sole and exclusive discretion. You are required to attend the Conference, and to pay all of Your expenses incurred in connection with attending the Conference including transportation cost, meals, lodging and living expenses. We shall have the right to charge You a reasonable Conference Registration Fee (currently up to Seven Hundred Dollars (\$700.00)) for You to attend each Conference. We may charge this registration fee up to one (1) year in advance invoiced and paid via EFT as part of Your standard monthly billing. The Conference Registration Fee is not refundable and will be collected even if You do not attend the Conference. We will try to make available all of the substantive materials that are presented at the Conference through the Intranet.

#### **14. NOTICES AND APPROVAL OF OPENING**

(a) You shall give Us at least ninety (90) days prior written notice of the opening of the Franchised Business. If such notice is not given, We shall be relieved of Our obligations under this Agreement to provide assistance in connection with the opening of the Franchised Business and the planning and development of pre-opening promotions and programs.

(b) In order to maintain quality and uniformity and to ensure that the Franchised Business satisfies all of Our System Standards, We retain the right to perform a final inspection of the Franchised Business prior to opening. If We reasonably determine that the Franchised Business

does not conform with Our System Standards, or You failed to apply for and obtain all licenses required for the operation of the Franchised Business from the appropriate governmental agencies, then We shall have the right to delay opening of the Franchised Business until such time as any deficiencies are corrected and brought into compliance with such standards or requirements. If any such deficiencies are detected, We will provide You with written notice stating the nature of the deficiency, and the corrective actions that You must take. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over Your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement.

## **15. EQUIPMENT, COMPUTERS, SIGNS AND FURNISHINGS**

(a) You shall only install and use such equipment, furnishings, computer hardware and software, signage and other personal property at the Franchised Business location as are required under this Agreement, and which strictly conform to Our uniform System Standards.

b) In the event You install any equipment, furnishings, computer hardware and software, signage or any other personal property that is not in conformity with Our System Standards, We may, in addition to any other remedies under this Agreement, demand that You close the Franchised Business and take the steps necessary to bring its equipment, computers, signs and other personal property into conformity with Our System Standards. You shall not reopen the Franchised Business without Our prior written approval.

## **16. LOCATION AND RELOCATION**

You shall have the right to operate the business office of the Franchised Business from Your residence and You do not need Our permission before relocating. If You operate from Your residence, and it is not within Your Designated Territory, You must secure a virtual address located within Your Designated Territory. You shall not have the right to lease or purchase a commercial property to operate the business office outside of Your Designated Territory. In the event You decide to relocate the business office of the Franchised Business, You shall notify Us of the new location of the business office of the Franchised Business at least seven (7) days prior to relocation. You do not need Our permission before relocating as long as the leased or purchased office is within Your Designated Territory. You shall bear all of the costs of any such relocation.

## **17. OPERATION OF THE FRANCHISED BUSINESS**

You covenant and agree that:

(a) You shall operate the Franchised Business in accordance with Our Operations Manual, a copy of which You acknowledge having received on loan from Us, for the term of this Agreement, and shall not make or allow unauthorized disclosures of the contents of the Operations Manual to any outside parties. You understand and acknowledge that We may revise the content of the Operations Manual, and You expressly agree to comply with each changed requirement within such reasonable time as We may require. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your

operations, or otherwise alter Your fundamental status, rights or obligations under this Agreement. You shall at all times ensure that Your copy of the Operations Manual, and any other manuals loaned to You are kept current and up-to-date and, in the event of any dispute as to their contents, the terms of the master copies maintained by Us shall be controlling. The entire contents of the Operations Manual are and will remain confidential and Our property.

(b) In order to protect the Licensed Rights and associated goodwill, You shall:

(i) Operate under the name CINCH I.T. and advertise only under the Licensed Rights designated by Us, and use such rights without prefix or suffix, except where such use may conflict with a prior registration or use, in which event You shall operate and advertise only under such other names as We have previously approved in writing;

(ii) Feature and use the Licensed Rights solely in the manner We prescribe; and,

(iii) Observe such reasonable requirements with respect to the Marks and fictitious name registrations and copyright notices as We may direct in writing.

(c) You shall cause sales of all products, goods and services to be properly recorded at the time of the sale.

(d) You shall cause Your employees to wear apparel which strictly conforms to the specifications, design and style We have approved.

(e) You shall comply with all laws, ordinances and regulations affecting the operation of the Franchised Business.

(f) You shall notify Us in writing within three (3) days of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against You, or of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, Franchisor, or the goodwill associated with the Licensed Rights including, without limitation, any criminal action or proceedings brought by You against Your employees, clients, or other persons. You agree that You will not commence any action, suit or proceeding that affects Us, or the goodwill associated with the Licensed Rights, without Our prior written approval.

(g) You shall open and operate the Franchised Business and shall maintain the business hours prescribed by Us in the Operations Manual.

(h) You shall pay on a timely basis for all supplies, materials and expenses You incur in the operation of the Franchised Business. You acknowledge that You are solely responsible for all operating, selling, general and administrative expenses of the Franchised Business, and that any failure by You to make prompt payment to Your suppliers, vendors, contractors or employees may cause irreparable harm to the reputation and credit of Franchisor and other franchisees.

(i) In order to preserve the validity and integrity of the Licensed Rights, and to assure that You are properly employing such rights in the operation of the Franchised Business, We or Our agents shall have the right to observe the manner in which You are offering Your products and services and conducting Your operations. We or Our agents shall have the right to confer with Your employees and clients, and to inspect equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes in order to make certain that the equipment and related merchandise, trademarked product lines, and other equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards as established by Us from time to time.

(j) You shall conduct reasonable background checks of all employees before employment and maintain copies of all background information in a manner as We specify in the Confidential Operations Manual, or otherwise in writing. So long as it is not a violation of any federal or state laws applicable to You, You shall not employ, or continue to employ, any person:

(i) Convicted of, or who entered a plea of no contest to any felony;

(ii) Who engages in gross misconduct, which results in, or would likely result in material and demonstrable damage to Your Franchised Business, the CINCH I.T. System or Marks, Our business, or the business of any other CINCH I.T. Franchisor-, franchisee- or affiliate-owned business; or,

(iii) Against whom has been entered any judgment involving any claim or other crime or offense that is likely to adversely affect Your reputation, Our reputation, or the reputation of Your CINCH I.T. Franchised Business, the CINCH I.T. System or Marks, Our business, or the business of any other CINCH I.T. Franchisor-, franchisee- or affiliate-owned business.

(k) You shall use Your best efforts in operating the Franchised Business and in recommending, promoting and encouraging patronage of all CINCH I.T. System businesses. The grant of Your Designated Territory is expressly conditioned upon Your successful penetration of the market in the Designated Territory. You must promote actively and aggressively the products and services of Your CINCH I.T. Franchised Business within Your Designated Territory. If You do not sell one new managed service provider (“Managed Service Provider”) contract for three (3) consecutive months, We will require You to undertake and complete a performance improvement plan (“Performance Improvement Plan”) over a consecutive three (3) month period. The Performance Improvement Plan consists of a list of activity metrics assigned by Us that must be performed by You each week. You must also attend a weekly accountability telephone conference to review the assigned metrics and Your results. You will be charged in one (1) hour increments at Our then current rate as specified in subsection 13 (e) under remedial training for each accountability conference. If after completion of the Performance Improvement Plan You do not sell one (1) new Managed Service Provider contract within three (3) months, You will be in default of Your Franchise Agreement and We may terminate the Franchise Agreement.

(l) You shall promptly respond to any and all client inquiries or complaints and achieve client satisfaction for reasonable complaints through refund of fees or other accommodation to client's satisfaction as may be appropriate, as well as taking such other steps as may be required by Us to insure positive client relations and to maintain the goodwill of the CINCH I.T. System. If We reasonably determine that You have not fairly handled a client complaint, We may intervene in order to resolve the matter to the client's satisfaction. You must reimburse Us for all costs We incur in satisfying Your client.

(m) You acknowledge and agree that exchanging information with Us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that We and You may utilize e-mail for such communications. You authorize the transmission of e-mail by Us and Our employees, vendors, and affiliates ("Official Senders") to You during the Term and any renewal thereof. You further agree that: (a) Official Senders are authorized to send emails to those of Your employees as You may occasionally authorize for the purpose of communicating with Us; (b) You will cause Your officers, managers, directors, and employees to give their consent to Official Senders' transmission of emails to them; (c) You will require such persons not to opt out or otherwise ask to no longer receive emails from Official Senders during the time that such person works for or is affiliated with You; and (d) You will not opt out or otherwise ask to no longer receive emails from Official Senders during the Term and any renewal thereof. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Section 36 unless the parties otherwise agree in a written document signed by both parties.

## **18. PROPRIETARY INFORMATION**

(a) You acknowledge that Your entire knowledge of the operation of the Franchised Business, including without limitation the contents of the Operations Manual, list of vendors, and the specifications, equipment, standards, and operating procedures of the Franchised Business, is derived from information disclosed to You by Us, and that such Operations Manual and such other information is confidential and Our trade secret. You shall maintain the absolute confidentiality of the Operations Manual and all such other proprietary information You receive from Us, both during and after the term of the Franchise Agreement. You shall disclose Confidential Information only to those employees or contractors who need such Confidential Information to perform their job functions, and only to the extent necessary for them to do so. Prior to disclosing any Confidential Information, You shall require all such employees or contractors to sign Confidentiality Agreements in the form as required by Us, and shall forward a copy of same to Us. You agree that You shall not use the Operations Manual and such other information in any other business or in any manner not specifically authorized or approved in writing by Us.

(b) You agree to promptly disclose to Us all Innovations, whether or not protectable intellectual property, and whether created by or for You or Your Owners or employees. All Innovations will be deemed Our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate Innovations into the System and may use them and may authorize You and others to use them in the operation of CINCH I.T. businesses. Innovations will then also constitute Confidential Information. We will disclose to You Innovations that are made a part of



the System in this manner. To the extent any Innovation does not qualify as a work made-for-hire for Us, by this paragraph You assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to Us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as We periodically designate in order for Us or Our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to You or any other person with respect to any such Innovations. You will not use, nor will You allow any other person to use, any such Innovations, whether in connection with the Franchised Business or otherwise, without obtaining Our prior written approval. You also agree that if You develop any new trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, associated logos, designs, e-marks, copyrights, emblems, concepts, processes or improvements in the operation or promotion of the Franchised Business, We will immediately become sole owner and licensor.

(c) Any and all client lists, which include current, former and prospective client information, and their contents relating to the Franchised Business, whether compiled or developed by You or any other person, are owned by Us, constitute confidential information and are Our proprietary property (whether supplied by Us or not) and You shall not use the client lists for any purpose whatsoever other than in the normal conduct of the Franchised Business prior to any default under this Agreement, or termination or expiration of this Agreement and for no other purpose and You must require any of Your employees, agents and independent contractors who have access to client lists to sign a confidentiality agreement. To the extent that You may have or claim any right, title or interest in or to such client lists and contents, You agree to, and do hereby, assign to Us all of Your right, title and interest therein. You will, upon demand, promptly deliver to Us a complete list of current and former clients, including name, telephone number, complete mailing address, frequency of service, last date serviced and price of service, and other information concerning such clients as requested by Us. You expressly acknowledge that Your ability to operate, develop and expand the Franchised Business is based largely on the goodwill of the Marks and know-how embodied in the CINCH I.T. System. Accordingly, You agree that We are the sole owner of all client lists and relationships and all other goodwill arising from Your operation of the Franchised Business. Any attempt by You to offer any services or products similar to those provided by the Franchised Business to any clients or prospective clients of the Franchised Business following any expiration or termination of this Agreement shall be a violation of Our rights in such client lists and relationships and goodwill. You agree that in the event of any such action or threatened action by You, We shall be entitled to a preliminary or permanent injunction or other equitable relief to restrain such actions, and to recover Our damages equal to the amount of profits received by You from any such action in violation of Our rights.

## **19. MARKS**

(a) You acknowledge and agree that We are the owner of the Licensed Rights which include all Marks and that Your right to use the Licensed Rights is derived solely from this Agreement and is limited to the conduct of the business by You pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Us from time to time during the term of this Agreement. Any unauthorized use of the Marks by You constitutes a material breach of this Agreement and an infringement of Our rights in and to the Marks. You

acknowledge and agree that all usage of the Marks by You and any goodwill established by Your use of the Marks shall inure to Our exclusive benefit and that this Agreement does not confer any goodwill or other interests in or to the Marks upon You. You shall not, at any time during the term of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Marks or assist another person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, trade names, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights, and commercial symbols authorized for use by and licensed to You by Us after the date of this Agreement.

(b) You shall not use any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may You use any of the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Us. You agree to give such notices of trademark and service mark registrations as We specify and to obtain such fictitious or assumed name registrations as may be required under applicable law or as requested by Us. You shall not use or seek to register any of the Marks in any manner that has not been specified or approved by Us in advance.

(c) You shall immediately notify Us in writing of any apparent infringement of or challenge to Your use of the Marks, of which You become aware, and of any claim by any person of any right in the Marks or any similar trade names, trademarks, or service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights and commercial symbols of which You become aware. You shall not directly or indirectly communicate with any person other than Us and Our counsel in connection with any such infringement, challenge, or claim. We shall have sole discretion to take such action as We deem appropriate and shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Our counsel, be necessary or advisable to protect and maintain Our interests in any such litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding, or to otherwise protect and maintain Our interest in the Marks.

(d) If it becomes advisable at any time in Our sole discretion for Us and/or You to modify or discontinue use of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights or other commercial symbols, You agree to comply with Our directions within a reasonable time after notice to You. We shall have no liability or obligation whatsoever with respect to Your modification or discontinuance of the Marks. You are responsible for the tangible costs for modifying or changing the Marks, including but not limited to changing signs and advertising materials. You agree that such modification or change of Marks will be completed by You within a reasonable period of time after notification by Us.

## **20. MODIFICATION OF THE SYSTEM**

You recognize and agree that from time to time We may change or modify Our System and Our business in any manner that is not expressly and specifically prohibited by this Agreement including, but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that You will accept, offer, sell, use and display for the purpose of this Agreement any such changes in Our System, as if they were part of this Agreement at the time of execution. Whenever We have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant You a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, We may make such decision or exercise Our right and/or discretion on the basis of Our judgment of what is in Our best interests, including without limitation Our judgment of what is in the best interests of the CINCH I.T. System, at the time Our decision is made or Our right or discretion is exercised. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your status or rights under this Agreement. You will make such expenditures for such changes or modifications in Our System as We may reasonably require. You shall not change, modify or alter in any way any material aspect of Our System, without Our prior written consent.

## **21. MARKETING AND PROMOTIONS**

(a) As of the date of this Agreement, We charge a Marketing Fund Fee in the amount of one and one half percent (1.5%) of the Franchised Business' Gross Sales per month, or Two Hundred Dollars (\$200.00) per month, whichever is greater, in order to develop and maintain a local, regional or national Marketing program.

(b) The Marketing Fund will be administered by Us. We, in Our sole discretion will be responsible for (i) developing and implementing advertising and marketing programs for the benefit of Our entire System; (ii) deciding which media to use and under what terms; (iii) preparing and making available to all franchisees an annual statement of income and expenses upon written request; the cost of preparing the statements will be paid by the Marketing Fund; (iv) securing the services of advertising agencies or other marketing professionals; and (v) limiting expenditures from the Marketing Fund, to the extent possible, to those areas in which franchisees are contributing to the Marketing Fund. Funds not spent in any given fiscal year will be carried forward to the next year. We reserve the right to place additional local, regional or national advertising at Our expense. All Franchisor-owned units or affiliate-owned units, operating under the CINCH I.T. Mark, will contribute to the Marketing Fund on the same basis as franchised units. A portion of the total Marketing Fund may be used annually to reimburse Us or Our designees for advertising and marketing-related administrative costs, indirect expenses and subsidizing costs. As the CINCH I.T. System expands, We may establish an advertising council.

(c) We will maintain separate bookkeeping accounts for the Marketing Fund and may, but will not be required to cause Marketing Fund contributions to be deposited into one or more separate

bank accounts. The Marketing Fund is not a trust, and We are not a fiduciary or trustee of the Marketing Fund or the monies in the Marketing Fund. However, We may, in Our discretion, separately incorporate the Marketing Fund or create a Marketing Fund trust, over which We may be the trustee, into which Marketing Fund contributions may be deposited.

(d) Irrespective of the development or implementation of any local, regional or national advertising or marketing program by Us, after Your CINCH I.T. Franchised Business has been in operation for one (1) month, You are required to spend a minimum of One Thousand Dollars (\$1,000.00) per month on Franchisor directed local advertising and marketing programs for the remaining term of Your Franchise Agreement. We will provide You with copies of Our available marketing and advertising material, if You desire, at no cost via Our Intranet. In addition, You may do Your own advertising and marketing, or hire an agency, but in either event, You must obtain Our prior written approval of all advertising and marketing materials that You desire to use at least thirty (30) days before the implementation of such advertising and marketing, unless such materials have been previously approved by Us. You shall submit such materials to Us by personal delivery or through the mail, "Return Receipt Requested" or sent by overnight delivery paid for by sender. You shall not use such materials until they have been approved by Us in writing and shall promptly discontinue use of any advertising or promotional materials upon Our request. Any materials submitted by You to Us that have not been approved or disapproved, in writing, within fifteen (15) days of receipt thereof by Us, shall be deemed disapproved.

