



**FRANCHISE DISCLOSURE DOCUMENT  
EXPENSE REDUCTION ANALYSTS, INC.**

**A California corporation**

**16415 Addison Road**

**Addison Tower, Suite 410**

**Addison, Texas 75001**

**Telephone: (469) 310-2977**

**URL: [www.expensereduction.com](http://www.expensereduction.com)**

**<https://startmyconsultingpractice.com/>**

As a Regional Franchisee, you will operate a consulting business (“Consulting Business”) specialized in cost optimization and supplier management that finds extra profit for private and public company clients. The primary services of your Consulting Business will include: (i) prospecting and acquiring clients; (ii) analyze clients’ purchased services, identify measurable opportunities to optimize such costs, and provide saving options to those clients directly, with other Expense Reduction Analysts franchisees, and/or with third-parties approved by the Franchisor; and (iii) retain clients. Clients benefit by saving money through reducing its costs, and you benefit by receiving a percentage of the documented savings identified for those clients.

The total investment necessary to begin operation of an Expense Reduction Analysts Consulting Business ranges from \$71,000 to \$95,900. This amount includes the initial fee of \$59,900 and a Training and Coaching Fee of \$5,000 to \$10,000 (if you have an additional owner or partner) that must be paid to the Franchisor.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with or make any payments to the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Franchise Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Expense Reduction Analysts at 16415 Addison Road, Addison Tower, Suite 410, Addison, Texas 75001 or at [recruiting@expensereduction.com](mailto:recruiting@expensereduction.com) or at <https://startmyconsultingpractice.com/join-today/>.

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, such as a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document is available from the Federal Trade Commission (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW in 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 listed on Exhibit A or visit your public library for other sources of information on franchising.

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

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 19, 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 D.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit 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 Expense Reduction Analysts 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 franchise 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 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 that 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 and/or litigation only in Texas. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.
2. **Centralized Billing**. We may designate and arrange for a centralized billing service that may collect all payments from your clients for the services you provide. If such a centralized billing service is established by us, that service provider will pay you each month based on the Net Cumulative Receipts of your Consulting Business during the preceding month. This may have a negative impact on your cash flow. The centralized billing service will only remit amounts to you based on the amounts it is able to collect from your clients.
3. **Minimum Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Minimum Sales Levels**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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**EXPENSE REDUCTION ANALYSTS  
FRANCHISE DISCLOSURE DOCUMENT**

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

The purpose of this Franchise Disclosure Document is to familiarize you with important legal and business aspects of Expense Reduction Analysts, Inc., a franchisor, and of the franchise we offer. To simplify the language, we will refer to ourselves as “ERA-USA,” “Franchisor,” “we” or “us.” The words “Franchisee,” “you” and “your” refer to the person to whom we grant a franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of our franchise agreement attached as Exhibit C (the “Franchise Agreement”) also apply to your owners and will be noted.

The Franchisor

We were incorporated in California on September 12, 2002. We have a principal place of business at 16415 Addison Road, Addison Tower, Suite 410, Addison, Texas 75001, and we only do business under our corporate name and certain of the Marks (as defined below in this Item).

We have been offering the franchises for the right to own and operate Consulting Businesses since November 2002.

In November 2002, we also commenced offering qualified individual franchises for the right to serve as an independent area representative (an “Area Representative Franchise”). Up until 2018 we previously referred to Area Representatives as “Area Developers.” In this Disclosure Document, we will, at times, refer to a franchised Consulting Business as a “Regional Franchise,” and will, at times, refer to those that own a Consulting Business as a “Regional Franchisee.”

We currently intend and expect to continue offering and selling Area Representative Franchises in the future under a separate form of disclosure document. The owner of an Area Representative Franchise will, at times, be referred to as an “Area Representative” in this Disclosure Document. Area Representatives may, but need not, invite Regional Franchisees to work with them on projects and act as a resource for the Regional Franchisees. As of December 31, 2022, we have 7 Area Representative Franchisees operating 8 outlets (of which one Area outlet is company owned) and 136 Regional Franchisees. We have operated a business that is similar to the Area Representative Franchise that we offer since November 2002. We have no other businesses.

Except as set forth above and our administration of ERA Threshold Accounts as disclosed more fully below, we do not (a) offer or sell franchises in any other line of business, or (b) engage in any other substantive business.

The name and address of our agents for service of process are listed in Exhibit A to this Franchise Disclosure Document.

The Franchised Business

We franchise the right to operate a Consulting Business that offers and sells services involved in cost optimization and supplier relationship management consulting by: (i) analyzing the purchased services and products of client companies; (ii) identifying opportunities to reduce costs; (iii) providing a

variety of saving options to each client; (iv) offering and providing services that we authorize now or at any time in the future (the “Approved Services”); and (v) offering and selling any products that we authorize that are associated with the Approved Services (the “Approved Products”). Certain components of the Approved Services and/or Approved Products (collectively, the “Approved Products and Services”) may be proprietary or comprised of proprietary components that are developed by us or our designated supplier for that product.

If you are awarded a Regional Franchise, you will have the right and obligation to operate an Expense Reduction Analysts Consulting Business, utilizing the proprietary trademarks we designate now or designate/modify in the future (collectively, the “Marks”), as well as the proprietary and/or confidential operating methods, management information system, technology & tools and other intellectual property that we designate now or in the future for use in connection with our franchise network (collectively, the “System”) developed by us and our principals/affiliates.

The Approved Services are designed to assist clients optimize expenses and identify extra profit potential after analyzing a client’s financial and other relevant information in various categories of costs and expenditures. The clients benefit by saving money through reducing costs, and you benefit by receiving a percentage of the documented savings identified for the clients.

The scope of Approved Products and Services that you may provide at and through your Consulting Business will depend on the authorization level we designate (the “ERA Authorization Level”). You will only be permitted to offer and provide the array of Approved Products and Services as that we authorize based on an internal review and analysis of your experience, infrastructure and various other factors we determine to consider (your “ERA Authorization Level”). You may not provide Approved Products and Services outside of your ERA Authorization Level without our prior written consent.

There are certain prospective client accounts that you must refer to us (each, an “ERA Threshold Account”) or our affiliate ERAC (an “ERAC Account”). You will not have the right to knowingly solicit, and/or provide any of the Approved Products and Services to, any ERA Threshold Account or ERAC Account, unless we authorize you to do so in writing once such an account has been referred to ERAC or us (as appropriate). As of the date of this Disclosure Document, an: (i) ERA Threshold Account is defined as any prospective or existing client that generates between \$250 million and \$1 billion in annual sales; and (ii) ERAC Account is defined as any prospective or existing client that generates \$1 billion or more in annual sales. We may modify the definition of these kinds of accounts via the Manuals or otherwise in writing to you.

Once referred to us, we have the right, as we deem appropriate in our sole discretion, to determine how to handle such ERA Threshold Accounts, including the right to: (i) approve or reject any ERA Threshold Account; (ii) determine whether you may, and to what extent, offer and provide Approved Products and Services to an ERA Threshold Account; and/or (iii) direct any ERA Threshold Account to another franchisee, an Area Representative, and/or ERAC. As previously disclosed, any ERAC Account must be directed to ERAC, at which point ERAC will have the same rights and discretion to administer such ERAC Accounts.

For purposes of this Disclosure Document, all other prospective and existing clients that do not meet the criteria of either an ERA Threshold Account or an ERAC Account are referred to as “Eligible Clients.”

If we grant you a Regional Franchise, you will be required to enter our current form of “Regional Franchise Agreement” attached to this Disclosure Document as Exhibit C (the “Franchise Agreement”). Under the Franchise Agreement, you will have the right to operate your Consulting Business, as well as provide the Approved Products and Services to Eligible Clients, within a designated market area that we will designate and set forth in your Franchise Agreement (the “Area” or “Region”). A given Area may vary from others in the System and is typically based on the demographics of the surrounding area, including but not limited to, the number of potential Eligible Clients located in that general area.

Your Consulting Business must be operated from a location within the Area, which we and our standard franchising offering assume will be a home office that allows you to have a quiet and organized workspace (the “Office Premises”). In certain circumstances, as described more fully in Item 12 of this Disclosure Document, we may permit or require your Office Premises to be an office space that is not located within your home.

#### Predecessors, Parent(s) and Affiliate(s)

Our ultimate parent company is Montgomery Investment Co SA, a Luxembourg corporation with a registered office at 50 Esplanade in L-9227 Diekirch, Luxembourg (“Montgomery”). Through an administration process effective January 25, 2011, Montgomery acquired certain assets of Expense Reduction Analysts International, Ltd. (“ERAI”) in London, United Kingdom with a principal business address at Suite 24, 40 Churchill Square in Kings Hill, West Malling, Kent, ME19 4YU, United Kingdom. Montgomery is the holding company for us and our affiliates. Neither Montgomery nor ERAI has ever offered franchises. Our intermediate parent company is Evercertain Limited, a UK company: Company number - 04473131, incorporated on June 29, 2002 with a registered office at Suite 24, 40 Churchill Square in Kings Hill, West Malling, Kent, ME19 4YU, United Kingdom. Evercertain Limited has never offered franchises.

Our affiliate, Expense Reduction Analysts Consultants, Inc. (“ERAC”) was incorporated in California on March 15, 2004. ERAC’s principal business address is 16415 Addison Road, Addison Tower, Suite 410 in Addison, TX 75001. From early 2004 to September 2006, ERAC has offered services similar to those offered by our franchises to then-current ERAC Accounts.

Our affiliate, Southwest Cost Strategies, LLC (“SWCS”) was formed in Texas on February 10, 2012. SWCS’s principal business address is 16415 Addison Road, Addison Tower, Suite 410 in Addison, Texas 75001. SWCS is the legal entity for the licenses and Areas it owns. SWCS has never offered franchises.