(e) You agree to conduct a Grand Opening Marketing and Promotional Program for the CINCH I.T. Franchised Business at the time and in the manner specified by Us and agree to spend a minimum of Four Thousand Dollars (\$4,000.00) for the grand opening program. You agree to provide Us with a summary of the grand opening program expenditures within sixty (60) days after the CINCH I.T. Franchised Business opens. Your grand opening program must utilize the marketing and advertising materials that We have either developed or approved.

(f) Except when advertising cooperatively with other franchisees or with Us, You are prohibited from advertising or marketing Your Franchised Business outside Your Designated Territory. Unless granted specific written permission to the contrary, Your local advertising activity is limited to approved social media, direct marketing, targeted print and broadcast media, speaking engagements, networking events and all other types of activity designed to encourage and solicit business only within Your Designated Territory. If Your Designated Territory lies within an Area of Dominant Influence (ADI)/ or Designated Market Area (DMA) of media sources located outside of Your Designated Territory, and if other franchisee- or Franchisor- or affiliate-owned units lie within the same ADI, then We reserve the right to require You and other franchisees to cooperate and participate in advertising through that media source on a cooperative basis.

(g) We reserve the right to require You to cooperate and participate in certain special promotional events or campaigns that may from time to time be sponsored by Us, other franchisees, or both.

(h) Immediately upon notification, You shall discontinue any advertising, marketing or

promotional programs that would, in Our sole opinion, be detrimental to the CINCH I.T. System, Marks, Us, Our affiliates or other franchisees. You agree that upon termination, transfer, or expiration of this Agreement, You shall immediately remove all advertising that You control and notify all advertising sources that Your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, You are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

(i) We have the power to require Advertising Cooperatives to be formed, changed, dissolved or merged. If an Advertising Cooperative is established, We may designate a geographic area in which three or more Franchised Businesses are located as an area in which to establish an Advertising Cooperative. The Advertising Cooperative's members will include all CINCH I.T. businesses operating in the geographic area, including Us and Our affiliates, if applicable. We may also require that You join an existing Advertising Cooperative operating in a geographic area encompassing or near Your Franchised Business. We will determine how any Advertising Cooperative is organized and governed, but the Advertising Cooperative's members are responsible for its administration and determination of contribution levels. All Advertising Cooperatives will be governed by written documentation generated and/or designated by Us. If an advertising cooperative is established Your participation will be funded from Your local advertising contribution. The terms of the cooperative advertising will be established by Us at the time it is established. Funds contributed to an Advertising Cooperative will not be utilized to solicit new franchise sales.

(j) You, Your Owners and each of Your employees agree that We and Our affiliates have the right and permission to make, use and publish the photographs/film/videotapes/electronic representations and/or sound recordings made in connection with Our training, marketing, events, and other materials utilized or developed in connection with the System and We and Our affiliates are authorized to reproduce, copyright, exhibit, broadcast, and distribute the photographs/film/videotapes/electronic representations and/or sound recordings at Our discretion without limitation and compensation.

## **22. FINANCIAL INFORMATION, AUDITS**

(a) You shall keep and maintain during the term of this Agreement and any renewal periods, and shall preserve for a minimum of seven (7) years thereafter, full, complete and accurate books of account in accordance with generally accepted accounting standards and practices, which books shall accurately reflect the Gross Sales of the Franchised Business; and any and all deductions expressly permitted by this Agreement; marketing activities; payroll; and accounts payable.

(b) You shall, at Your expense, deliver to Us within thirty (30) days of the end of each of Your fiscal years, a complete financial statement for such fiscal year in such form as We may require, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with reports of Gross Sales from that year's operations and all amounts expended on advertising as well as such other information as We require. Each financial statement shall be signed by You or by Your Treasurer, Managing Member or Chief Financial Officer, who shall attest that the statement is true and correct and prepared in accordance with Our requirements.

(c) You shall permit Our authorized personnel to inspect, examine, compile, review and/or audit all of Your business records relating to Your Franchised Business, including but not limited to financial documents and tax returns, at any time during normal business hours without any prior notice.

(d) You shall also permit accountants designated by Us to audit Your books of accounts. In the event that We find that You have understated the amount due to Us and that any such understatement has been made deliberately, such understatement shall constitute an Event of Default and be considered a Material Breach of this Agreement as defined in Section 32(d)(iv) of this Agreement. Should an audit be made necessary by Your failure to provide required reports or supporting records or Your failure to provide such reports or records on a timely basis, or any audit reveal an understatement of two percent (2%) or more of the amount otherwise due to Us for a two (2) month period, or if the understatement is determined to be deliberate, You will bear the costs and expenses of Our audit and inspection, and the deficiency shall be immediately due and payable with interest from the date the payments should have been made.

(e) Any inspection or audit of business records or books of accounts is solely for determining Your compliance with Your contractual obligations and does not constitute control over Your day-to-day operation of the Franchised Business.

(f) The provisions of this Section 22 shall survive the termination or expiration of this Agreement.

### **23. INDEMNIFICATION; INSURANCE**

(a) You understand and agree that nothing in this Agreement authorizes You to make any contract, agreement, warranty or representation on Our behalf, or to incur any debt or other obligation in Our name. You further understand and agree that We shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action or by reason of any act or omission of Yours in Your conduct of the Franchised Business or otherwise, or for any claim or judgment against Us arising from Your operation of the Franchised Business. You shall indemnify, defend and hold Us harmless and hold harmless Our officers, directors, shareholders, members, managers and employees, and agents from and against any and all claims, costs, obligations, and causes of action, arising directly or indirectly from any act or omission of Yours or any of Your shareholders, directors, members, managers, officers, employees, representatives or agents, as a result of, or in connection with, Your operation of the Franchised Business, the actions of any of Your shareholders, directors, members, managers, officers, employees, representatives or agents, or any action arising from an allegation of a violation of labor or employment law; or by reason of any act occurring on, at or from the premises of the Franchised Business or by reason of an omission relating to the operation of the Franchised Business, as well as the costs, including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses We incur in defending against such claims or actions. As between Us and You, You are solely responsible for the safety and well-being of Your employees and the clients of the Franchised Business. This indemnity shall continue in full force and

effect subsequent to and notwithstanding the expiration or termination of this Agreement or any renewal term.

(b) You agree to maintain insurance, which are Our required minimums, as follows:

(i) With respect to all insurable properties, You shall maintain or cause to be maintained, all-risk property insurance against loss or damage to business and personal property of the Franchised Business in amounts not less than the replacement cost of such property but in no event less than a Two Thousand Five Hundred Dollar (\$2,500.00) limit, One Thousand Dollar (\$1,000.00) deductible;

(ii) You shall maintain or cause to be maintained commercial general liability insurance, including premise liability, products/completed-operations and contractual liability, covering claims for bodily injury or property damage caused as a result of the operation of the Franchised Business and pursuant to this Agreement in amounts not less than One Million Dollars (\$1,000,000.00) for each occurrence and Two Million Dollars (\$2,000,000.00) general aggregate. Coverage must be written on an occurrence basis only, not claims-made;

(iii) You shall maintain or cause to be maintained workers' compensation insurance, in such amounts as may now or hereafter be required by any applicable law, and shall withhold from the pay of any of Your employees and pay any and all amounts required to be so paid for unemployment compensation, disability, Social Security, and other such federal, state and/or local taxes imposed upon You as an employer;

(iv) You shall maintain or cause to be maintained Data Breach coverage with a One Hundred Thousand Dollar (\$100,000.00) limit, Two Thousand Five Hundred Dollar (\$2,500.00) deductible;

(v) You shall maintain or cause to be maintained Employment Practices Liability Insurance with a Two Hundred Fifty Thousand Dollar (\$250,000.00) limit, Ten Thousand Dollar (\$10,000.00) deductible;

(vi) You shall maintain or cause to be maintained a professional liability policy which must include privacy and cyberliability coverage in amounts not less than One Million Dollars (\$1,000,000.00) for each occurrence and Two Million Dollars (\$2,000,000.00) general aggregate; and,

(vii) Such other insurance that may be required by the statutes or other laws of the state or province or any local governmental entity in which Your Franchised Business is located and operated.

(c) All insurance policies required under this Agreement shall be written by an insurance company satisfactory to Us. All policies of liability insurance shall insure and name Us as an additional insured/loss payee and shall protect Us against any liability that may accrue by reason

of the ownership, maintenance or operation by You of the Franchised Business.

(d) We reserve the right to increase the minimum limits listed above as well as to change or add new types of required coverage as set forth in greater detail in the Operations Manual.

(e) Your obligation to obtain and maintain or cause to be maintained the foregoing policy or policies of insurance shall not be limited in any way by reason of any insurance that may be maintained by Us, nor shall Your performance of this obligation relieve You of liability under the indemnity provision set forth in this Agreement. You shall deliver to Us certificates of insurance evidencing Your compliance no less than ten (10) days prior to opening the Franchised Business. Such proof of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days prior written notice to Us. You must submit to Us at least annually, and otherwise upon request by Us, a copy of the certificate of renewal or other evidence of the renewal, existence or extension of such insurance policies.

(f) Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, You shall be considered in Material Breach of this Agreement. In such event, We shall then have the right and authority (but not the obligation) to procure such insurance and to charge the cost of such insurance to You, which charges, together with a reasonable fee for Our expenses in taking such action, shall be payable by You immediately upon notice from Us.

## **24. BUSINESS ORGANIZATION AND PERSONAL GUARANTY(S)**

(a) If You are an individual or individuals, then You acknowledge and agree that the grant of license in Section 3 is made by Us in reliance on Your personal attributes and in consideration of the trust and confidence which We place in You, and on Your representation that You will actively and substantially participate personally in the beneficial ownership and management of the CINCH I.T. Franchised Business.

(b) In the event You are a business entity (including but not limited to a corporation, a limited liability company, a partnership, a limited liability partnership, a trust), in addition to being newly formed, You must complete and sign the Principal Owner's Statement attached to this Agreement as Addendum D and each individual with an ownership interest in You must also sign Addendum D. Further, You represent, warrant and covenant that:

(i) You are newly formed, duly organized and validly exist under the laws of the state in which You were formed;

(ii) You are duly qualified and are authorized to do business in each jurisdiction in which Your business activities or the nature of the properties owned by You require such qualification;

(iii) The execution of and transactions contemplated by this Agreement are within Your powers;



- (iv) The ownership interests in You are accurately and fully listed in Addendum D;
- (v) Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us;
- (vi) The stated purpose of the business entity shall consist only of the development, ownership, operation and maintenance of the CINCH I.T. Franchised Business;
- (vii) You shall not issue any additional stock, membership, or interests in You and no individual with ownership interest in You shall transfer, assign or pledge any ownership interest in You without Our prior written consent, which shall not be unreasonably withheld, and a legend setting forth such restriction on transfers shall be contained in the business entity's organizational and governing documents and other appropriate documents such as certificates and stocks. In giving Our consent, We shall have the right (but not the obligation) to impose one or more reasonable conditions;
- (viii) In the event the ownership interests in You changes, You must provide an updated Addendum D to Us within three (3) business days of the change and the new recipient(s) of an ownership interest in You must sign the Guaranty Agreement attached to this Agreement as Addendum C;
- (ix) Prior to Our signing of this Agreement, You shall deliver to Us photocopies of the organizational and governing documents and other documents such as certificates and stocks reflecting compliance with the provisions of this Subsection 24(b); and,
- (x) Operation of Franchised Business is within the use for which the business entity is authorized in the jurisdiction in which the Franchised Business shall be conducted.

(c) If You are a business entity, You must appoint an individual owner as Your Operating Principal ("Operating Principal") who must have authority over all business decisions related to Your Franchised Business and must have the power to bind You in all dealings with Us. Your Operating Principal must have at least a twenty five percent (25%) ownership interest in Your business entity. You must provide Us with written notice of Your Operating Principal at least thirty (30) days prior to opening and may not change Your Operating Principal without Our prior written approval.

## **25. COVENANTS OF NON-SOLICITATION, NON-DISCLOSURE AND NON-COMPETITION**

(a) You, and persons controlling, controlled by or under common control with You, specifically acknowledge that, pursuant to this Agreement, You will receive valuable specialized training, trade secrets, and Confidential Information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques of Franchisor and Our System which are beyond the present skills and

experience of You and Your managers and employees, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. You acknowledge that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to You in the operation of the Franchised Business, and that gaining access to such specialized training, trade secrets, and Confidential Information is therefore a primary reason why You are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and exclusive rights described above, You and persons controlling, controlled by or under common control with You agree and covenant that during the term of this Agreement and for a continuous uninterrupted period commencing upon the effective date of expiration or termination of this Agreement or the date that You begin to comply with this Section, whichever is later, and for two (2) years thereafter, except as otherwise approved in writing by Us, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity:

(i) solicit, divert or attempt to solicit or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with the Licensed Rights and Our System; or

(ii) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business within a twenty five (25) mile radius of the Designated Territory of Your former Franchised Business and/or of any CINCH I.T. business owned by any CINCH I.T. franchisee, by Us or any CINCH I.T. affiliate that (a) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by Your Franchised Business prior to the termination or expiration of this Agreement (a “Competitive Business”) or (b) grants franchises or licenses to others to operate a Competitive Business.

(b) At any time, during the term of this Agreement or thereafter, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Business, any of the Licensed Rights, or any other names, marks, systems, insignias, or symbols provided or approved by Us to You pursuant to this Agreement, or cause or permit any such business to look like, copy or imitate a CINCH I.T. Franchised Business or to be operated in a manner tending to have such effect.

(c) You expressly acknowledge that You possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, You acknowledge that enforcement of the covenants made in this Section will not deprive You of Your personal goodwill or ability to earn a living.

(d) It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section 25 shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section 25 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce or limit the duration, geography or scope of any covenant set forth in this Section of this Agreement, or any portion thereof, without Your consent, effective immediately upon notice to You; and You agree that You shall comply from that point forward with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 48 hereof.

(f) You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section. You further agree that We shall be entitled to set off from any amount owed by Us to You any loss or damage to Us resulting from Your breach of this Agreement.

(g) You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect Our legitimate business interests.

(h) Nothing contained in this Agreement shall prevent You from owning less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly traded corporation listed on a recognized national stock exchange or NASDAQ.

(i) You acknowledge and agree that any failure by You to comply with the requirements of this Section shall constitute a material Event of Default under this Agreement; that such failure will cause Us irreparable injury and that money damages will not adequately compensate Us; and that We are entitled to enforce this Section by temporary restraining order and/or temporary, preliminary and/or permanent injunction, and/or specific performance, without the necessity of posting bond. This relief will be in addition to any other relief We may have under federal and/or state law. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in enforcing Our rights under this Section.

(j) In addition to any other remedies or damages allowed under this Agreement and/or by law, if You breach any of the covenants set forth in Subsections 25(a) and (b), You shall pay Us a fee equal to Our then-current Initial Franchise Fee for each Competitive Business identified plus ten percent (10%) of such Competitive Business' Gross Sales until expiration of the non-competition period set forth in this Section.

(k) During the term of this Agreement, any of Our managers or area supervisors shall have the right to inspect any business interest in which You or a Key Employee has an interest, at reasonable times and during normal business hours, to the extent reasonably necessary to determine whether the conditions of this Section are being satisfied. If, by reason of such inspections or otherwise, We have reason to believe that You are in default of this Section 25, and You are so notified by Us, You shall have the burden of establishing that You are not in default. You shall respond to any default notice under this Section within five (5) days. With regard to any such default, We shall have the right to pursue any and all rights of remedy and enforcement available to Us, either at law or in equity, and You shall immediately take all steps to cure said default in a manner satisfactory to Us.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals.

## **26. CONFIDENTIALITY**

(a) You, and persons controlling, controlled by or under common control with You, shall hold in confidence Our System and shall not disclose any part of Our System to any individual or entity. It is understood and agreed that Our System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by Us. Accordingly, You agree that You shall not at any time, without Our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Business and who have signed confidentiality agreements, in a form approved by Us) or use or permit the use of Our System, or any part, except as may be required by applicable law or as authorized by this Agreement.

You acknowledge and agree that any form of confidentiality agreement is a form of agreement only and that it 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 You require Your employees, agents and independent contractors to sign.