Our wholly-owned subsidiary, SDCO, LLC was formed in California on July 20, 2007. SDCO’s principal business address is 16415 Addison Road, Addison Tower, Suite 410 in Addison, Texas 75001. SDCO is the legal entity for the licenses owned in the San Diego Area. SDCO has never offered franchises.

We also have the following three (3) international affiliates offering franchises outside the United States:

- (i) Australia: Our affiliate, E R Associates Australia Ltd (“ERA-AUS”) was formed under the laws of the United Kingdom on September 17, 2010. ERA-AUS’s principal business address is 40 Churchill Square, Suite 24 in Kings Hill, West Malling, Kent, ME19 4YU. ERA-AUS has offered franchises in Australia since September 2010. Effective January 1, 2019, we have started to operate in Australia through a wholly owned subsidiary of ERA-AUS called E R Associates Australia Pty Ltd.



- (ii) Europe: Our affiliate, E R Associates (Europe) Ltd (“ERA-EUR”) was formed on October 18, 2012, under the laws of the United Kingdom. ERA-EUR’s principal business address is 40 Churchill Square, Suite 24 in Kings Hill, West Malling, Kent, ME19 4YU. ERA-EUR is the parent of more than 20 wholly-owned subsidiaries offering franchises in the following countries: Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden (each, a “ERA-EUR Subsidiary”). Each ERA-EUR Subsidiary offers and sells franchises for the right to operate ERA franchises in their respective jurisdictions they are located, pursuant to a license agreement with us.
- (iii) Other Countries: Our affiliate, E R Associates (ML) Ltd (“ERAML”) was formed on October 18, 2012 under the laws of the United Kingdom. ERAML’s principal business address is 40 Churchill Square, Suite 24 in Kings Hill, West Malling, Kent, ME19 4YU. ERAML has offered franchises in Mexico since September 2013. ERAML is the parent of more than 20 wholly-owned subsidiaries offering franchises in the following countries: Argentina, Canada, Chile, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Guatemala, Honduras, Mexico, New Zealand, Panama, Paraguay, Peru, Saudi Arabia, UAE, United Kingdom, and Uruguay (each, an “ERAML Subsidiary”). Each ERAML Subsidiary offers and sells franchises in their respective jurisdictions pursuant to a master license agreement with ERAML.

### Market and Competition

The general market for your Consulting Business services are those businesses that constitute Eligible Clients and that are looking engage a third party to provide cost reduction analysis and related services. You may compete with other cost reduction services, vendors or consultants, whether independent or otherwise.

The cost reduction services industry is developed. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

### Industry-Specific Regulations

We are not aware of any industry-specific laws or regulations that govern our industry as of the Issue Date of this Disclosure Document. With that said, your Consulting Business will be subject to various federal, state and local government regulations and you must conduct your own investigation into whether there are any specific laws or regulations that you must comply with when owning and operating your Consulting Business, including any Area-specific laws. You may need to file for business licenses or other permits in your municipality or state. We encourage you to make further inquiries about all of these laws that may be applicable to your Consulting Business. It is your responsibility to make sure that you understand how these laws may impact your Consulting Business.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Charles Frederick Marfleet, Executive Chairman and Director**

Charles Frederick Marfleet is the founder and major shareholder of ERA and has been the Executive Chairman since we were formed in September 2002. He is based in our global headquarter in

West Malling, Kent, England. In January 2011, he was named Chairman of Montgomery Investment Co SA located in Luxembourg.

#### **Charles A. Smith, Chief Executive Officer, North America**

Charlie Smith was promoted to Chief Executive Officer, North America in November of 2020 and serves on our Global Board of Directors. Prior to this, he was President of North America since August 2018 in Addison, Texas. Prior to this appointment, Charlie served as Chief Operating Officer of Purple Innovations from July 2017 to July 2018 in Alpine, Utah.

#### **Ronnie Clucas, Chief Financial Officer**

Ronnie Clucas was appointed Group Finance Director in October 2007 for each of our global affiliates which offer franchises through their subsidiaries as well as the Chief Financial Officer for the US entity. He has been on the Board of Directors since that time. Ronnie is based in our global headquarter in West Malling, Kent, England.

#### **Brandon Calitz, Director of Operations, North America**

Brandon Calitz was promoted to Director of Operations in November 2020. Prior to this appointment, he was Operations Manager North America in February 2019 in Addison, Texas. Prior to that time, Brandon was Director of Sales for African Heritage Furniture from November 2017 to January 2019 in Flower Mound, Texas. Additionally, Brandon also served as a Sales Associate for Power Home Remodeling in Irving, Texas from September 2017 to November 2017. Further, Brandon worked as a Revenue Manager for Hilton Worldwide from August 2016 to September 2017 in Addison, Texas.

#### **Mark Patrick, Vice President Franchise Support**

Mark Patrick was appointed Vice President Franchise Support in March 2020 and is office-based in Addison, Texas. Prior to joining ERA, Mark was Vice President Franchise Support for Online Trading Academy headquartered in Irvine, CA, USA from 2011 to March 2020.

#### **Karen McLeod, Senior Manager Franchise Support**

Karen McLeod was promoted to Senior Manager Franchise Support as of June 2021. Prior to that Karen was appointed Franchise Support Manager in October 2018 in Addison, Texas for the areas directly supported by the Franchisor throughout the Northern half of the US and Canada. Prior to joining ERA, Karen was Franchise Development Director with Office Evolution, Renaissance Executive Forums and Rhino7 from October 2015 – September 2018.

#### **Zach Seward, Franchise Support Manager**

Zach Seward was appointed Franchise Support Manager in July 2019 for the areas directly supported by the Franchisor throughout the Southern half of the US and all of California. Prior to joining ERA, Zach was a Revenue Manager for Hilton Worldwide based out of their corporate office in Addison, Texas. He also serves on the board of directors for a non-profit called Love, Cassidy since November of 2016 and was named the Communications Director in January of 2018.

#### **Lisa Almehsen, Executive Franchise Development Director, North America**

Lisa Almehsen was promoted to Executive Franchise Development Director, North America of ERA in January of 2023. Before that, she was Franchise Development Manager from September 2022 to

January 2023 in Addison, Texas. From April 2021 to May 2022, Lisa was a franchise consultant/Operations Manager with Rebath Corporation in Phoenix, Arizona. Since 2012 and concurrently, she started Franchise, solving challenges for franchisors advising and leading business development and operations teams at ReBath, Sweetwater's Coffee and Tea and Spavia Day Spa.

### **Jonathan Anderson, Franchise Development Director**

Jonathan Anderson was appointed to Franchise Development Director at ERA in November of 2022. Before joining ERA, Jonathan operated a consultancy practice, Franchise Analyst from March 2020 to November 2022. Jonathan served as the Vice President of Franchising and Development for Image Studios 360 Franchise from February 2019 until March of 2020 in Salt Lake City, Utah. Jonathan Also served as the Vice President of Franchise Development with The Handyman Connection Franchise from August of 2017 to March of 2019 in Chicago, Illinois.

## **ITEM 3. LITIGATION**

### Litigation Not Involving Franchisor

The following litigation matters do not include ERA-USA as a named defendant, but rather are matters involving international affiliates offering franchises outside the United States under the ERA Mark:

Manfred Witschinski (the "Plaintiff") v. Expense Reduction Analysts GmbH (the "Defendant"), Landgericht Koeln, Kammer für Handelssachen, a civil action numbered 87 O 69/14 (the "Action"). The Plaintiff is a former franchisee of the Defendant, the franchisor in Germany. On August 1, 2014, the Plaintiff commenced the Action against the Defendant, alleging that the Defendant had engaged in unfair and deceptive business practices by providing misleading financial performance representations during the recruitment process and prior to the execution of the franchise agreement by the Plaintiff. The Plaintiff seeks damages of €65,311 (approximately US\$75,000), equal to the reimbursement of the initial franchise fee. The Action was held at the German court of Landgericht Koeln, Kammer für Handelssachen. On July 7, 2015 the court of Landgericht Koeln recommended that both parties agree to a settlement proposal which would require both parties to pay 50% each of the court fees and that the Defendant should pay a partial share of the Plaintiff's lawyers costs up to a maximum of €3,000 which includes VAT (approximately US\$3,400 including sales tax). The Defendant advised the court that they would accept the courts settlement proposal; this was then followed by the Plaintiff advising the court of their acceptance of the settlement proposal. The matter is now closed.

Ralf Lippert (the "Plaintiff") v. Expense Reduction Analysts GmbH (the "Defendant"), Landgericht Koeln, Kammer für Handelssachen, a civil action numbered 91 O 7/14 (the "Action"). The Plaintiff is a former franchisee of the Defendant, the franchisor in Germany. On September 17, 2013, the Plaintiff commenced the Action against the Defendant, alleging that the Defendant had engaged in unfair and deceptive business practices by providing misleading financial performance representations during the recruitment process and prior to the execution of the franchise agreement by the Plaintiff. The Plaintiff sought damages of €65,331 (approximately US\$75,000), equal to the reimbursement of the initial franchise fee. The Action was held at the German court of Landgericht Koeln, Kammer für Handelssachen. On September 11, 2014 the court of Landgericht Koeln recommended that both parties agree to a settlement proposal which would require both parties to pay 50% each of the court fees and that the Defendant should pay a partial share of the Plaintiff's lawyers costs up to a maximum of €3,000 which

includes VAT (approximately US\$3,400 including sales tax). Defendant and Plaintiff advised the court that they would accept the court’s settlement proposal, and this matter is now closed.

Mr Roman Rosenstein Trading as CoDoPro Rosenstein (the “Plaintiff”) v. E R Associates (Switzerland) Ltd (the “Defendant”), High Court of Justice, Queen’s Bench Division, United Kingdom, a civil action numbered HQ16X03182 (the “Action”). Plaintiff was a former Area Developer of Defendant, the franchisor in Switzerland. On September 8, 2016, Plaintiff commenced the Action against Defendant, after Defendant had terminated the Area Development Agreement between the parties. Plaintiff alleged that there were no justifiable grounds for Defendant to terminate the Area Development Agreement and sought damages. Defendant argued that there were justifiable grounds for termination and also sought damages. On January 16, 2017, Plaintiff and Defendant attended a mediation which resulted in a confidential settlement being reached, with the settlement agreement to be scheduled to a Tomlin order staying the Action while the settlement terms are to be met. The matter is now closed with the settlement terms being met by the parties.

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

**ITEM 4. BANKRUPTCY**

No bankruptcy information must be disclosed in this Item.

**ITEM 5. INITIAL FEES**

Initial Franchise Fee

The Initial Franchise Fee is \$59,900 and is due in immediately available U.S. funds when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable and is uniform for all franchisees, except those sold under the VetFran® initiative. We proudly offer VetFran® qualified veterans a discount of \$5,000 off the Initial Franchise Fee.

Initial Training and Coaching Fees

The Initial Training and Coaching fee is \$10,000 per each additional or substitute owner or signing partner. Initial Training for you is included in your Initial Franchise Fee. If your signing partner is a spouse or immediate family member, this fee will be reduced to \$5,000.

**ITEM 6. OTHER FEES**

NAME OF FEE <sup>1</sup>	AMOUNT OR FORMULA	DUE DATE	REMARKS
Royalty Fee	Royalty Fee is the greater of: (i) 15% of annual Net Cumulative Receipts for the immediately preceding calendar month; or (ii) the applicable minimum royalty fee (the “Minimum Royalty Fee”)	Monthly	See Note 2  Your Minimum Royalty Fee will amount to (a) One Thousand Dollars (\$1,000) per month for the first thirty-six (36) months after the commencement date (“Commencement Date”), and (b) One-Thousand Two-Hundred

NAME OF FEE <sup>1</sup>	AMOUNT OR FORMULA	DUE DATE	REMARKS
			Fifty Dollars (\$1,250) per month thereafter during the remaining periods of your initial term under the Franchise Agreement
Marketing Fund Contributions	3% of annual Net Cumulative Receipts	Monthly	Payable to the Franchisor and deducted from the Net Cumulative Receipts according to Section 5.4 and Section 15.4 of the Franchise Agreement
Renewal Fee	\$5,000	Upon signing renewal agreement	See Note 3
Transfer Fee	\$5,000	Upon Approval of Transfer	See Note 3
Interest on Late Payments	1% per month	Upon invoice	Interest accrues daily, may be capitalized by the Franchisor and is payable on demand.
Technology Fee	Our then-current fee  Currently \$1,000 per year	Monthly or annually (on the date we specify in writing)	You will receive one ERA Management Information System account in connection with your Consulting Business.  See Notes 3 and 4
SpendVue Fees	Our then-current fee Currently 2.5% of Net Cumulative Receipts for any project for which you elect to use SpendVue	Fees are paid only when the client pays.	Franchisor is paid when the client pays. See Note 5
Training and Coaching Fee	Our then-current training fee, which will vary based upon type of training and trainees (the "Training Fee")  For on-site training in Kent, UK, currently, a subsidized fee of \$5,000 per each additional or replacement Practice Model Consultant.  Currently, a subsidized fee of \$1,500 per each additional or replacement Practice Model Consultant to	Before training	We do not charge any Training Fees to provide you or your Designated Principal (as defined in Item 7) with required initial training. We reserve the right to charge the applicable then-current Training Fee in connection with (a) required initial training, (b) Remedial Training (as defined in Item 11), and/or (c) further training we elect to provide to you (and/or your employees) upon your request  See Note 6

NAME OF FEE <sup>1</sup>	AMOUNT OR FORMULA	DUE DATE	REMARKS
	<p>receive its initial minimal required training for 20+ Hours of Self-Paced Online Training program.</p> <p>Currently, \$700 per day for all other training or coaching</p>		
Regional Meetings	Incidental costs for transportation, lodging and meals	As incurred	You and your Designated Principal or Practice Model Consultants must attend at your sole cost and expense
Our Cost of Audit	Our out-of-pocket expense	Upon invoice	You pay our cost of audit only if the audit showed that your Net Cumulative Receipts were understated by 2% or more, or if the audit was necessary because you did not submit required financial reports to us.
National Conference Registration Fee	Our then-current fee, which shall not exceed \$1,500 per attendee	Monthly installments in advance, latest upon registration	Your registration fee does not include your costs to attend the conference, such as transportation, lodging and meals. Those costs are your responsibility. You will pay this fee regardless of whether you attend.
Additional IT Accounts	<p>Our then-current fee for each additional IT user account:</p> <p>(i) <b>"Admin" Level (email only)</b> Currently \$10.00 per month per user for all software applications and helpdesk support to operate the standard administrative functions of "Back-Office Personnel" Staff.</p> <p>(ii) <b>"Consultant" Level</b> Currently \$20.00 per month per user for all software applications</p>	Upon invoice; monthly, quarterly or annually in advance.	You will receive one IT account in connection with your Consulting Business. You will be charged for each additional IT account that we grant to you upon your request, which may include extra software licenses, setup costs and monthly user fees (collectively, the "Technology Fees")

NAME OF FEE <sup>1</sup>	AMOUNT OR FORMULA	DUE DATE	REMARKS
	<p>and helpdesk support to operate the standard consulting functions of “Practice Model Consultant” Staff.</p> <p>(iii) <b>“Franchisee” Level</b> Currently \$83.33 per month per user for all software applications and helpdesk support to operate the functions as the franchise owner.</p>		
Taxes on Payments to Us	Amount of tax or assessment	When imposed by taxing authority	If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due to us, you must pay the tax, levy or assessment.
Insurance	Will vary according to circumstances	Upon demand	<p>If you fail to obtain required insurance, we may obtain such insurance at your expense (but are not required to do so) and charge you a service fee to do so. Otherwise, these payments are made directly to your third-party insurance provider.</p> <p>You must name us and any Approved Supplier we designate as an additional insured.</p>
Indemnification	Amount of claim or judgment	When incurred	You must reimburse us for our attorneys’ fees and other costs that we incur in connection with any third-party claims brought against us that arise out of, or are related to, the operation of your Consulting Business.
Audit Fees	Actual cost of audit	Within 30 days of invoice	Payable if audit reveals that you have underreported the Gross Revenue of your Consulting Business by 2% or more.
Costs of collection	5% of all costs of collection, including	When incurred	If a collection agency is used, you must reimburse us for our

NAME OF FEE <sup>1</sup>	AMOUNT OR FORMULA	DUE DATE	REMARKS
	reasonable attorney's fees and interest.		attorneys' fees and other costs that we incur in connection any dispute involving amounts owed to us, including interest at 1.5% per annum or the highest rate allowed by law. The 5% cost of collection does not include fees charged by the collection agency.

**Explanatory Notes to Item 6 Chart:**

1. **General.** Unless otherwise noted, all fees are uniformly imposed and payable to us. Payments to us are not refundable. Whether payments to others are refundable depends on the arrangements you make with them.

2. **Definitions of Gross Revenue, Net Cumulative Receipt, Minimum Royalty Fees, ISMP; and Explanation of Payment.**

A. Gross Revenue

“Gross Revenue” is defined to include all income of any type or nature and from any source that you derive or receive (or received by the Centralized Billing Service, as more fully described in Item 11) directly or indirectly from, through by or on account of the operation of the Consulting Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing or legal expenses and taxes. However, the definition of Gross Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

B. Net Cumulative Receipts

“Net Cumulative Receipts” is defined as: (1) Gross Revenue; less (2) any fees that you agree to pay in connection with any joint venture agreement (“Joint Venture Agreement”) that you enter into with another Consulting Business franchisee to provide Approved Products and Services in connection with a given Client, subject to the terms of your Franchise Agreement. Each month, or on any other day that we designate in writing, we will calculate your Net Cumulative Receipts for the calendar year (“YTD”).

C. Payment of Royalty Fees (including Minimum Royalty Fees)

After the payments have been paid or collected as part of the Centralized Billing Service (as defined below) for the preceding month, we will pay you the 20<sup>th</sup> day of each calendar month (or the next business day following the 20<sup>th</sup> day of each month), your annual Net Cumulative Receipts minus your Royalty Fee, Marketing Fund Contribution (as defined in Item 11), and any other amount you owe us.



Minimum Royalty Fees accrue on the first day of every month. Each month, or in any other frequency in our sole discretion, we may calculate your Net Cumulative Receipts YTD in order to determine whether you must pay the 15% of Net Cumulative Receipts, or the Minimum Royalty Fee, for the immediately preceding calendar month. We may withhold payments of your share if you fail to complete and submit reports required under the Franchise Agreement or as we may otherwise specify in the Manuals or otherwise in writing to you.

On the first business day of every month, or on any other day that we elect, we will deliver to you a courtesy notice of intent to debit all Minimum Royalty Fees currently due. We will withdraw the Minimum Royalty Fees currently due from your bank account seven (7) days after delivery of the Intent to Debit Notice.

D. Initial Special Marketing Program

As discussed in more detail in Item 11, you may elect to participate in the Initial Special Marketing Program (“ISMP”) during the first eighteen (18) months after the Commencement Date of the Franchise Agreement. If you participate in the ISMP and comply with its terms, we will deduct the amount of ISMP funds spent by you each month during the ISMP from your obligations to pay Minimum Royalty Fees for the current month. The maximum credit applied shall not be more than an amount equal to 50% of your monthly Minimum Royalty Fee for the current month.

F. Centralized Billing Service and Account; Payment of Fees

We reserve the right, but not the obligation, to designate and arrange for an approved centralized billing service (“Centralized Billing Service”). If the Centralized Billing Service is adopted, all payments made by your clients in connection with your Consulting Business are to be transferred directly to a bank account associated with the Centralized Billing Service (the “Centralized Billing Account”), pursuant to such forms that we may require to you complete, as attached to the Franchise Agreement, or as set forth in the Manuals or in any other writing.