(b) You, and persons controlling, controlled by or under common control with You, shall at all times use Your best efforts to keep confidential the Operations Manual, any other manuals or materials designated for use with Our System and such other information as We may designate for confidential use with Our System, as well as all other trade secrets, if any, and Confidential Information, knowledge and business know-how concerning the establishment or operation of the Franchised Business that may be imparted to, or acquired by, You in connection with this Agreement. You acknowledge that the unauthorized use or disclosure of such Confidential Information (and trade secrets, if any) will cause incalculable and irreparable injury to Us. Any and all information, knowledge and know-how, not generally known in the Information Technology Support business, about CINCH I.T.'s products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as We may designate as confidential, shall be deemed confidential and proprietary for purposes of this

Agreement, except information that You can demonstrate came to Your attention prior to disclosure thereof by Us or that is or has become a part of the public domain through publication or authorized communication by others. The Operations Manual, any other manuals or materials designated for use with Our System, and all Confidential Information (and trade secrets, if any) shall at all times be deemed to be, and shall remain, Our sole property, and You shall acquire no rights, title or interest therein by virtue of Your authorization pursuant to this Agreement to possess and use them.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONFIDENTIAL INFORMATION INCLUDES, BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THIS AGREEMENT; THE CONTENTS OF THE OPERATIONS MANUALS, TRADE SECRETS WHICH INCLUDES CLIENT LISTS, AND ANY COMPONENT OF OUR SYSTEM THAT DOES NOT CONSTITUTE A TRADE SECRET BUT THAT OTHERWISE MEETS THE DEFINITION OF “CONFIDENTIAL INFORMATION.”

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

## **27. NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS**

You shall cause any person who is actively involved as a Key Employee, as defined in Section 12 of this Agreement, in the Franchised Business, at the time such person enters Your employment, to enter into a non-disclosure, non-solicitation and non-competition agreement, in a form approved by Us or as We otherwise provide. You acknowledge and agree that any form of non-disclosure, non-solicitation and non-competition agreement is a form of agreement only and that it 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 non-compete agreement You require Your employees, agents and independent contractors to sign.

You shall use Your best efforts to prevent any such persons from using, in connection with the operation of any competing business wherever located, any of the Licensed Rights or from operating any competing business that looks like, copies or imitates any CINCH I.T. Franchised Business or operates in a manner tending to have such effect. If You have reason to believe that any such person has violated the provisions of the non-disclosure, non-solicitation and non-competition agreement, You shall immediately notify Us and shall cooperate with Us to protect Us against infringement or other unlawful use of the Licensed Rights, including, but not limited to, the prosecution of any lawsuits if, in the judgment of Our counsel, such action is necessary and advisable.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

## 28. ASSIGNMENT; CONDITIONS AND LIMITATIONS

If You are not an individual, the terms of this Section and of Section 31 hereof, shall also be deemed to apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of ownership or management “control” of You.

As used in this Agreement, the term “transfer” includes Your (or an Owner’s) voluntary, involuntary, direct or indirect, assignment, sale, gift, or other disposition of any interest in (1) this Agreement, (2) the Franchisee entity, (3) the Franchised Business governed by this Agreement, or (4) all or a substantial portion of the assets of the Franchised Business. It also includes an assignment of day-to-day operational responsibilities for the Franchised Business pursuant to an operating agreement or otherwise. A transfer of the Franchised Business’ ownership, possession, or control, or all or a substantial portion of Your assets, may be made only with a transfer of this Agreement which complies with the terms of this Agreement.

(a) You shall not, directly or indirectly, sell, assign, transfer, or encumber this Agreement, the Franchise, the Licensed Rights, or any other interest hereunder, nor shall You suffer or permit any such assignment, transfer or encumbrance to occur, by operation of law or otherwise, without obtaining Our prior written consent and complying with the terms of Section 31.

(b) In the event You or Your successor is not an individual, You agree and acknowledge as follows:

(i) The Articles of Incorporation (or other corporate charter pursuant to which You were formed) and the Bylaws or Operating Agreement (or regulations or other instrument for the governance of the entity), or the Partnership Agreement, or other instruments pursuant to which You were created, reflects that the issuance and transfer of voting stock or other ownership interest therein (“securities”) is restricted by the terms of this Agreement. You shall furnish Us at the time of execution of this Agreement or of assignment to the corporation, limited liability company, partnership or other entity, an agreement executed by all stockholders, partners, members and other owners of any equity interest in You, stating that none of such entities will sell, assign or transfer voluntarily or by operation of law any securities of Franchisee to any other entity, other than existing stockholders or partners to the extent permitted hereunder, without Our prior written consent. All securities issued by You will bear a legend in substantially the following form, which shall be printed legibly and conspicuously thereon:

“TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN  
RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN  
CINCH FRANCHISE, LLC AND \_\_\_\_\_ DATED  
\_\_\_\_\_, 20\_\_.”

A stop transfer order shall be in effect against the transfer of any securities on Your records except transfers permitted by this Agreement.

(c) You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect Our franchise system; CINCH I.T. trade secrets and operating procedures; CINCH I.T.'s general high reputation and image; the Licensed Rights; as well as You and other CINCH I.T. franchisees. Any assignment or transfer permitted by this Agreement shall not be effective until We receive a completely executed copy of all transfer documents and consent to such transfer in writing. Under no circumstances will You have a right to transfer under this Agreement before the Franchised Business has commenced operations.

(d) Your performance is of vital importance to the market position and Our overall image, and there are many subjective factors that comprise the process by which We select a suitable franchisee. Our consent to a transfer or assignment by You of the Franchise and Franchised Business shall, in addition to the other restrictions and requirements herein noted, remain a subjective determination and shall consider, but not be limited to, whether:

- (i) All obligations of Yours under this Agreement and all other franchise documents, and the relationship created under those agreements are being assumed by the transferee;
- (ii) All ascertained debts of Yours to Us and Our affiliates have been paid;
- (iii) You, at the time of the request to transfer and as of the date of transfer, are not in default under this Agreement or any other franchise agreement;
- (iv) Except for other CINCH I.T. franchisees, the proposed transferee does not operate or participate in an entity that operates a franchise, license, or other business offering products and/or services similar to those offered by the Franchised Business;
- (v) The proposed transferee meets all of Our requirements for new franchisees, including, but not limited to, good reputation and character, experience, business acumen, operational ability, financial strength and stability, willingness and ability to devote the required time and best efforts to the operation of the Franchised Business and other business considerations as We may reasonably apply in evaluating new franchisees. You must provide Us all information We require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and about the proposed transferee;
- (vi) We shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Franchised Business.
- (vii) The proposed transferee executes or, in appropriate circumstances, causes all necessary parties to execute Our then-current standard form of franchise agreement

(provided that such execution will not serve to extend the then remaining term of the franchise) and such other then-current ancillary agreements being required by Us of new franchisees on the date of transfer;

(viii) You, except to the extent prohibited by state law, have executed a general release of any and all claims against Us and Our subsidiaries and affiliates, and Our respective officers, managers, directors, agents and employees;

(ix) You or proposed transferee have paid to Us a non-refundable Transfer Fee of Ten Thousand Dollars (\$10,000.00) to cover Our reasonable costs in effecting the transfer and other initial assistance to transferee;

(x) The proposed transferee has paid to Us Our then-current non-refundable Initial Training Fee to attend the new franchisee Initial Training Program;

(xi) If You are providing financing to the proposed transferee for any part of the purchase price, You have agreed that all of the proposed transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the proposed transferee's obligation to pay fees and other amounts due to Us and otherwise to comply with the Franchise Agreement; and,

(xii) You will abide by all post-termination covenants including, without limitation, the covenant not to compete set forth in Section 25 and confidentiality set forth in Section 26.

(e) If You pursue but do not complete a transfer which has caused Us to incur costs and expenses in reviewing and documenting the proposed transfer, You must reimburse Us for these costs and expenses.

(f) This Agreement shall inure to Our benefit, and Our successors and assigns, and We shall have the right to transfer or assign without Your consent all or any part of Our interest in this Agreement to any person or legal entity who in Our good faith judgment has the willingness and capacity to assume Our obligations.

(g) Notwithstanding the provisions of Subsection (c) above, if You are an individual, You may request to transfer this Agreement to a business entity formed by You after the effective date of this Agreement in which You are the sole owner. Our consent will not be unreasonably withheld.

## **29. DEATH, DISABILITY OR PERMANENT INCAPACITY OF FRANCHISEE**

In the event of Your death or permanent disability or that of any person with a controlling interest in You, the executor, administrator, or personal representative of that person shall transfer his or her interest to a third party approved by Us within six (6) months after such death or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to fully satisfy



the conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in Our sole discretion, to dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the deceased's interest is not transferred within a reasonable time, as determined by Us in Our sole discretion, We may terminate this Agreement. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent You (or an Owner controlling You) from supervising the management and operation of the Franchised Business for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition. In any event, the Franchised Business must at all times be managed by a designated manager who has complied with all of Our training requirements, regardless of any death or permanent disability covered by this Section.

### **30. OPERATION OF FRANCHISED BUSINESS IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH**

In order to prevent any interruption of the business of the Franchised Business which would cause harm to such business and thereby depreciate its value, You authorize Us, in the event that You are absent or incapacitated or die, and are not, therefore, in Our sole judgment, able to operate the Franchised Business, to operate said business for so long as We deem necessary and practical, and without waiver of any other rights or remedies We may have under this Agreement; provided, however, that in the event that We commence to operate the Franchised Business, We shall not be obligated to operate the Franchised Business for a period of more than one hundred and twenty (120) days. All monies from the operation of the Franchised Business during the period of Our operation shall be maintained in a separate account. The expenses of the Franchised Business, including reasonable compensation and expenses for Our representatives, shall be charged to such account. If, as provided in this Section 30, We temporarily operate the Franchised Business, You agree to indemnify and hold Us harmless, and hold harmless any representative of Ours who may operate the Franchised Business, from any and all claims arising from the acts and omissions of Us and Our representative arising from such operation.

### **31. FRANCHISOR RIGHT OF FIRST REFUSAL**

If You receive from a third party, and desire to accept, a bona fide written offer to purchase Your business, franchise and interests in the Franchised Business (or seek to effect a sale of the Franchised Business), We shall have a right of first refusal, exercisable by written notice to You furnished within thirty (30) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase such business, franchise and interests on the same financial terms and conditions as offered to or by such third party; provided further that We may substitute cash for any other form of payment proposed in such offer. In order that We may have information sufficient to enable Us to determine whether to exercise Our right of first refusal, You shall deliver to Us, to the extent requested by Us, certified financial statements as of the end of Your most recent fiscal year, any financial statements prepared by or for You since the end of such fiscal year and such other information about the business and operations of Franchisee as You have provided or will make available to such third party. If We do not exercise Our right

under this Section 31, You may, within ninety (90) days from the expiration of the option period, sell, assign and transfer Your business, franchise and interests hereunder but only upon the same terms and conditions proposed to Us and provided We have consented to such transfer as required by Section 28 hereof.

If You fail to make such sale, assignment or transfer within this ninety (90) day period, or if there is any material change in the terms of the offer, it shall trigger a new right of first refusal period. Failure by Us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of Section 28 hereof, with respect to the proposed transfer.

If You are not an individual, this right of first refusal shall apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of “control” of Franchisee.

## **32. TERMINATION**

(a) If You are in full compliance with the terms of this Agreement, You may terminate this Agreement and all licenses conferred hereby at any time by giving Us at least one hundred and eighty (180) days prior written notice of termination and agree to execute and deliver to Us a general release and waiver, in a form satisfactory to Us, of any and all claims of any nature whatsoever You might have against Us, Our subsidiaries or affiliates (if applicable) and Our officers, members, managers, directors, attorneys, shareholders, agents and employees, successors, assigns and personal representatives, in their corporate and individual capacities. In such event, any and all outstanding debts, royalties, fees, marketing fees and other charges owed by You to Us and Our affiliates up to and including the date of termination will be due and payable by You within seven (7) days of the effective date of termination. We have the right to estimate fees subject to adjustment when actual fees may be calculated. In the event of such termination by You, you must work with Us in good faith to execute a transfer of authority and control of the business theretofore operated by You as the Franchised Business to Us or to Our designee. You will be responsible for costs paid by Us in association with transfer if You have not worked in good faith to transfer such business in good order with minimal disturbance to the current client base.

(b) You acknowledge that the strict performance of all the terms of this Agreement is necessary not only for Our protection, but also for the protection of You and Our other franchisees. As a result, You acknowledge and agree that the occurrence of any of the following events, each or any of which shall be considered a Material Breach default of this Agreement, constitutes reasonable grounds for termination of this Franchise Agreement by Us; provided, however that You shall be given the opportunity, within fifteen (15) days after receipt of written notice of such Material Breach, to cure the default by promptly providing proof of cure to Us. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such fifteen (15) day period and You have commenced and are continuing to make good faith efforts to cure the breach, You shall be given an additional reasonable period of time to cure the default, and

this Agreement shall not terminate. If any such default is not cured within the time as specified by Us, this Agreement shall terminate effective immediately without further notice to You. You shall be in default under this Agreement for failure to comply with any of the requirements imposed by the Agreement, or for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

- (i) A failure by You to remit any payments when due under this Agreement;
  - (ii) A failure by You to establish, equip, maintain, or update the Franchised Business in accordance with Our plans and specifications;
  - (iii) A failure by You to submit to Us financial reports or other information required under this Agreement, or a failure to allow reasonable access to Your records within the time periods required by this Agreement;
  - (iv) A failure by You to operate the Franchised Business in accordance with Our Operations Manual or other manuals, or a failure by You to use products, methods, equipment or suppliers which conform to Our specifications and standards, or Your failure to maintain Our standards of quality service in the operation of the Franchised Business;
  - (v) A failure by You to obtain Our prior written approval or consent as expressly required by this Agreement;
  - (vi) A failure by You to accurately or completely record all sales made in, upon or from the Franchised Business at the time of sale;
  - (vii) A breach by You of any other covenant, term, or provision of this Agreement;
  - (viii) A failure by You to complete training and open the Franchised Business within six (6) months of the execution of this Agreement;
  - (ix) A failure by You to comply with any of Your agreements with any third parties as related to the Franchised Business;
  - (x) A failure by You to sell one (1) new Managed Service Provider contract within three (3) months of completing the Performance Improvement Plan; or
  - (xi) A failure by You to consistently pay the debts of the Franchised Business as they become due.
- (c) In the event You are delivered three (3) or more notices of Material Breach from Us within a twenty four (24) month period pertaining to any one (1) or more of the foregoing events of default whether or not cured after notice, during the initial term or any renewal terms of this Agreement, We shall have the right to terminate this Agreement. The effective date of any such termination notice under this Subsection shall be upon the expiration of Your receipt of fifteen (15) days

written notice to that effect, or such longer period as may be required by law.

(d) Notwithstanding the foregoing, We shall deem You to be in material breach and, at Our option, may terminate this Agreement and all rights granted under it, without affording You any opportunity to cure the breach, effective immediately after written notice of termination is received by You, if You do any of the following:

(i) Abandon, vacate, desert, surrender, transfer control or otherwise cease operation of the Franchised Business, or fail to continuously and actively operate the Franchised Business for a period of one (1) business day or any period that indicates an intent by You to discontinue operation of the Franchised Business without Our express written consent, unless and only to the extent that You are precluded from doing so by damage to the Franchised Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Your reasonable control, and so long as within one hundred eighty (180) days, You have begun and diligently pursued relocation or re-establishment of the Franchised Business;

(ii) Misuse the Licensed Rights, or any other names, marks, e-marks, systems, insignias, symbols, copyrights or rights provided by Us to You, or otherwise materially impair the goodwill associated therewith the Licensed Rights, or if You shall use at the Franchised Business any names, marks, e-marks, systems, insignias, symbols or copyrights not authorized by Us;

(iii) Consistently (e.g. twice or more in any twelve (12) month period) fail or refuse to submit when due any financial statement, tax return or schedule, or to pay when due the Royalty Fees or any other payments, whether to Us or Our affiliates, or to submit any required reports due to Us;

(iv) Intentionally underreport Gross Sales in any amount or negligently underreport Gross Sales by two percent (2%) or more for a two (2) month period;

(v) Operate the Franchised Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;

(vi) Make a material misrepresentation to Us or on Your application to own and operate the Franchised Business or in conducting the Franchised Business;

(vii) Attempt to transfer, assign or sub-franchise this Agreement without Our prior written consent as set forth in this Agreement;

(viii) Disclose or divulge to any unauthorized person or entity or copy or reproduce any of the contents of the Operations Manual or any other trade secrets or Confidential Information provided to You by Us or any of Our subsidiaries or affiliates;

(ix) Engage in any activity that has an adverse effect on Us, Our affiliates, Our franchisees and/or the Marks;

(x) Are indicted or arrested, charged, publicly accused in the national or regional media or convicted of any felony whatsoever, or if You are convicted of any crime involving fraud, deception or moral turpitude, or commit any crime or offense reasonably likely, in Our sole opinion, to materially and unfavorably affect the Licensed Rights, the marks and associated goodwill and reputation of Us, Our System, Our affiliates and/or Our other franchisees;

(xi) (1) Fail to satisfy any judgment within thirty (30) days unless a supersedeas or other appeal bond has been filed; or (2) fail to obtain discharge within five (5) days an execution levied against You, Your business or property or any person with a controlling interest in You; or (3) fail to obtain dismissal within thirty (30) days any suit to foreclose any lien or mortgage against the Franchised Business, the equipment of such business, or the land upon which the Franchised Business is situated; or (4) fail to obtain dismissal or release within a thirty (30) day period of any attachment of or liens on Your bank accounts, property or receivables; or (5) if the real or personal property of Your business is sold after levy by any sheriff, marshal, or constable;

(xii) Fail to maintain an independent contractor relationship with Us;

(xiii) Commit a default under any loan or lease required to operate the Franchised Business and fail to cure that default by the date specified by the lender or lessor;

(xiv) Create or allow the continuation of any condition in or at the Franchised Business, or on or about the Franchised Business' premises, which We reasonably believe presents health and/or safety concerns for the Franchised Business' clients or employees;

(xv) Engage in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of the Franchise Agreement and/or frustrates one of the principal purposes of the Franchise Agreement and/or irreparably damages the trust between Us and You;

(xvi) Commit a material breach that cannot be cured; or

(xvii) If, without Our prior written consent, You or persons controlling, controlled by, or under common control with You shall have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of similar or other related products or services within Your Designated Territory, or in any business, regardless of where located, that looks like, copies, or imitates any CINCH I.T. business, or operates in a manner tending to have such effect.

(e) Notwithstanding the foregoing provisions of this Section, You shall be in breach under this Agreement and all rights granted under this Agreement will automatically terminate without notice to You, if You do any of the following:

(i) Make an assignment for the benefit of creditors or an admission of Your inability to pay Your obligations as they become due; or

(ii) File a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admit or fail to contest the material allegations of any such pleading or action for the benefit of creditors filed against You, or are adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Your assets or the assets of the Franchised Business, or the claims of Your creditors or the creditors of the Franchised Business are abated or subject to moratorium under any laws.

(f) If You are in material default as described in subsection (b) above, We have the right to suspend any and all operating assistance as described in this Agreement and/or the Operations Manual to You.

(g) In the event state law requires a notice period prior to the effective date of a termination under this Section, We shall have the right to take possession of the Franchised Business and diligently run it on Your behalf until such time as the termination becomes legally effective. You, on behalf of Yourself, Your heirs, and Your legal representatives, consent to such operation of the Franchised Business by Us, and release and indemnify Us from any liability arising in connection with Our operation of the Franchised Business pursuant to the terms of this Subsection.

### **33. STEP-IN RIGHTS**

(a) If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Your actions jeopardize the integrity of the Marks or System, then You authorize Us or Our designee to operate the Franchised Business for as long as, in Our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the Marks and System. Even if We exercise this right to step in, You agree that We do not lose or waive a right to exercise any other rights or remedies which We may have legally under this Agreement. Among the reasons We may act under these step-in rights are:

(i) We reasonably determine that You are unable to operate the Franchised Business because You are absent or incapacitated because of illness, accident, injury or death;

(ii) You have not paid Your monetary obligations to Us, Our affiliates, or others when they are due;

(iii) You have not removed non-consensual liens or encumbrances which have been placed against the Franchised Business; or

(iv) We determine that material operational problems require that We operate the Franchised Business for a period of time.

(b) During a step-in period, We will maintain, in a separate account, all Gross Sales of the Franchised Business. From that account We will pay all expenses of the Franchised Business, which will include the Royalty Fee, all Marketing Fund contributions or payments, and reasonable compensation and expenses for Our representatives. If these step-in rights are exercised, You agree to hold Us harmless and hold harmless Our representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay Our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section 33 will prevent Us from exercising any other rights which We may have under this Agreement, including the right to terminate the Agreement.

#### **34. CROSS-DEFAULT**

Any default by You (or any of Your Owners) of any other agreement between Us (and/or any of Our affiliates) and You (and/or any of Your Owners or Affiliates) shall be deemed a default under this Agreement, and any default by You under this Agreement shall be deemed a default under any and all other agreements between the parties. If the nature of such default under any other agreement would have permitted Us to terminate this Agreement had such default occurred under this Agreement, We shall have the right to terminate all of the other agreements between Us (and/or any of Our affiliates) and You, or Us (and/or any of Our affiliates) and any of Your Affiliates in the same manner as provided herein for termination of this Agreement.

#### **35. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION**

(a) Upon termination of this Agreement for any reason or upon expiration of its term, You agree as follows:

(i) To pay immediately to Us, Our subsidiaries and/or Our affiliates the full amount of all sums due under this Agreement including damages, liquidated damages and costs incurred in enforcing this Agreement or otherwise;

(ii) To cease immediately to operate the Franchised Business and cease to use the Licensed Rights provided by Us under this Agreement, including but not limited to CINCH I.T. Marks, or any other marks registered by Us and Our affiliates or any of Our trade secrets, signs, symbols, devices, materials constituting part of Our System, and any confusingly similar name, marks, e-marks, copyrights, systems, insignias, symbols and other rights, procedures or methods;

(iii) To immediately return to Us all originals and reproductions of Our Operations Manuals and all other manuals, plans and specifications, designs, training aids, records, data, samples, models, programs, or handbooks and other materials loaned or provided to You by Us or any of Our subsidiaries or affiliates;

(iv) To immediately turn over to Us any and all originals and copies of client lists, records, files, instructions, social media contact lists, correspondence including client related emails, brochures, computer software, computer CDs, DVDs or scandisks and any

and all Confidential Information in Your possession, custody or control concerning or relating to the operation of the Franchised Business and/or Our operations or business. The only documents that You shall be permitted to retain are Your copy of this Agreement, any correspondence between You and Us and any other documents that You reasonably need to comply with a provision of applicable law;

(v) To cease immediately to hold Yourself out in any way as Our franchisee or to do anything that would indicate any past or present relationship between You and Us;

(vi) To the extent possible, to immediately remove or permanently cover any and all structures, signs or advertisements identifiable in any way with Us or the CINCH I.T. name or image;

(vii) To promptly take such action that may be required to cancel all fictitious or assumed names or equivalent registrations relating to Your use of any of the Marks or, at Our option, assign same to Us;

(viii) Promptly assign to Us any interest that You may have in the telephone number(s), telephone listing(s) and/or directory(ies), social media and networking accounts, and/or Internet numbers used by You in connection with the operation of the Franchised Business. You shall promptly transfer all telephone calls by call-forwarding to Us or to such other party or entity as We shall direct; execute any such instruments and take such actions as We may deem necessary to effect such transfer and call-forwarding of telephone calls. You acknowledge that this Agreement shall be conclusive evidence of Our rights to such telephone numbers, telephone directory listings, social media and networking accounts, and Internet numbers, and Our authority to direct this transfer;

(ix) Abide by all restrictive covenants set forth in Sections 25 through 27 of this Agreement;

(x) Assign any and all accounts receivable to Us for collection. In connection therewith You hereby appoint Us as attorney-in-fact to engage in such collection activities following the termination or expiration of this Agreement and You specifically undertake to refrain from engaging in any such collection activities upon termination or expiration. We agree to employ good faith efforts, including, where appropriate in Our sole and exclusive judgment, the commencement of legal proceedings, to collect such accounts receivable. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon Us to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by Us, You release and waive any claims thereto against Us. If We are successful in collecting all or a part of such accounts receivable, We shall remit to You such sums collected after first deducting any and all monies owed to Us and Our affiliates; after deducting the pro rata cost of servicing the client(s) with respect to whom the receivables were collected; and, after further deducting Our costs of collection; and

(xi) Immediately refrain from engaging in any and all contacts with clients or former



clients of the Franchised Business, whether with respect to collection of accounts receivable, to provide services to such clients or former clients pursuant to any business conducted by You, whether or not similar to the Franchised Business, or for any other purpose whatsoever.

(b) If termination of this Agreement arises out of a default or defaults by You in complying with the terms of this Agreement, We shall have the option to purchase at fair market value all or part of Your supplies and products used by You in the Franchised Business. Such option shall be exercised, if at all, in whole or in part, by Us upon or within fifteen (15) days of termination of this Agreement. It is expressly understood that this provision is an option that We may or may not exercise, and that We are under no obligation to do so. We shall have the right to set off all amounts due from You against any payment We would otherwise make to You under this Subsection. If We and You cannot agree on the fair market value of the property, it will be determined by an independent appraisal paid for by both You and Us. You shall have the right to maintain Your own property not bearing any of the Marks, including equipment and supplies, and are under no obligation to sell such property to Us.

### **36. NOTICES**

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) Business Day after sending by facsimile, e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that We provide to You or Your Owners, at the Franchised Business's address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

(a) If to Us at:  
27 West Mountain Street, Worcester, Massachusetts 01606

(b) If to You at:

### **37. DISPUTE RESOLUTION**

(a) We and You agree that it is in each of Our best interests to resolve claims, controversies and disputes arising out of or relating to Your operation of the Franchised Business under this Agreement between Us in an orderly fashion and in a consistent manner. For that reason, We and You agree as follows:

(i) Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Franchisee is an individual, You will be Your designated representative. At least one meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conferences do not resolve the dispute, either party may pursue mediation in accordance with Subsection 37(a)(ii).

(ii) If the dispute is not resolved pursuant to Subsection 37(a)(i), the parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association (“AAA”) unless both parties agree to waive mediation and proceed directly to arbitration as set forth in Subsection 37(a)(iii). Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the parties.

(iii) If the parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the parties will make a diligent effort to do) or if a claim, controversy or dispute arises subsequent to the termination or expiration of this Agreement, such claim, controversy or dispute shall be referred to Arbitration in accordance with the AAA’s Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes), as amended (and specifically including the Optional Rules). If such Rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. The Arbitrator shall apply the Federal Rules of Civil Procedure and the Federal Rules of Evidence to the extent possible while, in Arbitrator's discretion, still effecting the arbitration goal of streamlined administrative procedure. The laws of the Commonwealth of Massachusetts shall govern the construction and interpretation of this Agreement in Arbitration.

(b) The Arbitration proceedings shall be conducted before a single Arbitrator, selected in accordance with AAA Rules, who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. Prior to the commencement of hearings, the Arbitrator shall provide an oath of undertaking of impartiality.

(c) Arbitration shall be conducted in the city and state where We maintain Our principal place of business (or, if there is no AAA office in that city, at the location of the AAA office nearest to Our principal place of business, which is currently Worcester, Massachusetts). The award of the Arbitrator shall be final and judgment upon the award rendered in Arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of Arbitration, including

compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

(d) Any party to this Agreement may bring an action, including a summary or expedited proceeding to compel Arbitration of any such dispute or controversy, in a court of competent jurisdiction in the state and judicial district where We maintain Our principal place of business and, further, may seek provisional or ancillary remedies including temporary or injunctive relief in connection with such dispute or controversy, without providing or posting any bond or security regardless of any legal requirements to do so, provided that the dispute or controversy is ultimately resolved through binding Arbitration conducted in accordance with the terms and conditions of this Agreement.

(e) In proceeding with Arbitration and in making determinations hereunder, the Arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such Party notwithstanding said failure to appear.

(f) Whenever We reserve or are deemed to have reserved discretion in a particular area or where We agree or are deemed to be required to exercise Our rights reasonably or in good faith, We will satisfy Our obligations whenever We exercise Reasonable Business Judgment in making Our decision or exercising Our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving client service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of Your or any other franchisee's particular economic or other circumstances when exercising Our Reasonable Business Judgment. Decisions that We make using Our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither You nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for Our Reasonable Business Judgment.

### **38. REMEDIES**

(a) The parties agree that any claim for lost earnings or profits by You shall be limited to a maximum amount equal to the net profits of the Franchised Business for the prior year as shown on Your federal income tax return.

(b) The parties further agree that, in addition to such other damages awarded, if this Agreement is terminated because of Your default, You shall be liable to Us for a lump sum amount equal to the net present value of the Royalties and Marketing Fund Fees that would have become due following termination of this Agreement for the period this Agreement would have remained in

effect but for Your default. Royalties and Marketing Fund Fees for purposes of this Section shall be calculated based on the Franchised Business' average monthly Gross Sales for the twelve (12) months preceding the termination date or the number of months in operation if less than twelve (12). If You have not operated Your Franchised Business for at least twelve (12) months preceding the termination date, Royalty Fees and Marketing Fund Fees will be calculated based on the average monthly Gross Sales of all CINCH I.T. franchised businesses during Our last fiscal year and the payment amount would be equal to the net present value utilizing the Prime Rate as published per the Wall Street Journal. This fee is in addition to, and not in lieu of, any other damages We sustain as a result of the termination. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination due to Your default, and the loss of cash flow due to, among other things, the complications of determining what costs, if any, We might have saved and how much the fees would have grown over what would have been this Agreement's remaining Term. The parties consider this liquidated damages provision to be a reasonable, good faith and genuine pre-estimate of those damages, and not a penalty.

### **39. REMEDIES CUMULATIVE**

All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for in this Agreement or which may be available at law or in equity in case of any actual or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between You and Us or Our affiliates. The rights and remedies of the parties under this Agreement shall be continuing and may be exercised at any time or from time to time. The expiration, earlier termination, or exercise of Our rights pursuant to Section 32 of this Agreement shall not discharge or release You from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

### **40. LIMITATIONS OF CLAIMS**

Except with regard to Your obligation to pay Us and Our affiliates Royalty Fees, any Marketing Fund Fees and other fees or payments of every nature and kind due from You pursuant to this Agreement or otherwise, any claims between the parties must be commenced 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 claim or such claim shall be barred. The parties understand that this time limit might be shorter than otherwise allowed by law. You agree that the sole recourse for claims arising between the parties shall be against Us or Our successors and assigns. You agree that Our shareholders, members, managers, directors, officers, employees and agents and Our affiliates shall not be personally liable nor named as a party in any action between Franchisee and Franchisor. You and We further agree that, in connection with any such proceeding, each 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 as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis

and that a proceeding between You and Us may not be consolidated with another proceeding between Us and any other person or entity. 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.

#### **41. INJUNCTIVE RELIEF**

(a) Nothing in this Agreement shall bar Our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You specifically acknowledge that any failure by You to comply with the requirements of Sections 25, 26 and/or 27 of this Agreement will cause Us irreparable injury and that We shall be entitled to obtain specific performance of, and/or an injunction against any violation of, such requirements. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in obtaining specific performance of, and/or an injunction against any violation of, the requirements of this Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that We may possess.

(b) You agree that We will not be required to post a bond to obtain any injunctive relief and that Your only remedy if an injunction is entered against You will be to seek the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(c) Should legal proceedings be brought against You to enforce any non-competition covenant or for Your failure to maintain confidentiality and protect against infringement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Us injunctive relief and shall continue uninterrupted for the entire period of restriction.

#### **42. DAMAGES AND WAIVER OF JURY TRIAL**

The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein except with regard to claims involving Our Marks and Our Confidential Information. Only claims, controversies or disputes involving You and no claims for or on behalf of any other franchisee, franchisor or supplier may be brought by You hereunder.

**FURTHERMORE, YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**

#### **43. ENFORCEMENT COSTS AND EXPENSES**

You shall pay Us on demand any and all costs and expenses We incur in enforcing the terms of this Agreement, including, but not limited to, Our overhead costs and Our expenses for Our staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults; costs and commissions due a collection agency; attorneys' fees; and Our administrative costs. If a claim for amounts owed by You to Us or any of Our affiliates is asserted in any legal proceeding or if We are required to enforce this Agreement in a judicial or arbitration proceeding and We prevail, You must reimburse Us for Our costs and expenses, including court costs, arbitration and arbitrator costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the arbitrator or the court. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

#### **44. NO RIGHT TO SET OFF**

You shall not be allowed to set off amounts owed to Us or Our affiliates for Royalty Fees, Marketing Fund Fees, or other amounts due against any monies owed to You, which right of set off is hereby expressly waived by You.

#### **45. WAIVER**

No waiver by Us or by You of any covenant or condition or the breach of any covenant or condition of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition, or authorize the breach or non-observance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Us of any payments due to Us hereunder shall not be deemed to be a waiver by Us of any preceding breach by You of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by Us shall be subject to Our continuing review, may subsequently be revoked for any reason effective upon Your receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights We may have.

#### **46. CONSENTS**

Whenever this Agreement requires Our approval or consent, You shall make a timely written request to Us and such approval shall be obtained in writing.

#### **47. JOINT AND SEVERAL OBLIGATION**

If You consist of more than one person, Your liability under this Agreement shall be joint and several.

#### **48. GOVERNING LAW; CONSENT TO VENUE AND JURISDICTION**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1051 et seq.), as amended, or other federal law, this Agreement and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of State in which Our principal place of business is located, which is currently, the Commonwealth of Massachusetts which laws shall prevail in the event of any conflict of law. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Territory is located. If any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced by this Agreement. All claims which, as a matter of law or public policy, cannot be submitted to arbitration in accordance with Section 37 shall be brought within Massachusetts in the judicial district in which We have Our principal place of business; provided, however, with respect to any action which includes injunctive relief, We may bring such action in any court in any state which has jurisdiction. You irrevocably submit to the jurisdiction of such courts and waive any objection You may have to either the jurisdiction or venue of such courts.

#### **49. GOVERNING LANGUAGE**

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that You and Your Principal Owner and Your Operating Principal are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted and written in the English language. In addition, We will provide all services and materials under this Agreement, including without limitations the Manuals and all training programs, seminars, conferences, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

#### **50. ENTIRE AGREEMENT; MODIFICATION**

This Agreement and the Addenda and Exhibits constitute the entire Agreement between the parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the parties. No officer, employee or other servant or agent of Ours or Yours is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Us or You unless in writing and signed by an authorized officer of both You and Us.

Nothing in this Agreement is intended to disclaim the representations We have made in the Franchise Disclosure Document which We furnished to You.