Your Royalty Fee, as well as any other fees payable to us or our affiliates under the Franchise Agreement, may be collected by us via EFT from the bank account you are required to designate solely for use in connection with your Consulting Business (your “EFT Account”). You must provide us with the details of your EFT Account prior to opening and execute all documents necessary to authorize us to make withdrawals from this account throughout the term of your Franchise Agreement, including our then-current EFT Withdrawal Authorization form that is attached as an Exhibit to your Franchise Agreement. You must provide us with advance written notice of any change to the information related to your EFT Account. Upon our written request, you must make all such payments described in this Item by bank or certified check. Your checking account must maintain a balance at least as great as your Minimum Royalty Fees.

3. **CPI Adjustment**

Franchisor may adjust the Minimum Royalty Fees, Renewal Fee, Transfer Fee, National Conference Registration Fee and Technology Fee annually to account for any increase published in the Consumer Price Index (“CPI” - All Urban Consumers, U.S. city average, All items, 1982-1984=100) from the 1<sup>st</sup> of January of each year, with the base set as of January 1, 2022.

4. **Technology Fee.**

Currently, you are required to license and use proprietary designated management information software (“Proprietary Software”) from us or an Approved Supplier (as that term is defined in Item 8), for use in connection with your Consulting Business, as specified by us in the Manuals. The amount of software fees and the manner and timing of payment may change from time to time as we update the Computer System (as defined in Item 11) as part of our evolving System.

In addition to the Technology Fee, we reserve the right to require that you pay us or our designated vendor(s) a fee (which may be collected monthly, quarterly, or annually via automatic EFT withdraws with notice) associated with other technology requirements, including but not limited to maintaining required computer hardware and software, and any other technology used in the operation of your Consulting Business, and such payment shall be made in the manner prescribed by us or the designated vendor(s), as applicable (“Technology Fee”). We reserve the right to change the amount of the Technology Fee or incorporate additional technology fees as changes are made to the System’s hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency. As of the Issuance Date, the license fees associated are included in the current Technology Fee.

5. **SpendVue Fees.** SpendVue is proprietary software owned by franchisor and made available to franchisees on a per project basis. The software tool has been found to assist the presentation of the benefit of franchisee’s expense reduction offering to its clients. The use of SpendVue is optional. If franchisees elect to use the tool, the charge is currently 2.5% of the Net Cumulative Receipts which sum is paid to Franchisor whenever the client pays the project fees. If the prospective client does not engage franchisee’s services, no fees will be charged to franchisee for using SpendVue in the client engagement process.

6. **Training and Coaching Fee.** You may employ or engage Practice Model Consultants (as defined below) in your Consulting Business, provided that such Practice Model Consultants attend and successfully complete our Foundational Training Program or the minimal self-paced 20+ hours of online training.

With our prior written approval, you may also engage or employ Practice Model Consultants (each, a “Practice Model Consultant” or “PMC”) who: (i) primarily focuses on additional client acquisition activities on behalf of your Consulting Business; (ii) may also be engaged with client relationship or project management; and/or (iii) perform certain category specific or analytical work for your authorized Approved Products and Services.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT<sup>1</sup>**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee <sup>2</sup>	\$59,900	Single lump sum payment.	Due at signing of the Franchise Agreement.	ERA-USA

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Training and Coaching Fee <sup>3</sup>	\$5,000	\$10,000	Before Training	ERA-USA
Training Expense <sup>3</sup>	\$2,000 to \$4,000	As incurred	Before, during and after training	Suppliers of Travel, Meals and Accommodations
Computer Hardware and Software <sup>4</sup>	\$0 to \$3,000	As incurred	Before opening	Suppliers
Furniture and Equipment	\$0 to \$3,000	As incurred	Before opening	Suppliers
Supplies Inventory	\$0 to \$1,000	As incurred	Before opening	Suppliers
Insurance <sup>5</sup>	\$1,000 to \$3,500	Varies	Varies	Broker and Insurer
Professional Fees <sup>6</sup>	\$0 to \$5,000	Varies	Before opening	Attorney and Accountant
Permits and Licenses	\$100 to \$500	Varies	Before opening	Government Agencies
Additional Funds (for 3 months) <sup>7</sup>	\$3,000 to \$6,000	Varies	Varies	Varies
<b>TOTAL<sup>8</sup></b>	<b>\$71,000 to \$95,900</b>			

**Explanatory Notes to Item 7 Chart:**

1. **General Note.** Except as otherwise set forth in this Item, all fees noted in this Item 7 are payable to us and are non-refundable. This Item 7 shows estimated expenses through the third month of operation. We and our standard franchise offering assume that you will operate from a home office without hiring employees from the very beginning, and that you already own a vehicle that you will use in the operation of your Consulting Business. If you choose not to operate from a home office, you may incur additional fees relating to the operation of your Consulting Business, including but not limited to increased real property, furniture, equipment, insurance, permit and license-related expenses. None of these estimated expenses are refundable, except for insurance, which may be partially refundable from the broker or insurer. We do not offer direct or indirect financing for any of the expenses listed above.

2. **Initial Franchise Fee.** The Initial Franchise Fee is non-refundable. The Initial Franchise Fee is uniform for all franchisees except for those franchises sold under the VetFran® initiative. ERA-USA proudly offers VetFran® qualified veterans a discount of five-thousand US Dollars (\$5,000) off the Initial Franchise Fee.

3. **Training Expense.** We do not charge a fee to provide the Foundational Training Program to you or, if you are an entity, the principal you designate to be responsible for day-to-day operations of your Consulting Business that we approved (the “Designated Principal”). If you have an additional or substitute partner, the initial training fee for them is \$10,000. If the additional or substitute partner is your spouse or a family member, that fee will be \$5,000.

The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. This estimate does not include any wages or salary for you or your trainee(s) during training.

4. Computer Hardware and Software. This category includes required items such as a Computer System (defined in Item 11) that is capable of running our Proprietary Software, which currently includes our ERA management information system (“ERA Management Information System”), and has a high-speed internet connection, office furniture, telephone system, and a fax/copier/printer. If you already have these items, there may be no purchase required.

5. Insurance. You will need business/professional liability insurance, and consultants’ errors and omissions insurance, as further described in the Franchise Agreement. Some coverage may be included in your homeowner’s policy. Insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate your Consulting Business, and national or local market conditions.

6. Professional Fees. You may need the assistance of an attorney, accountant or other consultants to assist in establishing your Consulting Business. These fees may vary from location to location depending upon the prevailing local rate of attorneys’, accountants’ and consultants’ fees. These fees are typically not refundable.

7. Additional Funds. This category includes estimated opening cash, initial marketing activities, monthly minimum royalty fees, the Technology Fee, various expenses incurred in connection with sales calls, visiting network events, and other miscellaneous expenses incurred before opening and during the first three (3) months of operations. We relied on our experience and that of our franchisees in developing these figures. You should review them carefully in light of local conditions and the current economic outlook, and consulting a business advisor, if necessary. As with most businesses, your costs will depend on factors such as how much you follow our recommended systems, your technical, marketing and general business activities and skills, local economic conditions, the local market for your business, competition, local cost factors, location and the sales levels achieved by you. This is only an estimate, and we do not guarantee that the amounts specified will be adequate.

8. Total. The figures in this table are only estimates. We do not guarantee that you will not have greater start-up expenses other than these estimates or that you will not need more operating funds other than these estimates. We do not imply or guarantee that you will “break even” by any particular time. Your costs will vary depending on such factors as: how closely you follow the System; your management and marketing skills, experience and general business ability; and local and general economic conditions, including disposable income. We do not offer direct or indirect financing to you for any items. The availability of financing through third-party lenders, if any, will depend on factors such as the lending policies of such financial institutions, the collateral you may have, your creditworthiness, and the general availability of financing.

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

You must operate all aspects of your Consulting Business in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manuals and other proprietary guidelines and

writings that we prepare for your use in connection with the Consulting Business and System. We may periodically change our System standards and specifications from time to time, as we deem appropriate or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

### Approved Products and Services

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

You will not have the right to knowingly solicit, and/or provide any of the Approved Products or Approved Services to, any ERA Threshold Account or ERAC Account unless we authorize you to do so in writing once such an account has been referred to ERAC or us (as appropriate).

You must direct any potential ERA Threshold Accounts to us. Once referred to us, we will have the right, as we deem appropriate in our sole discretion, to determine how to handle such ERA Threshold Accounts, including the right to: (i) approve or reject any ERA Threshold Account; (ii) determine whether you may, and to what extent, offer and provide Approved Products and Services to an ERA Threshold Account; and/or (iii) direct any ERA Threshold Account to another franchisee, an Area Representative, and/or ERAC. As previously disclosed, any ERAC Account must be directed to ERAC, at which point ERAC will have the same rights and discretion to administer such ERAC Accounts.

In the event you unknowingly solicit or commence working with any ERA-Threshold Account or ERAC Account, you must immediately notify us at the point you know, or reasonably should know, that the client at issue meets the criteria for an ERA Threshold Account or ERAC Account. Your failure to comply with these directives regarding ERA Threshold Accounts and ERAC Accounts will constitute a material violation of your Franchise Agreement.

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

### Approved Suppliers

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

Currently, we have Approved Suppliers for certain items that you must purchase or license, as applicable, in connection with the establishment and/or operation of your Consulting Business, including without limitation: (i) the Centralized Billing Service; (ii) the Proprietary Software; (iii) other office computer software; (iv) email accounts and services; (v) marketing materials; and (vi) certain portions of our ISMP program.