## **51. SEVERABILITY**

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required by the terms of this Agreement, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

## **52. CONSTRUCTION**

The term “You”, “Your”, and “Franchisee” as used herein is applicable to one or more persons, a corporation, a limited liability company, or partnership, or such other form of legal entity as We shall approve from time to time, as the case may be. References to “You”, “Your”, and “Franchisee” applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee, if Franchisee is a corporation, or partnership or limited liability company or other legal business entity.

## **53. HEADINGS**

The headings to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand express provisions of this Agreement.

## **54. GENDER**

Throughout this Agreement, wherever the context requires or permits, the neuter gender shall be deemed to include the masculine and feminine and the singular number, the plural and vice versa.

## **55. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

## **56. SPECIAL REPRESENTATIONS**

You hereby represent as follows:

- (a) You have conducted an independent investigation of Our business and System and recognize that the business venture contemplated by this Agreement involves business risks;
- (b) You acknowledge that We have advised and accorded You ample time and opportunity to consult with advisors and attorneys of Your own choosing about the potential benefits and risks of entering into this Agreement;



(c) You acknowledge that You have received a complete copy of this Agreement, with all Attachments, Addenda and Exhibits referenced in this Agreement, and other related Agreements, if any, at least seven (7) days prior to the date on which this Agreement was executed;

(d) You also acknowledge that prior to the date of this Agreement, no other Agreement was entered into, no promises were made by Us, and no funds were offered to or accepted by Us;

(e) You are aware of the fact that We may in the future modify Our franchise agreements, that some franchisees of Ours may operate under different forms of agreements, and, consequently, that Our obligations and rights in respect to Our various franchisees may differ materially in certain circumstances;

(f) You understand that any training, support, guidance or tools We provide to You as part of the franchise are for the purpose of protecting Our brand and Marks and to assist You in the operation of Your Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Your decisions or day-to-day operations of Your Franchised Business, including Your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Your employees and all other employment and employee related matters; and

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.

## 57. EFFECTIVE DATE

This Agreement shall not be effective until accepted by Us as evidenced by signing by an authorized Managing Member of Franchisor.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement As Of The Day and Year specified in the pre-amble,

FRANCHISOR: CINCH FRANCHISE, LLC

BY: \_\_\_\_\_

OFFICE HELD: \_\_\_\_\_

“INDIVIDUAL FRANCHISEE”

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

PRINT NAME OF INDIVIDUAL

\_\_\_\_\_  
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

FRANCHISEE: \_\_\_\_\_  
PRINT NAME OF INDIVIDUAL

\_\_\_\_\_  
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

“BUSINESS ENTITY FRANCHISEE, MEMBERS, SHAREHOLDERS, MANAGERS AND OFFICERS”

In the event Franchisee is a business entity (corporation, limited liability company or other legal entity) then in accordance with this Agreement, the undersigned, who are each either executive officers or managers, shareholders or member, or other equity participant of the Franchisee, each agree to be jointly and severally personally liable for Franchisee's payment and performance of this Agreement and join in this Agreement on behalf of Franchisee.

“FRANCHISEE”:

\_\_\_\_\_  
PRINT NAME OF BUSINESS ENTITY

\_\_\_\_\_  
PRINT NAME OF OFFICER/  
SHAREHOLDER/MEMBER

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINT NAME OF OFFICER/  
SHAREHOLDER/MEMBER

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE

**ADDENDUM A TO FRANCHISE AGREEMENT  
FRANCHISEE'S DESIGNATED TERRITORY**

In accordance with the provisions of Section 4 of the Franchise Agreement, Franchisee is granted a Designated Territory, hereinafter referred to as "Franchisee's Designated Territory", which encompasses approximately three thousand (3,000) to three thousand five hundred (3,500) qualifying businesses (defined as businesses with ten (10) or more employees). The population in Franchisee's Designated Territory was determined by a review of a combination of records of business establishments and employment which track population counts, and related density and demographic information.

The territory identified by the contiguous zip codes listed on the attached Exhibit A-1 is the Designated Territory in which the Franchisee shall have the right to use the Licensed Rights as set forth in the Franchise Agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Franchisee(s):

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

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

Franchisor: CINCH FRANCHISE, LLC

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

Exhibit A-1  
Designated Territory for CINCH I.T. – \_\_\_\_\_

**Consisting of the following Zip Codes:**

**ADDENDUM B TO FRANCHISE AGREEMENT**

**NOTICE OF KEY EMPLOYEES**

In accordance with the provisions of Section 12 of the Franchise Agreement, the following list of owners, partners, and/or employees, if any, are hereby identified as Key Employees of Franchisee and/or the Franchised Business.

**KEY EMPLOYEES:**

NAMES

RELATIONSHIP TO FRANCHISEE

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

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

Dated this \_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISEE:**

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

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

**FRANCHISOR: CINCH FRANCHISE, LLC**

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

## ADDENDUM C TO FRANCHISE AGREEMENT

### GUARANTY AGREEMENT

This guaranty agreement is entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ with its principal address at \_\_\_\_\_ (“Guarantor”) and Cinch Franchise, LLC with its principal address at 27 West Mountain Street, Worcester, Massachusetts 01606 (“Franchisor”).

#### RECITALS

- A. Whereas, Franchisor and \_\_\_\_\_ (“Franchisee”) have entered into a Franchise Agreement dated \_\_\_\_\_ (“the Franchise Agreement”).
- B. Whereas, Guarantor is a shareholder, director, officer, member, trustee, and/or partner of Franchisee.
- C. Now, Therefore, in consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:
1. Guarantor warrants that the facts contained in Recital A and B are correct;
  2. Guarantor has read the terms and conditions of the Franchise Agreement;
  3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement and that Franchisee is obligated to perform thereunder;
  4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;
  5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement by Franchisee;
  6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;

7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any guarantor, or settle, adjust or compromise any claims against Franchisee or any guarantor;
8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee;
9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by the laws of the state in which Franchisor's principal place of business is located, which is currently Massachusetts and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Massachusetts;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;

15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address  
\_\_\_\_\_

Signed, sealed and delivered by the above-named Guarantor in the presence of:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address  
\_\_\_\_\_



ADDENDUM D TO FRANCHISE AGREEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee ("I," "me" or "my") if I have multiple owners or if I, or my Franchised Business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise to me.

1. **Form of Owner.** I am a (check one):

- (i) General Partnership \_\_\_\_\_
- (ii) Corporation \_\_\_\_\_
- (iii) Limited Partnership \_\_\_\_\_
- (iv) Limited Liability Company \_\_\_\_\_
- (v) Other \_\_\_\_\_  
Specify: \_\_\_\_\_

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_ under the laws of the State/Commonwealth of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., operating principal, officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person Held</u>	<u>Position(s)</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	Operating Principal _____
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g.,

articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 20\_\_\_\_.

**OWNER INDIVIDUALS:**

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

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

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

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

**CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP:**

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

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

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

## ADDENDUM E TO FRANCHISE AGREEMENT

### ACKNOWLEDGEMENT STATEMENT

**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.

#### OWNER INDIVIDUALS:

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

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

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

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

#### CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

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

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

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

**ADDENDUM F TO FRANCHISE AGREEMENT  
ELECTRONIC FUNDS TRANSFER (EFT)  
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS**

I (We, if joint account) the undersigned hereby authorize Cinch Franchise, LLC, a limited liability company, with principal offices at 27 West Mountain Street, Worcester, Massachusetts 01606, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalties or other amounts which I may owe Cinch Franchise, LLC. I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with Cinch Franchise, LLC. If I (we) do not have enough money in my (our) account to cover the transfer or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with Cinch Franchise, LLC.

<b>ACH Information</b>		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		

I (we) acknowledge that these funds will be debited on the 15<sup>th</sup> of each month, or the closest business day thereafter or other day we designate in the Operations Manual.

Name(s): \_\_\_\_\_

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

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

Day Phone: ( ) \_\_\_\_\_ Evening Phones: ( ) \_\_\_\_\_

**ADDENDUM G TO FRANCHISE AGREEMENT**

**VETERAN AMENDMENT TO FRANCHISE AGREEMENT**

**THIS AMENDMENT TO FRANCHISE AGREEMENT** (the “Amendment”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Cinch Franchise, LLC, a Massachusetts limited liability company with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (hereinafter "Franchisor"), and \_\_\_\_\_, [a/an] \_\_\_\_\_ with its \_\_\_\_\_ at \_\_\_\_\_ (hereinafter ["Franchisee" or “Franchisee’s Spouse”]).

**WITNESSETH**

**WHEREAS**, Franchisor and Franchisee desire to enter into a Franchise Agreement of even date herewith with respect to the operation of a business which provides business computer support, general I.T. support, and other technology related services (hereinafter “the Franchise Agreement”);

**WHEREAS**, Franchisor and Franchisee have agreed to amend the Franchise Agreement as set forth herein to provide certain discounts to Franchisee based upon Franchisee’s (or Franchisee’s owner’s) status as a United States Veteran as a condition to entering into the Franchise Agreement;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Section 7(a) of the Franchise Agreement is hereby amended by adding the following provision to that section:

“Based upon the status of Franchisee, where Franchisee is an individual, or the status of Franchisee’s owner, where Franchisee is a business entity, as an honorably discharged Veteran of a branch of the United States armed forces, Franchisor hereby reduces Franchisee’s Initial Franchise Fee by fifty percent (50%). Franchisee shall pay to Franchisor an Initial Franchise Fee of \$\_\_\_\_\_ Dollars (\$\_\_\_\_\_.00) in a lump sum when Franchisee signs the Franchise Agreement.”

2. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

3. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

IN WITNESS THEREOF, the parties hereto have executed this Amendment on the day and year first above written.

CINCH FRANCHISE, LLC

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

FRANCHISEE

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

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

## MULTI-UNIT DEVELOPMENT AGREEMENT

**THIS MULTI-UNIT DEVELOPMENT AGREEMENT** (the “Agreement”) is made at Worcester, Massachusetts, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the “Effective Date”) by and between Cinch Franchise, LLC, a Massachusetts limited liability company with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (hereinafter referred to as “We,” “Us,” “Our” or “Franchisor”), and \_\_\_\_\_ a/an \_\_\_\_\_ Individual/Entity with its principal address at \_\_\_\_\_, (hereinafter referred to as “You,” “Your,” or “Multi-Unit Developer”) and, if Multi-Unit Developer is a partnership, corporation, trust or limited liability company, including each of its partners, shareholders, or members. Franchisor and Multi-Unit Developer may be collectively referred to as “Parties”.

### RECITALS

1. We and Our affiliates and/or predecessors have developed a system for establishing, operating and marketing an Information Technology (I.T.) support business providing business computer support, general I.T. support, and other technology related services under the trade name and/or trademark “CINCH I.T.” and Franchisor is currently marketing and selling franchises under that name and/or mark;
2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for providing Information Technology Support Services (“Franchisor’s System” or “System”), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the CINCH I.T. business (“System Standards”), which System Standards may be further developed by Us;
3. Our System is used in connection with the name CINCH I.T., CINCH I.T. design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like (“e-marks”) and copyrights (hereinafter referred to collectively as “Marks”), as We have adopted and designated, or may subsequent to the date of this Agreement acquire and/or develop and designate for use in connection with Our System (“Licensed Rights”);
4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;
5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated with and licensed by Us and from utilizing the Licensed Rights as We make available to Our franchisees through and under franchise agreements;



6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through CINCH I.T. businesses, which will continue to be a major benefit to Us and those associated with Us;
7. You desire to obtain the right to develop, manage and operate the number of CINCH I.T. Franchised Businesses listed under the development schedule described in Addendum B attached hereto (“Development Schedule”) and within the designated territories (“Designated Territories”) described in Addendum A attached hereto (“Development Area”), under Our System and Marks, as well as to receive assistance provided by Us in connection therewith;
8. Each Designated Territory described in the Development Area, attached as Addendum A to this Agreement, is being made available by Us as a territory for a single unit CINCH I.T. franchised business; and
9. You acknowledge that You have read this Agreement and Franchisor's franchise disclosure document (“Franchise Disclosure Document”), and that You have no knowledge of any representations about the franchise or about Franchisor or its franchising program or policies made by Franchisor or by its managers, officers, directors, shareholders, members, employees or agents which are contrary to the statements in Franchisor's Franchise Disclosure Document or to the terms of this Agreement, and that You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of the System Standards at all CINCH I.T. businesses which operate pursuant to the System and thereby to protect and preserve the goodwill of the Licensed Rights.

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the Parties agree as follows:

## **1. INCORPORATION OF RECITALS**

The Recitals are incorporated herein by reference.

## **2. GRANT**

2.1 We hereby grant to You the right and license to develop the number of CINCH I.T. Franchised Businesses listed in Addendum B in strict accordance with the Licensed Rights within the Development Area described in Addendum A. This Agreement is not a license or franchise agreement. It does not give You the right to operate a CINCH I.T. franchised business or use the System or the Marks, nor does it give You any right to license others to operate CINCH I.T. businesses. Each CINCH I.T. Franchised Business shall be governed by and operated according to the terms of the individual franchise agreement (“Franchise Agreement”) signed by Franchisor and Multi-Unit Developer or its approved affiliate with respect thereto.

2.2 If You are developing CINCH I.T. Franchised Businesses, and comply with the terms of this Agreement, the Development Schedule, and the individual Franchise Agreement for each CINCH I.T. Franchised Business, then We will not franchise or license others to use the Licensed Rights, nor will We, directly or indirectly develop, own or operate a CINCH I.T. business office, in any Designated Territory identified as part of the Development Area during the term hereof. We reserve the right to sell products and services under the Marks or any other marks, through any other channels of distribution, including the Internet. We also reserve the right to (a) establish, operate or license to any other person or entity the right to establish or operate a CINCH I.T. Franchised Business at any location outside the Development Area; (b) develop, lease and license the use of, at any location inside or outside of the Development Area, trademarks other than the Marks, in connection with the operation of a system which offers products or services which are similar to or different from those offered under the System, on any terms or conditions which We deem advisable; (c) merge with, acquire or be acquired by any other business, including a business that competes with the CINCH I.T. Franchised Businesses operated by You, whether located inside or outside of the Development Area; (d) acquire any information technology support business operated by competitors, or operated independently as part of, or in association with, any other system or chain, whether franchised or corporately owned, and convert it to the CINCH I.T. System inside or outside of the Development Area; and (e) implement multi-area marketing programs which may allow Us, Our affiliates or other CINCH I.T. franchisees to solicit or sell to clients anywhere, and to issue mandatory policies to coordinate these multi-area marketing programs. Upon the expiration or termination of this Agreement, You will no longer have a designated Development Area and each CINCH I.T. Franchised Business that You opened will be limited to operating solely within the Franchisee's Designated Territory described in the individual Franchise Agreement.

2.3 You shall ensure that a person having management responsibility at each CINCH I.T. Franchised Business ("Designated Manager") shall be fully trained and at all times devote his or her full time attention to managing, supervising, and developing each CINCH I.T. Franchised Business and that the Designated Manager is at all times identified to Us. You shall identify all equity owners of Multi-Unit Developer by completing the Principal Owner's Statement attached to this Agreement as Addendum D. You shall provide Us with an updated form of Addendum D within five (5) business days of any change in the equity ownership of Multi-Unit Developer. Your failure to provide Us with an updated Addendum D within the timeframe specified in this Section 2.3 shall constitute a material default of this Agreement.

2.4 If You are a legal business entity, You must be newly formed. Further, You must appoint an individual owner as Your Operating Principal who must have authority over all business decisions related to this Agreement and must have the power to bind You in all dealings with Us. Your Operating Principal must have at least a twenty five percent (25%) ownership interest in the Multi-Unit Developer entity. You must provide Us with written notice of Your Operating Principal by completing the Principal Owner's Statement attached to this Agreement as Addendum D and may not change Your Operating Principal without Our prior written approval. Each and every person with an ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us.

### **3. TERM**

Unless sooner terminated pursuant to the provisions of Section 6, the term of this Agreement shall expire upon the earlier of (a) the completion date listed on Addendum B, or (b) completion of the term of the Development Schedule. There is no renewal term for this Agreement.

### **4. FRANCHISEE ENTITY, INITIAL FRANCHISE FEE AND INITIAL TRAINING FEE**

4.1 If You propose that an affiliated entity will own and operate one of Your CINCH I.T. Franchised Businesses provided for in this Agreement, You must submit information to Us regarding the proposed franchisee entity. We reserve the right to request as much additional information regarding the proposed franchisee entity and its ownership as We deem necessary, in Our sole discretion, and You agree to provide the information immediately upon request. You understand and acknowledge that We shall have the sole right to approve or deny the proposed franchisee entity as a substitute for the Multi-Unit Developer as the Franchisee. With respect to each CINCH I.T. Franchised Business to be developed under this Agreement, You may locate the business office of the Franchised Business pursuant to the terms of each Franchise Agreement. It is the express intent of the Parties hereto to limit Our responsibility under this Section to general guidance and assistance as We may periodically provide in Our operations manual (“Operations Manual”).