As of the date of this document, we and/or our affiliates are the only Approved Supplier for the (a) Proprietary Software, (b) email accounts, and (c) technology we determine to cover as part of the Technology Fee. While not a required purchase, we will also review and help administer Approved Services to ERA Threshold Accounts, while our affiliate will do the same with respect to ERAC Accounts.

The Proprietary Software includes SpendVue which is a tool used to assist in the presentation of the savings opportunity available to customers and potential customers of the franchised businesses. While the use of SpendVue is not mandatory,

the franchise system is adopting SpendVue as a useful tool. The fees charged for the use of SpendVue are paid to us and are described in Item 6 above and may be reviewed and changed from time to time. We may develop or substitute other proprietary products for use in your Consulting Business, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s).

Currently, we have an approval process for evaluating your request and ability to team up with another ERA franchisee to enable your Consulting Business and another franchisee to perform joint services for a client as part of a Joint Venture Agreement you enter into with that third-party franchisee. Other than that, there is currently no written procedure or established process for us to grant or revoke approval of alternative suppliers for the items for which we have designated suppliers, because we do not expect to permit alternative suppliers for those kinds of items. We will review such proposals on a case-by-case basis and make the determination we deem appropriate in our sole discretion.

Except as provided in this Item, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase or license in connection with your Franchised Business, and none of our officers own an interest in any of our Approved Suppliers other than us.

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

#### Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately less than 2.5% of your total costs incurred in establishing your Consulting Business, and approximately less than 2.0% of your ongoing costs to operate the Consulting Business after the initial start-up phase. We may designate sources, including affiliated entities, for additional goods and services in the future. If we designate sources for additional goods and services, we may receive revenue, rebates, commissions or other material consideration from franchisee purchases.

We reserve the right to derive revenue from Required Purchase that our System franchisees are required to make in connection with the Consulting Business. In our last fiscal year ending December 31, 2022, we generated \$144,550 (or approximately 2.7% of our total revenue of \$5,304,162 from purchases of these types).

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

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

### Purchasing and Distribution Cooperatives

We do not currently have any purchasing or distribution cooperatives; however, we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives.

### Franchisee Compliance

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

### Advertising

All advertising and promotional materials and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must submit to us copies of all promotional and advertising materials that you propose to use at least thirty (30) days before their intended use. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them within ten (10) days of receiving the materials. If you do not receive our written approval within ten (10) days, the proposed materials shall be deemed disapproved. Once approved, you may use the materials for a period of 90 days, unless we withdraw or revoke our approval at an earlier time, which we may do at any time by providing written notice. We may require you to discontinue the use of any advertising or marketing material at your sole cost and expense.

### Operation from Home Office that or Other Permitted Office Space

We expect and assume that you will operate from a home office, that meets our System standards and specifications, to the extent such standards/specifications have been reduced and provided to you in writing. However, we may permit or require you to operate your Consulting Business from a separate office space if: (i) your primary residence is not located within the Area; (ii) we determine that you are not operating your Consulting Business in a professional and organized manner from your home office; or (iii) you submit a request in writing to operate your Consulting Business from an existing business office or a separately leased office space and the proposed office space meets our then-current standards for a separately leased office space. We reserve the right, but are not obligated to, to review, inspect and approve your proposed rented office space that you will dedicate as the Office Premises. You may not relocate your Office Premises without our prior written consent.

## Insurance

You must purchase and maintain a policy or policies of comprehensive general liability insurance covering all Consulting Business assets, personnel, and activities on an occurrence basis with a combined single limit for bodily injury, death, or property damage of not less than one million US Dollars (\$1,000,000). We may increase the minimum coverage requirement annually, if necessary, to reflect inflation or other changes in circumstances. You may also carry (1) casualty insurance in a minimum amount equal to the replacement value of your interest in your Consulting Business furniture, fixtures, and equipment, and (2) business interruption insurance in an amount sufficient to cover salary or wages of key personnel, and other fixed expenses. You must maintain consultants' professional liability (errors and omissions) coverage of not less than one million US Dollars (\$1,000,000). We may increase the minimum coverage requirement annually, if necessary, to reflect inflation or other changes in circumstances. If you have employees, you must maintain policies of workers' compensation insurance, disability insurance, and any other types of insurance required by applicable law. You must name us as the certificate holder) and add us as an additional insured to both your general and professional liability policies of insurance and provide us with a copy of the proof of insurance by submitting a Certificate of Insurance ("COI") prior to operating your Consulting Business. You must ensure that a notice of cancellation endorsement is in effect for both policies. You must provide us with (i) proof in the form of a Certificate of Insurance that you have renewed the insurance policy for the then-current required coverage as set forth in the Manuals, and (ii) that the insurance policy includes us as an additional insured.

## Computer Hardware and Software

You must purchase any and all computer hardware, software and peripherals in accordance with our System standards and specifications, which may include, without limitation, a computer running the type of software we designate, telephone system, fax capability, color printer and allow us access to your computer. Please see Items 6, 7, and 11 for more information regarding required computer hardware and software purchases.

### **ITEM 9. FRANCHISEE'S OBLIGATIONS**

**This following table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.**

<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
a. Site selection and acquisition/lease	Exhibit 1 to the Franchise Agreement – Sections 5 and 6	Items 8 and 11
b. Pre-opening purchases/leases	Not Applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Section 2.6 of the Franchise Agreement	Item 11
d. Initial and ongoing training	Section 12 of the Franchise Agreement, Exhibit 1 to the Franchise Agreement – Section 12	Item 11
e. Opening	Section 11.1 of the Franchise Agreement	Item 11



<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
f. Fees	Sections 5 and 6 of the Franchise Agreement, Exhibit 1 to the Franchise Agreement – Sections 7 to 9, 11 to 14	Items 6 and 7
g. Compliance with standards and policies/operating manual	Sections 11.4 and 19.2 of the Franchise Agreement	Items 8, 11 and 16
h. Trademarks and proprietary information	Sections 17 and 18 of the Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 2.1 and 9 of the Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 8.4 of the Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 11.4 of the Franchise Agreement, Exhibit 1 to the Franchise Agreement – Section 10	Items 11 and 12
l. Ongoing product/service purchases	Section 11.9 of the Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 2.6 of the Franchise Agreement	Item 11
n. Insurance	Section 22 of the Franchise Agreement	Items 7 and 8
o. Advertising	Section 15 of the Franchise Agreement	Item 11
p. Indemnification	Section 31 of the Franchise Agreement	Item 6
q. Owner’s participation/management/staffing	Section 11 of the Franchise Agreement	Item 15
r. Records/reports	Section 20 of the Franchise Agreement	Item 11
s. Inspections and audits	Sections 20.3 and 20.4 of the Franchise Agreement	Item 6 and 11
t. Transfer	Section 25 of the Franchise Agreement	Item 17
u. Renewal	Sections 3.2 to 3.4 of the Franchise Agreement, Exhibit 1 to the Franchise Agreement – Sections 14 and 16	Item 17
v. Post-termination obligations	Section 27 of the Franchise Agreement	Item 17
w. Noncompetition covenants	Section 11.13 and 27.6 of the Franchise Agreement	Item 17
x. Dispute resolution	Section 28 of the Franchise Agreement and 33.4	Item 17

## ITEM 10. FINANCING

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

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

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

#### A. Pre-Opening Assistance

1. Before the opening of your Consulting Business, we will train you how to plan and operate the System. As discussed more fully in Part E of this Item, following the signing of the Franchise Agreement, you must complete one (1) of the next two (2) scheduled Foundational Training Programs to our satisfaction. If you are a business entity, you must have a Designated Principal attend the Foundational Training Program. (Section 12.1 of the Franchise Agreement)

2. We will grant you the right to own and operate a Consulting Business within your non-exclusive Area and to use our Marks and System. (Section 2.1 of the Franchise Agreement)

3. We will grant you access to our Manuals. The Manuals contain our standards and methodologies for the business. We will revise the Manuals periodically to reflect the development of our business and will notify you of updated materials electronically via email or our internal or external websites and intranet. (Sections 2.1 and 19 of the Franchise Agreement)

4. You do not have to obtain our approval of the Office Premises for your Consulting Business, as we assume you will operate from your home office. However, we may permit or require you to operate your Consulting Business from a separate office space if: (i) your primary residence is not located within the Area; (ii) we determine that you are not operating your Consulting Business in a professional and organized manner from your home office; or (iii) you submit a request in writing to operate your Consulting Business from an existing business office or a separately leased office space and the proposed office space meets our then-current standards for a separately leased office space. We reserve the right, but are not obligated to, review, inspect and approve your proposed rented office space that You will dedicate as the Office Premises. You may not relocate your Office Premises without our prior written consent. If you choose to install signage at the Office Premises, or anywhere else in connection with your Consulting Business, we have the right to approve or disapprove the design and location of any such signage.

#### B. Site Selection Assistance

We do not provide assistance for locating an Office Premises for your Consulting Business or negotiating the purchase or lease of the site for your Consulting Business.

#### C. Time to Open

You must commence operations of your Consulting Business by the first day of the following month after you successfully complete the Basic Training component (described more fully below) of the Foundational Training program. We estimate that the average length of time between signing of a Franchise Agreement and opening of a Consulting Business will be between thirty (30) and ninety (90)

days. Factors that may affect the length of time it takes to commence the Consulting Business include scheduling and completion of the Foundational Training Program and receipt by Franchisor of the Initial Franchise Fee paid in full.

**D. Post-Opening Obligations**

1. We will directly or indirectly, through an Area Representative, provide you continuing consultation and advice, as we deem necessary and appropriate, regarding the management and operation of the Consulting Practice. We will provide such assistance, in our sole discretion, by telephone, facsimile, online portal, and intranet communication. If you request on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current rate, plus our travel, lodging, meal, and salary costs associated with providing such onsite service.

As noted above, we offer an Area Representative offering in certain States, under a different form of disclosure document, and Area Representatives, will, among other responsibilities, provide continuing operational and supervisory assistance to franchisees within their AD Area, including without limitation, ongoing training and supervision. Therefore, if you are acquiring a franchise to operate a Consulting Business within an AD Area, many of the services we are to provide to you may be delegated to the Area Representative in which your Consulting Business will be located.

2. We will provide support services in operating our system. We will record client receivables and client payments in a database to which you will have electronic access. (Sections 4.2, 6.2 of the Franchise Agreement)

3. We reserve the right, but do not have the obligation, to develop, designate and/or otherwise approve a Central Billing Service for use in connection with the franchise System. If we designate a Centralized Billing Service (Section 6.1 of the Franchise Agreement)

If the Centralized Billing Service is adopted, all payments made by your clients in connection with your Consulting Business are to be transferred directly to a bank account associated with the Centralized Billing Account, pursuant to such forms that we may require to you complete, as attached to the Franchise Agreement, or as set forth in the Manuals or in any other writing. (Sections 5.5 and 6.1 of the Franchise Agreement)

4. We may recommend the prices, including minimum and maximum prices (subject to applicable law) at which you provide the Approved Products and Services in connection with your Consulting Business, as we deem appropriate in our sole discretion. (Section 7.3 of the Franchise Agreement)

5. We may require you to use certain templates that we provide as standard forms in connection with your Consulting Business and use the forms according to our standards and specifications as set forth in the Manuals or otherwise in writing. (Sections 7.1 and 7.2 of the Franchise Agreement)

6. We or our designee will license to you our then-current form of Proprietary Software that will allow you to access and use our administrative services. (Section 11.9 and 18 of Franchise Agreement)

**E. Training**

Initial Training Program

You or, if you are an entity, your Designated Principal, must faithfully attend and successfully complete all phases of the Foundational Training Program to our satisfaction, as documented in writing by us, before performing Approved Products and Services. Failure to successfully complete any aspect of the training program, as we determine in our sole discretion, constitutes grounds for termination of your franchise. However, we have the right to offer you one (1) or more remedial courses of action, such as additional training or employment of supplemental personnel. If you do not accept the alternative course of action within the time we allow, we may terminate your Franchise Agreement. (Section 26 of the Franchise Agreement)

The Foundational Training Program will cover the following:

**TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
Component 1: Pre-learning includes 10 courses to be delivered via our e-learning platform covering the following: <ul style="list-style-type: none"> <li>- IT systems and Tools</li> <li>- Introduction the ERA</li> <li>- Marketing at ERA</li> <li>- Key methodologies and procedures</li> <li>- ERA Manuals</li> <li>- CEL/CEA</li> <li>- Sales</li> </ul>	-12-15	0	To be completed online before Foundational Training by using the learning management software we designate
Component 2: Foundational Training <ul style="list-style-type: none"> <li>- delivered over 2 weeks to include:</li> <li>- Introduction to ERA and support</li> <li>- Category understanding</li> <li>- Goal Setting</li> <li>- 10 step methodology (to include SDS and EPM roles)</li> <li>- The CEL</li> <li>- IT tools</li> <li>- Sales Process</li> </ul>	80	0	Training Center (ERA Academy) in Kent, England and/or other locations including online training sessions specified by ERA-USA

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
-			
-			
<b>TOTAL</b>	<b>92-95</b>	<b>0</b>	

*Explanatory Notes to Training Chart*

1. We reserve the right to add to or modify the Foundational Training Program throughout the year, including converting in-person training to online training.
2. You must successfully complete the Foundational Training Components prior to commencing operations of your Consulting Business. (Section 11.1 of the Franchise Agreement)
3. A Practice Model Consultant must also attend and successfully complete our Foundational Training Program.

The Foundational Training Program is held in person at our corporate headquarters in Kent, UK or any other location where we are then currently holding Foundational Training. The entire training program consists of up to two (2) weeks of training. This two-week period includes 12-15 hours of online training which must be completed remotely by you prior to any in-person training. We anticipate that training will be held every four (4) to six (6) weeks. All in-person training sessions, including training of Practice Model Consultants, will be most likely at the ERA Academy in Kent, England or any other location where we are then holding Foundational Training Programs.

The primary instructional material for the Foundational Training Program will be the Manuals, supplemented by audio-visual aids. There will be no additional charge for training material. The Foundational Training Program will be led by Tasha Gunning, our Academy Manager. She has two years of experience with us and more than two years of experience in the subjects taught. You may also receive training and instruction from one (1) or more of our Area Representatives, particularly if your Area is within or near to the geographic area that is serviced by one (1) or more of our Area Representatives. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training.

One (1) person may attend the Foundational Training Program at no charge. If you send an alternate Designated Principal to any training, you must pay our then-current Training Fee. If you later transfer your franchise to someone that was not previously trained, we will charge our applicable Training Fee. If you ask us to train an alternate or additional Practice Model Consultant, we will charge you our applicable Training Fee. You must pay your, your Practice Model Consultants’ (if applicable), and your employee’s incidental costs, such as lodging, travel and meals, for any training we offer. We will not pay you or your employees for any work performed during training.

Additional/Refresher Training Courses

Upon your reasonable request, we may provide assistance, in our sole discretion, to address specific issues relating to your operation of your Consulting Business. We reserve the right to charge you our then-current fee for providing such assistance. (Section. 12.2 of the Franchise Agreement)

We may, as we deem appropriate and in our sole discretion, offer further training programs and/or refresher courses (“Additional Training”) to you, your Practice Model Consultants, and/or your employees. We will not require you to pay our applicable Training Fee in connection with Additional Training, or if such services are being provided to you remotely or for meetings that you are required to attend. You will still be responsible for the costs and expenses incurred in connection with you and your designated personnel attending such training, which may take place at a training facility we designate. (Section 12.2 of the Franchise Agreement).

We may, as we deem appropriate and in our sole discretion, require you and/or your employees to attend remedial training (“Remedial Training”) in the event you breach the Franchise Agreement or otherwise fail to operate the Consulting Business in accordance with our System standards and specifications. We reserve the right to charge the applicable Training Fee for any Remedial Training that is provided to you and/or your personnel, and you must cover the costs and expenses incurred by the Franchisor and its personnel in providing such Remedial Training. (Section 12.2 of the Franchise Agreement).

You are required to meet the minimum performance standards (“Minimum Performance Standards”) set forth in your Franchise Agreement. In the event you fail to meet such Minimum Performance Standards, then, in addition to, and/or in lieu of, all other rights we may have, we may require you to comply with our then-current performance improvement program, if any, or a special performance improvement program that we may customize for you. Such performance improvement programs may include, without limitation, minimum improvement thresholds, additional required training, periodically providing us with requested information, and other such requirements that we may specify. (Section 11.4 of the Franchise Agreement)

#### **F. Annual Conference/Regional Meetings**

We may hold, and require you, your Designated Principal, and/or your Practice Model Consultants to attend, an annual conference each year to provide updates, offer continuing education, and encourage discussion of topics of importance to the ERA-USA franchise network. You must pay the registration fee, which will not exceed \$1,500 per person per event. (Section 12.2 of the Franchise Agreement)

In addition, you must attend at least 75% of the regional meetings, if any, called by your Area Representative or Support Center each year. You will not be asked to attend more than twelve meetings a year. Further information is available under Section 7.3 of the Franchise Agreement. (Section 11.7 of the Franchise Agreement)

#### **G. ERA Manuals**

We will provide you with access to, or otherwise loan you, one (1) copy of our confidential and proprietary Manuals. You must operate your Consulting Business in accordance with the Manuals and all applicable laws and regulations. The Manuals may be amended or modified by us at any time to reflect changes in the System. You must keep the Manuals confidential and current, and you may not copy any part of the Manuals. You are required to keep a copy of the Manuals at your Office Premises, and if there is a dispute relating to the contents of the Manuals, then the master copy (which we maintain at our corporate headquarters) will control. We reserve the right to disclose updates to the Manuals in writing in any manner, including electronic means such as e-mail, internal and external websites, and/or any intranet or extranet that we establish in connection with the System. (Section 19 of the Franchise Agreement)

We will arrange for you to review our Manuals in the presence of our employee or agent at a mutually convenient time at a location we designate before you enter into a Franchise Agreement. If you elect to review our Manuals before executing a Franchise Agreement, we reserve the right to require you to execute our prescribed form of non-disclosure agreement as a precondition thereto.

## **H. Computer System and Internet/Website Use**

### Computer System

We have the right to specify or require that you use certain brands, types, makes, and/or models of computer hardware and software in connection with the Consulting Business, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications and is capable of operating financial accounting software; (ii) our custom and Proprietary Software; (iii) other required software applications and programs; (iv) an all-in-one printer/scanner/fax machine and other peripheral hardware or devices; and (v) Internet access mode and speed that meets our requirements (collectively, the “Computer System”).

The current suggested requirements are as follows:

Laptop/Desktop/AIO

Intel i7 Family processor or AMD equivalent

16 GB RAM

500 GB SSD

Monitor (optional)

Fax/Copier/Printer (optional)

High speed Internet access

Windows 11 Home Edition (Business or Professional)

Chrome Browser (recommended)

Antivirus Software (recommended)

VPN (NordVPN, ExpressVPN, etc.) for the public WiFi’s (recommended)

The estimated cost of the Computer System is between \$0 and \$3,000. The estimated cost of annual upgrades or a maintenance contract is between approximately \$0 and \$300, depending on whether you have an acceptable system or need to purchase a new computer and/or software. You will be required to pay the then-current Technology Fees associated with the Proprietary Software and any other software we designate for use in connection with your Consulting Business (which currently consists of our ERA Management Information System, and as of the Issuance Date, is included in the Technology Fee).

We have the right, but not the obligation, to develop or otherwise designate: (i) computer software programs that you must use in connection with any component of the Computer System (the “Required Software”), which you must install at your sole expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you must also install at your expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. (Section 11.9 of the Franchise Agreement,).