4.2 You shall pay to Us an initial franchise fee (“Initial Franchise Fee”) of Fifteen Thousand Dollars (\$15,000.00) for the first CINCH I.T. Franchise Agreement and a development fee (“Development Fee”) of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) for each additional CINCH I.T. Franchised Business to be developed under this Agreement. The Initial Franchise Fee and Development Fee are due in full upon the execution of this Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable, regardless of whether You open any of the CINCH I.T. Franchised Businesses You are obligated to open in the Development Area. We will credit each Development Fee paid as full payment of the initial franchise fee due for each subsequent franchise to be opened under this Agreement.

4.3 You shall pay to Us an initial training fee (“Initial Training Fee”) of Thirty Thousand Dollars (\$30,000.00) when You sign Your first CINCH I.T. Franchise Agreement. The then-current Initial Training Fee for the second CINCH I.T. Franchised Business to be developed under this Agreement will be reduced twenty five percent (25%). Thereafter, for the third and each subsequent CINCH I.T. Franchised Business to be developed under this Agreement, the then-current Initial Training Fee will be reduced by fifty percent (50%). You must pay each Initial Training Fee in a lump sum when you sign each Franchise Agreement. All amounts collected shall be deemed fully earned immediately upon receipt and shall be non-refundable.

### **5. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

5.1 You shall exercise the development rights granted under this Agreement only by

entering into a separate Franchise Agreement with Us for each CINCH I.T. Franchised Business for which a development right is granted for that Franchised Business pursuant to the terms of the Development Schedule. The Franchise Agreement for the first CINCH I.T. Franchised Business to be developed under this Agreement shall be executed and delivered at the same time You sign this Agreement. All subsequent CINCH I.T. Franchised Businesses developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by Us for a CINCH I.T. Franchised Business. You acknowledge that the then-current form of Franchise Agreement may differ from Our current Franchise Agreement, and may include materially different economic terms, including, but not limited to, higher training fees and marketing fund contributions, however, the franchise fee and royalty fee will remain the same as the first Franchise Agreement.

## 5.2 Development Schedule.

(a) Acknowledging that time is of the essence, You agree to exercise Your development rights according to Section 5.1 and according to the Development Schedule set forth on Addendum B, which schedule designates the number of CINCH I.T. Franchised Businesses in the Development Area to be established and in operation by You upon the expiration of each of the designated development periods (“Development Periods”).

(b) During any Development Period, You may, with Our prior written consent, develop more than the number of CINCH I.T. Franchised Businesses that You are required to develop during that Development Period. Any CINCH I.T. Franchised Businesses developed during a Development Period in excess of the minimum number of CINCH I.T. Franchised Businesses required to be developed upon expiration of that Development Period shall be applied to satisfy Your development obligation during the next succeeding Development Period. You shall not open more than the number of CINCH I.T. Franchised Businesses You are obligated to develop under this Agreement, as set forth in the Development Schedule; provided, however, that You may be permitted to open CINCH I.T. Franchised Businesses in excess of the number permitted by the Development Schedule if You receive Our advanced written permission, which may be granted or denied in Our sole discretion. You shall pay Us the then-current Initial Franchise Fee and the then-current Initial Training Fee, reduced as applicable, at the time You sign a Franchise Agreement for any additional CINCH I.T. Franchised Businesses.

(c) If during the term of this Agreement, You, in accordance with the terms of any Franchise Agreement for a CINCH I.T. Franchised Business developed under this Agreement, transfer Your interest in such CINCH I.T. Franchised Business, the transferred CINCH I.T. Franchised Business shall continue to be counted in determining whether You have complied with the Development Schedule so long as it continues to be operated as a CINCH I.T. Franchised Business.

### (d) Opening Schedule.

(i) You shall open each CINCH I.T. Franchised Business and shall commence

business in accordance with the Development Schedule set forth on Addendum B, unless, subject to Our approval, You obtain an extension of the Development Period from Us to commence operation of a particular CINCH I.T. Franchised Business under the procedure defined in (d)(ii) below. Each extension shall be for an additional ninety (90) day period commencing upon the expiration of the applicable Development Period, including any previous extensions thereof (“Extension Date”). No more than two (2) extensions of any Development Period will be permitted. If an extension of a Development Period is granted by Us, the Opening Date for the CINCH I.T. Franchised Business (as defined in the Franchise Agreement) shall be extended to the Extension Date. No extension of any Development Period shall affect the duration of any other Development Period or any of Your other development obligations. If an extension is requested in the final Development Period, the term of this Agreement shall be extended to the Extension Date, and thereafter You shall have no further rights under this Agreement. Each extension may be conditioned upon payment of an extension fee (“Extension Fee”) of Five Thousand Dollars (\$5,000.00) per extension.

(ii) You shall notify Us in writing at least thirty (30) days prior to the Projected Opening Date (defined below) for a CINCH I.T. Franchised Business if You will be unable to commence operation of the CINCH I.T. Franchised Business by the expiration date of the Development Period in which such CINCH I.T. Franchised Business was to have been opened. In such notice You shall request that We consider Your request for an extension and shall include a description of the reasons for Your failure to develop the CINCH I.T. Franchised Business in a timely manner and the expected date of opening, if the extension were to be granted, along with payment of the Extension Fee if required.

(e) Failure by You to adhere to the Development Schedule (including any extensions approved by Franchisor) shall constitute a material event of default under this Agreement.

5.3 You acknowledge that the projected opening dates (“Projected Opening Dates”) for each CINCH I.T. Franchised Business set forth on Addendum B are reasonable and consistent with the requirements of the Development Schedule. You shall execute a Franchise Agreement for each CINCH I.T. Franchised Business at or prior to the applicable execution deadline (“Execution Deadline”) set forth on Addendum B. The Parties agree that, except with respect to the Franchise Agreement executed concurrently herewith, the Execution Deadline shall be a date no later than six (6) months prior to the Projected Opening Date for each subsequent CINCH I.T. Franchised Business to be developed.

## **6. FRANCHISE AGREEMENT**

You shall not commence opening any CINCH I.T. Franchised Business until the individual Franchise Agreement for said CINCH I.T. Franchised Business has been signed by both the Multi-Unit Developer, or its affiliate, and Franchisor.

## **7. DEFAULT AND TERMINATION**

You shall be in default under this Agreement should You (or Your affiliate): (a) fail to comply with the Development Schedule; (b) fail to perform any of Your obligations under this Agreement or any individual Franchise Agreement; (c) cease to be a Franchisee of Franchisor in good standing; or (d) fail to comply with the provisions on transfer contained herein.

Upon the default, We shall have the right, at Our option, and in Our sole discretion, to do any or all of the following:

- 7.1 terminate this Agreement;
- 7.2 terminate the territorial rights granted to You; or
- 7.3 reduce the size of Your Development Area or the number of CINCH I.T. Franchised Businesses You may develop in the Development Area.

In addition, if any individual Franchise Agreement issued to You or an approved affiliate of Yours, whether or not issued pursuant to this Agreement, is terminated for any reason, We shall have the right to terminate this Agreement on immediate written notice to You. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect, and We shall have the right to open, or license others to open, CINCH I.T. Businesses within the Development Area. For purposes of this Section 7, any Franchise Agreement issued by Us to You or Your approved affiliates, or any corporation, limited liability company, partnership or joint venture, in which You or Your affiliates, or any stockholder, member, partner or joint venturer of Yours or Your affiliates, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to You.

## **8. ASSIGNMENT**

8.1 We shall have the absolute right to transfer or assign all or any part of Our rights or obligations hereunder to any person or legal entity which assumes Our obligations under this Agreement and We shall thereby be released from any and all further liability to You.

8.2 By Multi-Unit Developer.

(a) You understand and acknowledge that the rights and duties set forth in this Agreement are personal to You and are granted in reliance upon the personal qualifications of You or Your principals. You have represented to Us that You are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development and option rights hereunder.

(b) Neither You nor any affiliate, partner, member, or shareholder thereof shall, without Our prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in the Multi-Unit Developer. Any proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Our prior written consent, shall be a

material default of this Agreement.

(c) Any assignment, transfer or other disposition by You or Your affiliate of a single-unit CINCH I.T. Franchised Business within the Development Area will be governed by the Franchise Agreement to which the single-unit CINCH I.T. Franchised Business is bound.

(d) Subject to the other provisions of Section 8 herein, including Section 8.2(c) above and Section 8.2(e) below, if You wish to sell, transfer or otherwise assign any portion, or all, of the Development Area, You shall notify Us in writing, and We will then approve or disapprove the same in Our sole discretion, and in addition, We may require any or all of the following as conditions of Our approval:

(i) All of Your and Your affiliates' accrued monetary obligations and all other outstanding obligations to Us, Our affiliates and suppliers must be fully paid and satisfied;

(ii) You and Your affiliates must not be in default of any provision of Your Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between You or Your affiliates and Us, Our subsidiaries or affiliates;

(iii) You and each of Your affiliates, shareholders, members, partners, officers, managers and directors must sign a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Us, of any and all claims against Us and Our affiliates, managers, officers, directors, members, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(iv) The transferee must enter into a written assignment, under seal and in a form satisfactory to Us, assuming and agreeing to discharge all of Your obligations under this Agreement and the relevant Franchise Agreement(s), and the transferee's principals, individually, shall guarantee the performance of all these obligations in writing in a form satisfactory to Us;

(v) The transferee must demonstrate to Our satisfaction that the transferee meets Our then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to open and operate the CINCH I.T. Franchised Businesses (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Multi-Unit Developers; and has sufficient equity capital, as determined by Us in Our sole discretion, to open and operate the CINCH I.T. Franchised Businesses required under the terms of this Multi-Unit Development Agreement;

(vi) At Our option, the transferee must sign (and, upon Our request, shall cause all interested parties to sign), for a term ending on the expiration date of each

of the Franchise Agreement(s) and with the renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement, and concurrently sign, for a term ending on the expiration date of this Agreement, the standard form of Multi-Unit Development Agreement then being offered to new Multi-Unit Developers and any other ancillary agreements as We may require for the CINCH I.T. Franchised Businesses, which agreements shall supersede the Franchise Agreements and the Multi-Unit Development Agreement between You and Us in all respects and the terms of which agreements may differ from the terms of the Franchise Agreements and the Multi-Unit Development Agreement, including, without limitation, the implementation of other fees;

(vii) You, Your principals and Your affiliates must remain liable for all direct and indirect obligations to Us in connection with the CINCH I.T. Franchised Businesses before the effective date of transfer and will continue to remain responsible for Your obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and Guaranty Agreement, attached to this Agreement as Addendum C and shall sign any and all instruments reasonably requested by Us to further evidence this liability;

(viii) You or Your approved transferee shall pay to Us, at the time of said transfer, a transfer fee (“Development Transfer Fee”) equal to Five Thousand Dollars (\$5,000.00) for each unopened CINCH I.T. Franchised Business to be transferred, and Ten Thousand Dollars (\$10,000.00) for each CINCH I.T. Franchised Business which is open and operating at the time You notify Us of Your intent to transfer or assign this Agreement (which transfer or assignment shall be in compliance with the terms of each open CINCH I.T. individual Franchise Agreement), to cover Our administrative and other expenses in connection with the transfer of the CINCH I.T. Franchised Businesses by You; and

(e) If You, Your principals or Your affiliates shall at any time determine to sell, transfer or otherwise dispose of all or part of the rights under this Agreement or an ownership interest in You or the Multi-Unit Developer entity, and You, Your principals or Your affiliates shall obtain a bona fide, signed written offer from a responsible and fully disclosed prospective buyer, You shall notify Us in writing of each offer, and We shall have the right and option, exercisable within a period of thirty (30) days from the date of delivery of this offer, by written notice to You or Your owners, to acquire the rights under this Agreement or this ownership interest for the price and on the terms and conditions contained in said prospective buyer's offer. If We do not exercise Our right of first refusal, You, Your principals or Your affiliates may complete the sale of Multi-Unit Developer or said ownership interest, subject to Our approval of the buyer and all other conditions set forth in this Section 8.2, provided that if this sale is not completed within ninety (90) days after delivery of this offer to Us, We shall again have the right of first refusal herein provided. In the event that You wish to publicly offer Your shares in any partnership or corporation which has an ownership interest in the Multi-Unit Developer, said public offering shall be subject to Our approval; this approval shall not be unreasonably withheld.



8.3 Each shareholder, member, or partner of the corporation, limited liability company, or partnership which is granted the rights to serve as the Multi-Unit Developer hereunder shall be a party to a shareholders' agreement, operating agreement, or partnership agreement which shall provide, inter alia, that upon any dissolution of the corporation, limited liability company, or partnership, or upon any divorce decree among the parties who are also shareholders, members, or partners, that ownership of the shares, membership interest, or partnership interest shall be transferred to the shareholder, member, or partner for agreed upon consideration, which has primary responsibility for management activities, typically the President, following any dissolution or decree. The form and content of the shareholders' agreement, operating agreement, or partnership agreement must be approved by Us before execution. Your failure to comply with this Section 8.3 shall constitute a material default of this Agreement.

## **9. FORCE MAJEURE**

In the event that You are unable to comply with the Development Schedule due to strike, riot, civil disorder, war, fire, natural catastrophe or other similar events beyond Your control, upon notice to Us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days; provided, however, that this Section 9 shall not extend the time for payment of any monetary obligations owed to Us.

## **10. CONFIDENTIALITY**

10.1 Nothing contained in this Agreement shall be construed to require Us to divulge to You any trade secrets, techniques, methods or processes except the material contained in Our Operations Manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. You acknowledge that Your knowledge of Our know-how, processes, techniques, information and other proprietary data is derived entirely from information disclosed to You by Us and that the information is proprietary, confidential and a trade secret ("Confidential Information") of Ours. You agree to adhere fully and strictly to the confidentiality of the information and to exercise the highest degree of diligence in safeguarding Our trade secrets during and after the term of this Agreement. You shall divulge the material only to Your employees and agents and only to the extent necessary to permit the efficient operation of the CINCH I.T. Franchised Businesses. It is expressly agreed that the ownership of all the Confidential Information and property is and shall remain vested solely in Us.

10.2 You agree that all terms of this Agreement shall remain confidential and You shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third (3<sup>rd</sup>) parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without Our prior written consent unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that You may disclose the terms of this Agreement to Your professional advisors and lenders. We shall be free to make the disclosure of the terms of this Agreement as We determine, in Our sole discretion, to be in the best interest of Us or the System.

## 11. NON-COMPETITION AND NON-SOLICITATION

11.1 You have heretofore specifically acknowledged that, pursuant to this Agreement, You will receive valuable specialized Confidential Information and information regarding the business of Franchisor, and the Franchisor's System. You covenant that during the term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Us, You shall not, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any person, persons, partners, corporations or other recognized legal business entity:

(a) solicit, divert or attempt to solicit or divert any business or client of any of Your CINCH I.T. Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with the Licensed Rights or Our System; or

(b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by, make loans to, or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business that (i) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by a CINCH I.T. franchised business prior to the termination or expiration of this Agreement (a "Competitive Business") or (ii) grants franchises or licenses to others to operate a Competitive Business.

11.2 You covenant that, except as otherwise approved in writing by Us, You shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for Yourself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to a CINCH I.T. franchised business and which is located within a radius of twenty-five (25) miles of each Designated Territory described in the Development Area hereunder or within twenty-five (25) miles of the location of any Franchisor-owned, franchisee-owned or affiliate-owned CINCH I.T. Business under the System which is in existence on the date of expiration or termination of this Agreement.

11.3 Sections 11.1 and 11.2 shall not apply to ownership by You of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation provided that You have no management responsibility or advisory responsibility with such publicly-traded company.

11.4 The Parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 11 are held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, You expressly

agree to be bound by any lesser covenant subsumed within the terms of this covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 11.

11.5 You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce the scope of any covenant set forth in Sections 11.1 and 11.2 in this Agreement, or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof, and You agree that You shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

11.6 You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section 11. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Us in connection with the enforcement of this Section 11 provided We prevail in any or all of Our claims against You.

11.7 You acknowledge that Your violation of the terms of this Section 11 would result in irreparable injury to Us for which no adequate remedy at law may be available, and You accordingly consent to the issuance of an injunction by any court of competent jurisdiction or arbitrator having jurisdiction over the Agreement prohibiting any conduct by You in violation of the terms of this Section 11.

11.8 At Our request, You shall require and obtain execution of covenants similar to those set forth in this Section 11 (including covenants applicable upon the termination of a person's relationship with You) from any or all of the following persons: (a) all directors and managers of each CINCH I.T. Franchised Business; (b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Multi-Unit Developer and of any corporation directly or indirectly controlling Multi-Unit Developer if You are a corporation; and (c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if You are a limited liability company or partnership. All covenants required by this Section 11 shall be in forms satisfactory to Us, including, without limitation, specific identification of Us as a third (3<sup>rd</sup>) party beneficiary of these covenants with the independent right to enforce them. Failure by You to obtain execution of a covenant required by this Section 11 shall constitute a material default under Section 7 hereunder.

## **12. ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding of the Parties with respect to the development of the Development Area, and shall not be modified except by a written agreement signed by the Parties hereto. Where this Agreement and any Franchise Agreement between the Parties conflict with respect to the amount or payment terms of Initial Franchise Fees or equity interests held by You or Your owners, the terms of this Agreement shall govern. Under no circumstances do the Parties intend that this Agreement be interpreted in a way as to grant You

any rights to grant sub-franchises in the Development Area. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

### **13. MONTHLY REPORTS**

You agree that You shall provide to Us a monthly report of Your activities and progress in developing and establishing CINCH I.T. Franchised Businesses as provided herein. The monthly reports shall be submitted no later than the fourteenth (14<sup>th</sup>) day of the next succeeding month during the term of this Agreement.