You will use the Computer System to, among other things, manage leads, contacts, appointments, accounts and work-in-progress, to access our Proprietary Software, and to communicate with other members of our global franchise network. It will collect and generate client information, client projects, work projects, projections, evaluations and reports. We may require that your Computer System, and all other electronic media, be programmed to automatically transmit data and reports about the operation of the Consulting Business to us. We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to access this information.

You must keep your business equipment clean and in excellent repair. Periodically, we may instruct you to upgrade your equipment to meet our currently effective standards and to accommodate any upgrades to the Proprietary Software or other software that we require you to use. You must promptly comply with any such requests at your cost. (Section 11.9 of the Franchise Agreement)

There is no contractual limit on the cost or frequency of the obligation, but we expect to change our minimum specifications only when necessary to enable you to function within our franchise network.

We may conduct periodic quality assurance inspections of your Consulting Business including your books and records, your tax returns, your computer and other electronic records in any medium, during normal business hours. You will cooperate with our representatives during inspections including providing any and all passwords and access keys as necessary to allow a full and complete inspection of all records stored in any electronic media. Aside from licensing the ERA Management Information System to you, we do not provide or help you obtain or maintain your computer system or other office equipment.

#### Internet, Websites, and Email

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Consulting Business, including any profile on Facebook, Pinterest, Twitter, LinkedIn, Instagram and/or YouTube or any other social media and/or networking site. Any such Internet website or presence is considered “advertising” and must be approved by us prior to use, as described in this Item. We may also require you to register us as the proprietor of such domain name. (Section 21.2 of the Franchise Agreement)

We (and/or our affiliates) have the right to establish and maintain a website, that may, without limitation, promote the Marks and/or the System (the “Website”), including the contact information of your Consulting Business. If we establish such Website(s), we will have sole ownership and control of the System web sites and domain names, and your access or connection to such web sites and domain names is limited to the term of your Franchise Agreement.

You must use the email address and email signature in accordance with our standards and specifications as set forth in our Manual or as we may otherwise specify in writing. (Section 21.1 of the Franchise Agreement)

Under certain circumstances, you can request, and we may grant you, an additional email account for your Consulting Business. We will invoice you our then-current Email Fees for each additional email account. (Section 21.1 of the Franchise Agreement)



## I. Advertising and Marketing

All marketing and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising, comply with our standards and specifications as set forth in the Manuals or otherwise in writing, and comply with all applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least thirty (30) days before their intended use. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them within ten (10) days of receiving the materials. If you do not receive our written approval within ten (10) days, the proposed materials shall be deemed disapproved. Once approved, you may use the materials for a period of ninety (90) days, unless we withdraw or revoke our approval at an earlier time, which we may do at any time by providing written notice. We may require you to discontinue the use of any advertising or marketing material at your sole cost and expense.

### Initial Special Marketing Program

You may elect to participate in our Initial Special Marketing Program (“ISMP”) during the first eighteen (18) months after commencement date. If you participate in the ISMP, you will invest in an individual marketing program for your Consulting Business, with our prior written approval. (Section 5.2(4) of the Franchise Agreement).

If you elect to participate in the ISMP, you must: (1) complete an ISMP marketing and activity plan that is reviewed and approved by us; (2) actively participate in a formal monthly review of the approved ISMP marketing and activity plan; and (3) on a monthly basis, achieve the activities required in your ISMP marketing and activity plan.

If you participate in the ISMP and comply with its terms, we will deduct the amount of ISMP funds spent by you each month during the ISMP from your obligations to pay Minimum Royalty Fees for the current month. The maximum credit applied shall not be more than an amount equal to 50% of your monthly Minimum Royalty Fee for the current month.

### Marketing Fund

We have the right to establish and administer a brand development and marketing fund (the “Marketing Fund”), and we currently administer such a Marketing Fund as of the Issuance Date of this Disclosure Document (Sections 15.2 to 15.4 of the Franchise Agreement). The primary purpose of the Marketing Fund is to produce collateral material and marketing programs. We expect that we will use an advertising agency to prepare the programs, but some of the programs may be prepared in-house or by outside services. We may use the fund to pay for (i) market research, advertising materials, media space and time for a national or regional marketing program, a referral program and public relations activities; (ii) the development of collateral and advertising materials and brochures, internet and web-based downloads; (iii) our reasonable costs and overhead that we may incur in activities reasonably related to the direction and implementation of the Marketing Fund; and/or (iv) any other purpose we believe would benefit the System. Currently, there is a Franchise & Marketing Advisory Council (“FMAC”), an advisory council composed of up to five (5) franchisees, to advise us regarding the management of the marketing fund. The members of the FMAC are appointed by ERA-USA. We will give preference to marketing fund projects that are system wide in scope, but we may allocate some Marketing Fund money to regional groups of Franchisees or individual Franchisees when we consider it desirable. The advice of the FMAC is not binding on us. We reserve the unqualified right to decide, in our sole discretion, where, when and

how marketing fund money will be spent. We also have the right to require that the FMAC be formed, changed, dissolved or merged at any time. (Section 15.3 of the Franchise Agreement)

You will make monthly Marketing Fund contributions (“Marketing Fund Contributions”) of up to three percent (3%) of Net Cumulative Receipts. There is no requirement that we spend a specified amount of marketing fund money on advertising in your geographic area. Company-owned or related Consulting Businesses may, but will not be obligated to, contribute to the Marketing Fund in the same manner that each Consulting Business is required to contribute.

We are not required to audit the Marketing Fund, but we will provide you with a basic accounting of the Marketing Fund from the prior year if you request such an accounting in writing within 120 days after the fiscal year end. (Section 15.3(5) of the Franchise Agreement)

Any unexpended Marketing Fund Contributions will be retained for use in connection with the Marketing Fund during the following year. We do not use Marketing Fund contributions to pay for advertising that solicits the sale of franchises.

During our fiscal year ending December 31, 2022, the Marketing Fund spent 55.57% of its available funds, with 44.43% of the funds available for future programs. Spending for 2022 was as follows: 37.01% of its funds on strategic planning and market research, 51.40% for brand positioning, 4.88% for events and trade shows, 1.12% for the production of advertisements, promotions and promotional materials, and 5.59% for general and administrative expenses.

#### Regional Cooperatives and Local Marketing

You do not have to participate in a regional advertising cooperative or expend a specified amount on local advertising. However, you must actively market and promote your Consulting Business to your clients and prospective clients in your Area. You must comply with any directions we may give as to the content and area of distribution of your advertising and promotional material. If a dispute arises between you and any other franchisee in relation to the advertising and promotion of the Consulting Business, you must refer the dispute to us, and we will have the final determination in our sole discretion. Section 15.6 of the Franchise Agreement.

#### **J. ERA Authorization Levels and Permissible Accounts**

You may only market, offer, sell and provide the Approved Products Services that are consistent with your ERA Authorization Level and in a manner that meets our System standards and specifications. The criteria regarding ERA Authorizations will be set forth in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make any changes to the ERA Authorization Levels.

As previously disclosed in Item 8, you are only permitted to solicit business from and/or provide Approved Products and Services to Eligible Clients in your Area. We or ERAC have the exclusive right to manage, administer and service ERA Threshold Accounts and ERAC Accounts, respectively, and will be able to make final and binding determinations regarding: (i) how the account will be serviced, if at all; (ii) whether you may provide any Approved Products and Services to such accounts; and (iii) the compensation you will receive should you accept the offer and opportunity to provide such products/services to these kinds of accounts.

## ITEM 12. TERRITORY

### Home Office

As provided in Items 8 and 11, you are required to operate your Consulting Business at an Office Premises within your Area, which we assume and recommend be a home office, provided that home office affords you with a quiet and organized work space. You do not have to obtain our approval of the Office Premises for your Consulting Business if you are operating from a home office.

After your second full year in operation, and so long as you are in Good Standing (as defined in the Franchise Agreement) you may request to relocate your Consulting Business outside of your Area. We must receive your written request to relocate at least four (4) months prior to your proposed relocation, and we will not unreasonably withhold our consent. Our consent may be based, whether in part or in whole, on the number of existing System franchisees in your requested Area.

### Designated Marketing Area

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The maximum number of franchisees we establish within an area depends upon the number of prospect businesses that meet the criteria to be Eligible Clients in the area.

To avoid conflicts and duplicated effort within the franchise network, you must pre-designate all prospects whose business you wish to solicit in advance and identify them using our Proprietary Software on a first-come first-serve basis. You may not solicit business from or serve any prospect or client while it is listed on our Proprietary Software by another franchisee or by us.

In certain circumstances, we may permit you to operate in our “Open Territory” program in Non-Area Developer supported Areas, but you may only operate outside your Area with our prior written consent, and in accordance with our standards and specifications as set forth in the Manual or otherwise in writing. If you obtain our prior written consent, you agree to immediately stop soliciting or accepting new business outside your Area if we subsequently withdraw our consent, which we may do at any time and for any reason, upon notice to you.

### Minimum Performance Standards

Your franchise agreement does impose Minimum Performance Standards as described in this paragraph. If you do not meet the Minimum Performance Standards, we do have the right, but not the obligation, to: (a) offer and provide you with our then-current performance improvement program, which you must successfully complete to cure your default; (b) not renew your Franchise Agreement; and/or (c) terminate your franchise agreement. The Minimum Performance Standards are as follows:

During each year of your franchise agreement, you must acquire at least one (1) new client and engage the client for Approved Products and Services under contract. Additionally, in the first twenty-four (24) months of operations, your Net Cumulative Receipts must be in excess of \$60,000. In the third (3<sup>rd</sup>) year of operations, your Net Cumulative Receipts must be in excess of \$80,000. In the fourth (4<sup>th</sup>) and each subsequent

year of operations during the initial term, your Net Cumulative Receipts must be in excess of \$100,000.