### **14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 It is acknowledged and agreed that the Multi-Unit Developer and Franchisor are independent contractors and nothing contained herein shall be construed as constituting You as the agent, partner, joint venturer, joint employer or legal representative of Ours for any purpose whatsoever. You shall enter into contracts for the development of the Development Area contemplated by this Agreement at Your sole risk and expense and shall be solely responsible for the direction, control and management of Your agents and employees. You acknowledge that You do not have authority to incur any obligations, responsibilities or liabilities on behalf of Us, or to bind Us or Our affiliates by any representations or warranties, and agree not to hold Yourself out as having this authority.

14.2 You agree to protect, defend, indemnify and hold Us harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Your carrying out Your obligations hereunder.

### **15. COMPLIANCE WITH APPLICABLE LAWS**

You shall develop all CINCH I.T. Franchised Businesses in the Development Area in accordance and compliance with all applicable federal, state and local statutes and laws, including all relevant laws, ordinances and regulations (where applicable) relating to the offer of information technology support services, and other technology related services and agree to promptly pay all financial obligations incurred in connection therewith.

### **16. CHANGE IN DEVELOPMENT AREA**

The Parties acknowledge that the development of the Development Area as anticipated hereunder has been determined according to the needs of the Multi-Unit Developer's targeted markets in the Development Area, as determined by You and Us, as of the date of execution of this Agreement. You understand that, if there is an increased public demand for the products and services offered by Us due to an increase in the number of businesses in the Development Area, We will expect You to develop the CINCH I.T. Franchised Businesses within the Development Area to maximize sales and properly service the demand within the Development Area.

## **17. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their heirs, successors, permitted assigns and personal representatives.

## **18. APPLICABLE LAW**

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, which laws shall govern in the event of any conflict of laws, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.). The Parties expressly consent to personal jurisdiction in the Commonwealth of Massachusetts and agree that, except as set forth in Section 21, the state and federal court(s) located in Worcester, Massachusetts will have exclusive jurisdiction for the purposes of carrying out this provision.

## **19. RECEIPT OF DOCUMENTS**

You acknowledge receipt of the Multi-Unit Development Agreement, Franchise Agreement, and other contracts for the CINCH I.T. Franchised Business complete with all material terms at least seven (7) calendar days before execution hereof or payment of any monies.

## **20. NOTICE**

All approvals, requests, notices, and reports required or permitted to be given hereunder shall be in writing and all such notices, and any other material required to be delivered hereunder, shall be considered duly given if by (i) hand delivery, facsimile, e-mail or comparable electronic system, or if sent by (ii) registered or certified mail, postage prepaid, return receipt requested, or (iii) overnight delivery paid for by sender, and addressed as follows:

Notices to Franchisor:  
CINCH Franchise, LLC at:  
27 West Mountain Street  
Worcester, Massachusetts 01606;

Notice to Multi-Unit Developer:

Or at such other address as Franchisor or Multi-Unit Developer shall have specified by written notice to the other party hereunder. Such notice shall be deemed to have been received (i) if hand delivered, facsimile, e-mail or comparable electronic system, on the date delivered; (ii) if by registered or certified mail, then three (3) business days after mailing; and (iii) if by overnight delivery, then the first business day after being sent.

## **21. ARBITRATION**

21.1 Except for matters where either party seeks equitable relief, neither party will seek

a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If the Multi-Unit Developer is an individual, You will be Your designated representative. If the Multi-Unit Developer is a legal entity, Your Operating Principal will be Your designated representative. At least one (1) meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The Parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conference(s) do not resolve the dispute, either party may pursue mediation in accordance with Section 21.2.

21.2 If the dispute is not resolved pursuant to Section 21.1 above, the Parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association unless both Parties agree to waive mediation and proceed directly to arbitration as set forth in Section 21.3. Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the Parties.

21.3 If the Parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the Parties will make a diligent effort to do), the Parties agree that all controversies, claims and disputes between them arising out of or relating to this Agreement, the rights and obligations of the Parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the development of the development rights by You shall be finally resolved by submitting this matter to binding arbitration under the auspices of, and using the commercial arbitration rules of, the American Arbitration Association as such rules are in effect as of the date the demand for arbitration is filed. In accordance with the terms of the Federal Arbitration Act, the Arbitrator shall hear the dispute in the American Arbitration Association offices in Worcester, Massachusetts or their closest office thereto. The arbitrator shall have no authority to amend or modify the terms of this Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. You know, understand, and agree that it is the intent of the Parties that any arbitration between Franchisor and the Multi-Unit Developer shall be of the Multi-Unit Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis, and You hereby waive any right You may assert to have Your claims arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

21.4 Notwithstanding any provision contained in this Section 21, We may, at Our sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against You that may be necessary to protect the Marks or other rights or property. However, in Our sole discretion, the final right of determination

of the ultimate controversy, claim or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall You be entitled to make, shall not make, and hereby waive, any claim for money damages by way of set-off, counterclaim, defense or otherwise based upon any claim or assertion by You that We have unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by You under any of the terms of this Agreement. Your sole remedy for any claim shall be an action or proceeding to enforce any provisions, for specific performance or declaratory judgment.

## **22. MODIFICATION BY FRANCHISOR**

We may modify and update Our Operations Manuals, the Marks and the System Standards unilaterally under any conditions and to any extent which We, in the exercise of Our sole discretion, deem necessary to meet competition, protect trademarks or trade name, or improve the quality of the products or services provided through the CINCH I.T. Franchised Businesses, and You shall exclusively incur the costs of any change in the CINCH I.T. Franchised Business or the System which has been caused by this modification. In the event that any improvement or addition to the Operations Manuals, the System Standards or the Marks is developed by You, then You agree to assign all right, title, and interest to such improvement or addition or, if such assignment is prohibited by law, to grant to Us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sub-license the improvement or addition.

## **23. ACKNOWLEDGEMENTS**

23.1 You acknowledge and recognize that different terms and conditions, including different fee structures, may pertain to different multi-unit developer agreements and franchise agreements offered in the past, contemporaneously herewith, or in the future, and that We do not represent that all multi-unit developer agreements or franchise agreements are or will be identical.

23.2 You acknowledge that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which We are a party.

23.3 You represent to Us that You have the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of Your obligations hereunder and furthermore that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multi-Unit Developer.

23.4 You acknowledge and accept the following:

**YOU HAVE BEEN GIVEN THE OPPORTUNITY TO OBTAIN INDEPENDENT ADVICE FROM LEGAL AND OTHER PROFESSIONALS BEFORE ENTERING INTO THIS AGREEMENT. THIS OFFERING IS NOT A SECURITY AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES AND CONTRACTORS OF THE CINCH I.T. FRANCHISED BUSINESSES RESTS SOLELY WITH YOU.**

23.5 Nothing in the Agreement or in any related agreement is intended to disclaim the representations We made in the Franchise Disclosure Document.23.6 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.

**IN WITNESS WHEREOF**, the Parties hereto have duly signed and delivered this Agreement on the day and year first written above.

**“FRANCHISOR”: CINCH FRANCHISE, LLC**

BY: \_\_\_\_\_

OFFICE HELD:

**“MULTI-UNIT DEVELOPER”:** \_\_\_\_\_

\_\_\_\_\_  
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

**“BUSINESS ENTITY MULTI-UNIT DEVELOPER, ITS OFFICERS, MEMBERS AND SHAREHOLDERS”**

In the event the **Multi-Unit Developer** is a corporation, limited liability company or other legal entity then in accordance with this Agreement, the undersigned, who are each either executive officers or shareholders or members, or other equity participants of the **Multi-Unit Developer**, each agree to be jointly and severally personally liable for **Multi-Unit Developer's** payment and performance of this Agreement and join in this Agreement on behalf of the **Multi-Unit Developer**.

**BUSINESS ENTITY FRANCHISEE:** \_\_\_\_\_

\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
OFFICER TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PRINT NAME

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
OFFICER TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE



MULTI-UNIT DEVELOPMENT AGREEMENT  
ADDENDUM A  
DEVELOPMENT AREA

ADDENDUM A  
DEVELOPMENT AREA

<b>CINCH I.T. FRANCHISED BUSINESSES</b>	<b>DEVELOPMENT AREA INCLUDES THE FOLLOWING DESIGNATED TERRITORIES:</b>
Franchise # 1	Designated Territory # 1:
Franchise # 2	Designated Territory # 2:

MULTI-UNIT DEVELOPMENT AGREEMENT  
ADDENDUM B  
DEVELOPMENT SCHEDULE

ADDENDUM B  
DEVELOPMENT SCHEDULE

<b>CINCH I.T. FRANCHISED BUSINESS</b>	<b>DEVELOPMENT PERIOD</b>	<b>FRANCHISE AGREEMENT EXECUTION/PAYMENT OF TRAINING FEE DEADLINE</b>	<b>PROJECTED OPENING DATE</b>
Franchise # 1			
Franchise # 2			

Number of CINCH I.T. Franchised Businesses to be Developed:

Initial Franchise Fee Paid:

Development Fees Paid:

Completion Date:

MULTI-UNIT DEVELOPMENT AGREEMENT  
ADDENDUM C  
GUARANTY AGREEMENT

## ADDENDUM C

### GUARANTY AGREEMENT

This guaranty agreement is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, between \_\_\_\_\_ of \_\_\_\_\_ (“Guarantor”) and Cinch Franchise, LLC with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (“Franchisor”).

#### WHEREAS:

- A. Franchisor and \_\_\_\_\_ (“Multi-Unit Developer”) have entered into a Multi-Unit Development Agreement dated \_\_\_\_\_.
- B. Guarantor is a shareholder, director, officer, member, manager, owner and/or partner of Multi-Unit Developer.
- C. In consideration of and as an inducement to Franchisor to enter into the Multi-Unit Development Agreement with Multi-Unit Developer, Guarantor hereby covenants and agrees as follows:
  - 1. Guarantor warrants that the facts contained in Recital A and B are correct;
  - 2. Guarantor has read the terms and conditions of the Multi-Unit Development Agreement;
  - 3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Multi-Unit Developer set forth in the Multi-Unit Development Agreement and that the Multi-Unit Developer is obligated to perform thereunder;
  - 4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of the Multi-Unit Developer's obligations, undertakings, agreements and covenants set forth in the Multi-Unit Development Agreement will be punctually paid and performed during the term of the Multi-Unit Development Agreement and thereafter, as applicable;
  - 5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Multi-Unit Development Agreement by the Multi-Unit Developer;
  - 6. Upon default by Multi-Unit Developer or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of the Multi-Unit Developer under the Multi-Unit Development Agreement;

7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Multi-Unit Developer or any guarantor, or settle, adjust or compromise any claims against the Multi-Unit Developer or any guarantor;
8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Multi-Unit Developer, any default by Multi-Unit Developer or any guarantor, and any release of any guarantor or other security for the Multi-Unit Development Agreement or the obligations of the Multi-Unit Developer;
9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Multi-Unit Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Multi-Unit Development Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue and is irrevocable during the term of the Multi-Unit Development Agreement and, if required by the Multi-Unit Development Agreement, after its termination or expiration;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Multi-Unit Development Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by the law of the state in which our principal place of business is located, which is currently Worcester, Massachusetts and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Massachusetts;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses

and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;

- 15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address  
\_\_\_\_\_

Signed, sealed and delivered by the above-named Guarantor in the presence of:

\_\_\_\_\_  
Witness Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address \_\_\_\_\_



**MULTI-UNIT DEVELOPMENT AGREEMENT**

**ADDENDUM D**

**PRINCIPAL OWNER'S STATEMENT**

This form must be completed by the Multi-Unit Developer (“I,” “me” or “my”) if I have multiple owners or if I, or my business, is owned by a business organization such as a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Multi-Unit Development to me.

1. **Form of Owner.** I am a (check one):

- (vi) General Partnership \_\_\_\_\_
- (vii) Corporation \_\_\_\_\_
- (viii) Limited Partnership \_\_\_\_\_
- (ix) Limited Liability Company \_\_\_\_\_
- (x) Other \_\_\_\_\_  
Specify:

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, under the laws of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization

(e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 20\_\_.

**OWNER INDIVIDUALS:**

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

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

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

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

**CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP:**

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

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

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

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT**

**CINCH FRANCHISE, LLC**  
**NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENT**

This Agreement is made and entered into \_\_\_\_\_, \_\_\_\_\_ between CINCH FRANCHISE, LLC, a Massachusetts limited liability company (“Franchisor”), \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Trainee”).

**RECITALS**

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter “CINCH I.T. SYSTEM”) for the development and operation of a business which provides Information Technology Support Services under the trade name and mark CINCH I.T. (hereinafter “CINCH I.T.”);

WHEREAS, CINCH I.T. SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark CINCH I.T., service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, website addresses, e-mail addresses, digital cellular addresses, wireless web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying CINCH I.T. SYSTEM, and such other distinguishing characteristics of CINCH I.T. SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing business computer support, general I.T. support, and other technology related services; inventory, management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time (“Trade Secrets”);

WHEREAS, Franchisor’s Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has granted Franchisee a limited right to operate a territory using CINCH I.T. SYSTEM and Franchisor’s Trade Secrets for the period defined in the Franchise Agreement made and entered into on \_\_\_\_\_, \_\_\_\_\_ between Franchisor and Franchisee (“Franchise Agreement”);

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of CINCH I.T. SYSTEM of restricting use, access and dissemination of Franchisor’s Trade Secrets;

WHEREAS, it will be necessary for certain employees and contractors of Franchisee to have access to and to use some or all of Franchisor’s Trade Secrets in the development and maintenance of Franchisee’s Business using CINCH I.T. SYSTEM;

WHEREAS, Franchisee has agreed to obtain from certain key employees written agreements protecting Franchisor's Trade Secrets and CINCH I.T. SYSTEM against unfair competition;

WHEREAS, Trainee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Trainee wishes and needs to receive and use Franchisor's Trade Secrets in the course of Trainee's employment in order to effectively perform Trainee's services for Franchisee.

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

1. Franchisor and/or Franchisee shall disclose to Trainee some or all of Franchisor's Trade Secrets relating to CINCH I.T. SYSTEM.

2. Trainee shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and use them only in the course of Trainee's employment by Franchisee and then only in connection with the development and/or maintenance by Franchisee of Business using CINCH I.T. SYSTEM for so long as Franchisee is licensed by Franchisor to use CINCH I.T. SYSTEM.

3. Trainee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Trainee shall not disclose or permit the disclosure of Franchisor's Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee who have also signed Non-Disclosure, Non-Solicitation and Non-Competition Agreements or Confidentiality Agreements where appropriate as determined by Franchisor in the development or maintenance of Business using CINCH I.T. SYSTEM.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Trainee shall surrender CINCH I.T. Operations Manual and any other material containing some or all of Franchisor's Trade Secrets to Franchisee or to Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the CINCH I.T. Operations Manual or other information or material may have been furnished to Trainee.

7. Trainee shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with CINCH I.T. SYSTEM.

8. In order to protect the goodwill and unique qualities of CINCH I.T. SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Trainee of Franchisor's Trade Secrets, Trainee further undertakes and covenants that, during the time he is employed by Franchisee, he will not:

(a) Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by CINCH I.T. which Business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Business(s) to any competitor.

9. In further consideration for the disclosure to Trainee of Franchisor's Trade Secrets and to protect the uniqueness of CINCH I.T. SYSTEM, Trainee agrees that for two (2) years following the termination of Trainee's employment with Franchisee, Trainee will not without the prior written consent of Franchisor, divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

10. Franchisee undertakes to use Franchisee's best efforts to ensure that Trainee acts as required by this Agreement.

11. Trainee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Trainee, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

12. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts.

13. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

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

FRANCHISOR

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

TRAINEE

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

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**  
**CINCH FRANCHISE, LLC**  
**EMPLOYEE CONFIDENTIALITY AGREEMENT**



## EMPLOYEE CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into on this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
by and between \_\_\_\_\_ (“Employer”) and  
\_\_\_\_\_ (“Employee”).

### RECITALS

WHEREAS, Employer is a franchisee of CINCH FRANCHISE, LLC (hereinafter “Franchisor”) and as such has rights to a unique system (hereinafter the “CINCH I.T. SYSTEM”) for the development and operation of a business which provides Information Technology Support Services under the trade name and mark CINCH I.T.<sup>®</sup> (hereinafter “CINCH I.T.”); and

WHEREAS, Franchisor’s Confidential Information or Materials provide economic advantages to Franchisor and its franchisees including Employer and which are not generally known to nor readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets; and

WHEREAS, Employer has promised to take and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Confidential Information or Materials; and

WHEREAS, it will be necessary for Employee to have access to and to use some or all of Franchisor’s Confidential Information or Materials as an employee of Employer:

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Employer; and

WHEREAS, Employee wishes and needs to receive and use Franchisor’s Confidential Information or Materials in the course of Employee’s employment in order to effectively perform Employee’s services for Employer;

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

1. For purposes of this Agreement, the term “Confidential Information or Materials” means all trade secrets, client information, inventions, discoveries, processes, formulae, records, computer programs or data, agreements, business and financial systems, and plans and policies, of Employer and Franchisor or regarding administrative, management, contracting, financial, marketing or production activities of Employer, which Employer treats as confidential.

2. Employee acknowledges that during his/her employment, Employee may gain knowledge of proprietary Confidential Information or Materials. Employee recognizes that Employer and Franchisor have a compelling need to maintain the confidentiality of such Confidential Information and Materials. Accordingly, Employee agrees that:

- (i) Employee shall receive Franchisor's Confidential Information or Materials in confidence, maintain them in confidence, and use them only in the course of Employee's employment by Employer.
- (ii) Employee will not, during the term of this Agreement or thereafter, directly or indirectly disclose to any other person or entity, or use for Employee's own account, or for other than Employer's business, any Confidential Information or Materials without first obtaining the written consent of Franchisor. Employee shall at all times keep confidential all Confidential Information or Materials of Employer and Franchisor.
- (iii) Employee will retain no copies of, and shall promptly deliver to Employer, upon the termination of Employee's services or at any other time Employer may request any and all documentary and other materials (including software) and all copies thereof in whatever form, including electronic versions thereof, made, compiled or otherwise obtained by or delivered or disclosed to Employee concerning any Confidential Information or Materials of Employer or Franchisor.

3. Employee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Confidential Information or Materials without the express written permission of Employer.

4. Employee shall not disclose or permit the disclosure of Franchisor's Confidential Information or Materials except to other employees of Employer and only to the limited extent necessary to train or assist other employees of Employer who have also signed Confidentiality Agreements or Non-Disclosure, Non-Solicitation and Non-Competition Agreements.

5. Employee understands and agrees that this Agreement may be enforced by either Employer or by Franchisor.

6. Employee agrees that in the event of a breach of this Agreement, Employer and/or Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Employer and/or Franchisor shall be entitled to enforce the provisions of this Agreement against Employee, and may seek, in addition to any other remedies which are made available to it at law or in equity, a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

7. This Agreement shall be governed by and construed under the laws of \_\_\_\_\_.

8. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[signatures on following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**EMPLOYER**

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

**EMPLOYEE**

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

**EXHIBIT H TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

## **SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

This Agreement is made and entered into \_\_\_\_\_ between CINCH FRANCHISE, LLC, a Massachusetts limited liability company, with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01601 (“Franchisor”) and \_\_\_\_\_, a/an \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_, the spouse or domestic partner of an owner of Franchisee (“Signer”) with a primary residence at \_\_\_\_\_.

### **RECITALS**

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter “CINCH I.T. SYSTEM”) for the development and operation of a business which provides Information Technology Support Services under the trade name and mark CINCH I.T. (hereinafter “CINCH I.T.”);

WHEREAS, CINCH I.T. SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark CINCH I.T., service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, e-mail addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying CINCH I.T. SYSTEM, and such other distinguishing characteristics of CINCH I.T. SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing business computer support, general I.T. support, and other technology related services; inventory, management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time (“Trade Secrets”);

WHEREAS, Franchisor’s Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using CINCH I.T. SYSTEM and Franchisor’s Trade Secrets for a period defined in the Franchise Agreement (“Franchise Agreement”);

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of CINCH I.T. SYSTEM of restricting use, access and dissemination of Franchisor’s Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor’s Trade Secrets as Franchisee develops and maintains Franchisee’s Business using CINCH I.T. SYSTEM.

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

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to CINCH I.T. SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using CINCH I.T. SYSTEM for so long as Franchisee is licensed by Franchisor to use CINCH I.T. SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with CINCH I.T. SYSTEM.

7. In order to protect the goodwill and unique qualities of CINCH I.T. SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the two (2) years following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by CINCH I.T. which business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a

breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of Commonwealth of Massachusetts.

12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[Signatures on the following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

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

FRANCHISOR

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

SIGNER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_



**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**STATE SPECIFIC AMENDMENTS AND RIDERS TO THE  
FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

**AMENDMENT TO CINCH FRANCHISE, LLC  
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS  
FOR THE STATE OF CALIFORNIA**

The **CINCH I.T.** Franchise Agreement between \_\_\_\_\_ (“Franchisee”) and **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company (“Franchisor”), dated \_\_\_\_\_ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

1. The California Franchise Investment Law requires a copy of all proposed Agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
2. In California the highest interest rate permitted by law is ten percent (10%).
3. California Business and Professions Code 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The Franchise Agreement requires binding arbitration. The arbitration will occur in Massachusetts with the costs being borne by the prevailing party.
7. Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
8. The Franchise Agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.
9. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

10. Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.
11. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

**FRANCHISOR:  
CINCH FRANCHISE, LLC**

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

**FRANCHISEE:**

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

**AMENDMENT TO CINCH FRANCHISE, LLC**  
**MULTI-UNIT DEVELOPMENT AGREEMENT AND RELATED FRANCHISE**  
**DOCUMENTS**

**FOR THE STATE OF CALIFORNIA**

The **CINCH I.T.** Multi-Unit Development Agreement between \_\_\_\_\_ (“Developer”) and **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company (“Franchisor”), dated \_\_\_\_\_ (the “Development Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

1. The California Franchise Investment Law requires a copy of all proposed Agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
2. California Business and Professions Code 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Development Agreement contains a provision that is inconsistent with the law, the law will control.
3. The Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
4. The Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
5. The Development Agreement requires binding arbitration. The arbitration will occur in Massachusetts with the costs being borne by the prevailing party.
6. Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Development Agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.
8. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

9. Any condition, stipulation or provision in the Development Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.

**FRANCHISOR:  
CINCH FRANCHISE, LLC**

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

**DEVELOPER:**

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

**AMENDMENT TO CINCH FRANCHISE, LLC  
FRANCHISE AGREEMENT AND RELATED FRANCHISE DOCUMENTS**

**FOR THE STATE OF ILLINOIS**

The **CINCH I.T.** Franchise Agreement between \_\_\_\_\_  
("Franchisee") and **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company  
("Franchisor"), dated \_\_\_\_\_ (the "Franchise Agreement") shall be amended by the  
addition of the following language, which shall be considered an integral part of this Agreement  
(this "Amendment"):

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in  
a franchise agreement that designates jurisdiction and venue in a forum outside of the  
State of Illinois is void. However, a franchise agreement may provide for arbitration to  
take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in sections 19 and  
20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of the Initial Franchise Fees will be deferred until Franchisor has met its initial  
obligations to franchisee, and franchisee has commenced doing business. The financial  
assurance requirement was imposed by the Office of the Attorney General due to  
Franchisor's financial condition.

The undersigned does hereby acknowledge receipt of this Amendment.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**FRANCHISOR:  
CINCH FRANCHISE, LLC**

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

**FRANCHISEE:**

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

**AMENDMENT TO CINCH FRANCHISE, LLC**  
**MULTI-UNIT DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS**  
**FOR THE STATE OF ILLINOIS**

The **CINCH I.T.** Multi-Unit Development Agreement between \_\_\_\_\_ (“Developer”) and **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company (“Franchisor”), dated \_\_\_\_\_ (the “Development Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee’s rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of the Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has opened its first franchise and commenced doing business. The financial assurance requirement was imposed by the Office of the Attorney General due to Franchisor’s financial condition.

The undersigned does hereby acknowledge receipt of this Amendment.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_ .

**FRANCHISOR:**  
**CINCH FRANCHISE, LLC**

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

**DEVELOPER:**

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

**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (“**CINCH I.T.**”), and the person(s) or entity identified as the franchisee (“**Franchisee**”) with its principal place of business as set forth on Franchise Agreement. In this Rider, “**we,**” “**us,**” and “**our**” refers to CINCH I.T. “**You**” and “**your**” refers to Franchisee.

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 Franchised 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. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 6 and 32 of the Franchise Agreement:

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION.** The following language is added to the end of Sections 37 and 48 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.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Franchise Agreement under seal as of the Effective Date.

**FRANCHISOR**  
**CINCH FRANCHISE, LLC**

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

**FRANCHISEE**

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



**RIDER TO THE  
MULTI-UNIT DEVELOPMENT AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** (this “**Rider**”) is made and entered into by and between **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company with its principal place of business at 27 West Mountain Street, Worcester, Massachusetts 01606 (“**CINCH I.T.**”), and the person(s) or entity identified as the developer (“**Developer**”) with its principal place of business as set forth on Multi-Unit Development Agreement. In this Rider, “**we,**” “**us,**” and “**our**” refers to CINCH I.T.. “**You**” and “**your**” refers to Developer.

1. **BACKGROUND.** We and you are parties to that certain Multi-Unit Development Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Multi-Unit Development Agreement”). This Rider is annexed to and forms part of the Multi-Unit Development Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Franchised Business that you will operate under a 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. **INCORPORATION OF OTHER TERMS.** The following language is added to the end of Section 23 (“Incorporation of Other Terms”) of the Multi-Unit Development Agreement:

**TERMINATION.** Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a developer receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation or substantial change in competitive circumstances and shall provide that the developer has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Multi-Unit Development Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, or cancellation is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the Multi-Unit Development Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

**GOVERNING LAW/FORUM FOR LITIGATION.** 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.

**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 Multi-Unit Development Agreement.

**FRANCHISOR**

**CINCH FRANCHISE, LLC**

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

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

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

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

**DEVELOPER**

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

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

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

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

**AMENDMENT TO CINCH FRANCHISE, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

This Amendment is entered into this \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), between **CINCH FRANCHISE, LLC.**, a Massachusetts limited liability company, with its principal business address at 27 West Mountain Street, Worcester, Massachusetts 01606 (referred to in this Amendment as the “**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_

(referred to in this Amendment as “**Franchisee**”, “**your**” or “**you**”) and amends the Franchise Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. To the extent that the provisions of this Agreement regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchisee the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect.”
- b. To the extent that the provision of this Agreement regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchisee the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.
- c. If the Agreement requires that it be governed by a state’s law, other than the State of Wisconsin, to the extent that any provision of the Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be supersede by the law’s requirement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST:

CINCH FRANCHISE, LLC.

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

**AMENDMENT TO CINCH FRANCHISE, LLC  
MULTI-UNIT DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

This Amendment is entered into this \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), between **CINCH FRANCHISE, LLC**, a Massachusetts limited liability company, with its principal business address at 27 West Mountain Street, Worcester, Massachusetts 01606 (referred to in this Amendment as the “**Franchisor**”), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_

(referred to in this Amendment as “**Developer**”, “**your**” or “**you**”) and amends the Multi-Unit Development Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. To the extent that the provision of this Agreement regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Developer the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.
- b. If the Agreement requires that it be governed by a state’s law, other than the State of Wisconsin, to the extent that any provision of the Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be supersede by the law’s requirement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Multi-Unit Development Agreement in duplicate on the day and year first above written.

ATTEST:

CINCH FRANCHISE, LLC.

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC  
LIST OF CURRENT & FORMER FRANCHISEES**

**CURRENT FRANCHISEES:**

**ARIZONA**

**Tempe**

Vas Dimovski  
SLP International, LLC  
1640 West Kingbird Drive  
Chandler, AZ 85286  
(877) 442-4624

**GEORGIA**

**Atlanta**

Wikenson Andre  
Kenson Technology Group, Inc.  
308 Victoria Lane  
Stockbridge, Georgia 30281  
(404) 865-1819

**Vinings**

Troy Cobb  
TRCO IT Services LLC  
800 Battery Avenue SE  
Suite 100  
Atlanta, Georgia 30339

**KENTUCKY**

**Louisville**

Jonathan Means  
Means to Freedom, LLC  
6708 Shepherdsville Road, Suite 3  
Louisville, KY 40228  
(877) 442-4624

**MASSACHUSETTS**

**Framingham**

Jason Anderson  
1257 Worcester Road  
Framingham, Massachusetts 01701  
(774) 696-8287

**Marlborough**

Tye Jordan  
135 Broad Street, Unit 2B3  
Hudson, Massachusetts 01749  
(978) 302-8034

**Newton**

Jay Small \*  
56 Henshaw Street  
Boston, Massachusetts 02135  
(774) 551-6481

**Woburn**

Jay Small \*  
56 Henshaw Street  
Boston, Massachusetts 02135  
(774) 551-6481

**MICHIGAN****Troy**

Josh Fett  
EMMASH Inc.  
48019 Stapleton Avenue  
Macomb, Michigan 48042  
(586) 662-9219

**UTAH****Moab & St. George**

David Tatton, Samuel Crane  
JCTech Enterprises, Inc.  
434 Secret Cove Court  
Moab, Utah 84532  
(435) 210-0737

**SIGNED AND NOT OPENED: None**

**\* Area Developer**

**FORMER FRANCHISEES:****Taunton**

Jason Anderson  
50 Locust Street  
Oxford, Massachusetts 01540  
(774) 696-8287

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**EXHIBIT K TO THE DISCLOSURE DOCUMENT**  
**CINCH FRANCHISE, LLC**  
**OPERATIONS MANUAL TABLE OF CONTENTS**



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**EXHIBIT L TO THE DISCLOSURE DOCUMENT**  
**CINCH FRANCHISE, LLC**  
**FRANCHISE COMPLIANCE QUESTIONNAIRE**

**CINCH FRANCHISE, LLC**  
**FRANCHISE COMPLIANCE QUESTIONNAIRE**

As you prepare to enter into a Franchise Agreement with Franchisor, it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Franchisor and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments? Yes \_\_\_ No \_\_\_

**CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):**

2. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the revenues, profits or operating costs of a **CINCH I.T.** franchise? Yes \_\_\_ No \_\_\_

3. Has any employee, broker or other person representing Franchisor made any statements or promises, other than those disclosed at Item 19 of the Disclosure Document, concerning the amount of money you may earn in the operating of a **CINCH I.T.** franchise? Yes \_\_\_ No \_\_\_

4. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a **CINCH I.T.** franchise? Yes \_\_\_ No \_\_\_

5. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

6. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the costs you may incur in starting or operating a **CINCH I.T.** franchise that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

7. Has any employee, broker or other person representing Franchisor made any statements or promises or agreements relating to a **CINCH I.T.** franchise that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

If you have answered Yes to any of the questions numbered 2 through 7 above, please provide a full explanation *for each*. Attach additional pages if necessary.

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8. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, \_\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by Franchisor.

**RESIDENTS OF THE STATE OF CALIFORNIA AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN CALIFORNIA ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE.**

**NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN MARYLAND:** Any representations requiring prospective franchisees 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 incurred under the Maryland Franchise Registration and Disclosure Law.

RESIDENTS OF THE STATE OF WASHINGTON AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN WASHINGTON ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE:  
This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

*Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.*

Date: \_\_\_\_\_ Prospective Franchisee: \_\_\_\_\_

**EXHIBIT M TO THE DISCLOSURE DOCUMENT**

**CINCH FRANCHISE, LLC**

**FORM OF GENERAL RELEASE**



**FORM OF GENERAL RELEASE**

This General Release (“Release”) is made and entered into on this day of \_\_\_\_\_, 20\_\_ by and between CINCH FRANCHISE, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisee are parties to a CINCH I.T. Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_, granting Franchisee the right to operate a CINCH I.T. business under Franchisor’s proprietary marks and system.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasors”), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the “Releasees”), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This General Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**IN WITNESS WHEREOF**, the parties hereto have executed this Release as of the date first above written.

**FRANCHISOR**  
**CINCH FRANCHISE, LLC**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
Illinois	April 12, 2023
Virginia	October 19, 2023

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 N TO THE DISCLOSURE DOCUMENT**

**RECEIPTS**

## RECEIPT

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 Cinch Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, it or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that Cinch Franchise, LLC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale. Iowa and Michigan require that Cinch Franchise, LLC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If Cinch Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit A.

The name, principal business address, and telephone number of the franchise seller offering this CINCH I.T. franchise is: Richard Porter, 27 West Mountain Street, Worcester, Massachusetts 01606, (877) 442-4624.

Issuance Date: April 30, 2023. See Exhibit A for our registered agents authorized to receive service of process.

I received a Disclosure Document dated April 30, 2023 that included the following Exhibits:

A. Agent for Service of Process	H. Spousal Non-Disclosure and Non-Competition Agreement
B. Financial Statements	I. State Specific Amendments to the Franchise Agreement & Multi-Unit Development Agreement
C. State Specific Addenda	J. List of Current & Former Franchisees
D. Franchise Agreement	K. Confidential Operations Manual Table of Contents
E. Multi-Unit Development Agreement	L. Franchise Compliance Questionnaire
F. Non-Disclosure, Non-Solicitation and Non-Competition Agreement	M. General Release
G. Employee Confidentiality Agreement	N. Receipts

***Please return one signed copy of this Receipt to the attention of Richard Porter at Cinch Franchise, LLC, 27 West Mountain Street, Worcester, Massachusetts 01606.***

**Date Disclosure Document Received:** \_\_\_\_\_

**Date Receipt Signed:** \_\_\_\_\_

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

\_\_\_\_\_  
**Print Name**

## RECEIPT

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**Date Disclosure Document Received:** \_\_\_\_\_

**Date Receipt Signed:** \_\_\_\_\_

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

\_\_\_\_\_  
**Print Name**