#### ERA Threshold Accounts and ERAC Accounts

You are only permitted to solicit business from and/or provide Approved Products and Services to Eligible Clients in your Area, unless you obtain our prior written approval. Your obligations and responsibilities regarding ERA Threshold Accounts and ERAC Accounts are discussed more fully in Items 8 and 11 of this Disclosure Document.

#### Reservation of Rights

We and our affiliates/parents reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Consulting Businesses using the Marks and System at any location outside of the Area; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Consulting Business, within or outside your Area; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Consulting Business under marks other than the Marks at any location; (iv) solicit and recruit prospective regional franchisees and clients within or outside your Area; (v) provide services for Specialist Service Categories to your clients and to your prospective clients (as discussed more fully in Item 16); and (vi) use the Marks and System, other such marks we designate, to distribute Approved Products and Services (including private label products that we may develop in the future) in any alternative channel of distribution, within or outside the Area (including the Internet, direct mail, wholesale stores, etc.); (vii) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement.

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


#### Other Disclosures

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

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses offer or that sell our Approved Services or any proprietary Approved Product under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

### ITEM 13. TRADEMARKS

You will have the limited right to use the Marks we designate for use in connection with your Consulting Business. The following Mark has been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) and is currently the Mark licensed to you under our Franchise Agreement to prominently identify the Consulting Business:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
 Expense Reduction Analysts	3,526,731	November 4, 2008	Principal

We derive the right to use the Mark from a license agreement we entered into with Evercertain Limited effective as of November 22, 2012 (the “License Agreement”), in accordance with and pursuant to a separate license agreement entered into between Evercertain Limited and Montgomery Investment Co SA effective November 22, 2012. Under the License Agreement, we have the right to use the Marks, as well as license third parties the right to use the Marks to operate Franchised Businesses.

All required affidavits relating to the Mark detailed in the chart above has been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving any the Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Marks in any manner material to the System and franchises offered in this Disclosure Document.

You must strictly comply with our standards, policies, specifications, rules, requirements, and instructions regarding the use of the Marks. The goodwill associated with our Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Consulting Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Marks during the term of the Franchise Agreement will benefit us. All rights to use our Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of the Franchise Agreement.

You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name. You may not modify the Marks in any manner, including with words, designs or symbols, except those which we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers, designated principals, or Practice Model Consultants will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise system, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the words “Expense Reduction Analysts” or any similar phrase.

You must immediately notify us, in writing, if you become aware of any unauthorized use of any of our Marks or other proprietary information, and you must permit us to participate in any litigation involving you and our Marks. We will take the action we think appropriate. While we are not required to defend you against a claim against your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, in compliance with the Franchise Agreement and our written directives, so long as you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses: (i) if your use of the Marks was unauthorized; or (ii) in removing signage or discontinuing your use of any Marks. We will not reimburse you for disputes where we challenge your use of a Marks.

You must modify or discontinue the use of a trademark if we modify or discontinue it. If this happens, you will be responsible for your tangible costs of compliance (for example, changing exterior and interior signage, advertisements and promotional material, etc.). We are not obligated to reimburse you for any loss of revenue attributable to the modified or discontinued mark or for any expenditure you incur to promote a modified or substitute mark.

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

We do not own any registered patents or pending patent applications that are material to the franchise. Although we have not filed an application for a copyright registration for our Manuals or advertising materials, we claim common law copyright in these materials and all other proprietary materials that we and/or our principals develop for use in connection with the System or a Franchised Business. We consider our Manuals to be confidential and require you to treat it as confidential. You must tell us when you learn about any unauthorized use of our Manuals. We have not filed a patent on our proprietary products.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement, or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Consulting Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations.

The Franchise Agreement provides that if you, your employees, or principals develop any inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by you or your employees or agents that are in any way related to the establishment or operation of the Consulting Business (collectively, the “Improvements”), you must disclose those

Improvements to us and all such Improvements will automatically and without further action be owned by us without compensation to you (including all intellectual property rights therein).

Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that we may deem necessary to apply for and obtain intellectual property protection or to otherwise protect our interest therein. These obligations shall continue beyond the termination or expiration of the Franchise Agreement. If a court should determine that we cannot automatically own certain of the Improvements that may be developed, then you hereby agree to grant us a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

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

You, or, if you are an entity, your Designated Principal must devote sufficient time and best efforts to the management and operation of your Consulting Business. You must not sub-franchise, sub-license, subcontract, share, divide or partition the rights under the Franchise Agreement without our prior written consent.

Each Practice Model Consultant, whether an employee or independent contractor, must sign a form substantially similar to the Non-Disclosure and Non-Competition Agreement attached to the Franchise Agreement as Exhibit 4, before performing services for clients. You are required to have the sample form reviewed by your local employment counsel and amended as appropriate to be compliant with your local law. You must ensure that your employees and contractors preserve good client relations and comply with the Franchise Agreement and the Manuals. There is no intent to prohibit any such individual from obtaining employment or engagement with another franchisee of Franchisor.

You, your Designated Principal and all Practice Model Consultants must satisfactorily complete the designated training program (as more fully discussed in Item 11) before performing services to clients.

If you are a corporation, all officers and shareholders, or, if you are a partnership, all your general partners, or, if you are a limited liability company, all your members must approve the Franchise Agreement, permit you to furnish the financial information we require, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and your Consulting Business and limitations on their rights to compete, as further described under Exhibit 4 to the Franchise Agreement.

Either you, if you are an individual franchisee, or each of your direct and indirect owners, if you are not an individual, must also guaranty your payments or performance, as further described in Exhibit 2 to the Franchise Agreement. Note that spouses of interest holders in the Consulting Business are not required to sign the guaranty.

You will be solely responsible for all actions of your employees and subcontractors, including any actions of your employees and subcontractors which may cause you to breach the Franchise Agreement. Your employees must be competent, conscientious, and properly trained. As a franchisee, you are an independent contractor responsible for full control over the internal management and daily operation of the Consulting Business, and neither you nor ERA are an agent, principal, partner, employee, employer or

joint venture partner of the other party. We will not have any type of joint employer or other employer-related liability by virtue of the Franchise Agreement.

#### **ITEM 16. RESTRICTIONS ON WHAT YOU MAY SELL**

You may only offer and must offer all of the Approved Products and Services that we expressly authorize through your Consulting Business and may only offer these services at the Office Premises and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise and/or modify Approved Products and Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these Approved Products and Services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You may only market, offer, sell and provide the Approved Products and Services that are consistent with your ERA Authorization Level and in a manner that meets our System standards and specifications. The criteria regarding ERA Authorizations will be set forth in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make any changes to the ERA Authorization Levels.

There are certain prospective client accounts that you must refer to us, as we prescribe in the Manuals or otherwise in writing. You are only permitted to solicit business from and/or provide Approved Products and Services to Eligible Clients. You must direct any business from ERA Threshold Accounts to us. Once referred to us, we have the right, as we deem appropriate in our sole discretion, to determine how to handle such ERA Threshold Accounts, including the right to: (i) approve or reject any ERA Threshold Account; (ii) determine whether you may, and to what extent, offer and provide Approved Products and Services to an ERA Threshold Account; and/or (iii) direct any ERA Threshold Account to another franchisee, an Area Representative, and/or or ERAC. Furthermore, you must refer any unsolicited business from companies that qualify as ERAC Accounts to ERAC for ERAC to perform a similar analysis with regards to such accounts.

We expect to institute and administer ourselves or through an affiliate, special certification programs to solicit business from and serve the needs of clients in special service categories and/or where perhaps appropriate licensure and certification may be required (“Specialist Service Categories”). All rights to operate in these Specialist Service Categories are reserved to us and our affiliates. Any franchisee candidate for certification in a Specialist Service Category must be in Good Standing, as defined in the Franchise Agreement, and comply with all our then-current certification program and insurance requirements. In addition, the operation of franchised business in any Specialist Service Category may require (a) pre-requisite prior experience or formal education in its subject matter, and (b) a special permit or franchise(s) in the jurisdiction where you operate and where you intend to provide such services. We do not promise that you can qualify to operate franchised business in any Specialist Specified Category.

The determinations made by us or ERAC, as applicable, regarding Specialist Service Categories, ERA Threshold Accounts, and ERAC Accounts are final and binding.

We reserve the right to expand and otherwise modify the Approved Products and Services that you may offer and provide through your Consulting Business (through limited trials or otherwise). There is no limit on our right to request expansion of the goods and products offered and you will be required to offer new products and services that we introduce from time to time. We may also discontinue any



products or services that we previously approved for your Consulting Business to offer and sell upon providing you with written notice, and you must cease offering any product or service we discontinue immediately upon receiving notice from us.

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

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	3.1, Exhibit 1 – Section 15	The Term begins on the Commencement Date and ends on the 10 <sup>th</sup> anniversary of the Commencement Date.
b. Renewal or extension of the term	3.2-3.4, Exhibit 1 – Sections 14 and 16	If you meet the renewal conditions, you can renew the franchise for one (1) or more renewal terms provided that your renewal last term expires before the 30 <sup>th</sup> anniversary of the date the original agreement governing your franchise was executed.
c. Requirements for franchisee to renew or extend	3.3	In order to renew (which means renewing your franchise relationship with us), you must: (i) provide us with written notice of your intent to renew not more than six (6) Months and not less than three (3) months before the end of the Term; (ii) not be in breach of any agreement with us; (iii) you and any guarantors are in good standing under all agreements with us; (iv) you have performed your obligations under any agreements with us; (v) you pay all past amounts due to us and the Renewal Fee set forth in the Franchise Agreement; (vi) you enter into our then-current form of Franchise Agreement; (vii) you and guarantors execute a general release; and (viii) you undertake training necessary or as required by us.
d. Termination by franchisee	26.3	After five years, may be terminated by the written agreement of both parties as long as you provide at least six (6) months’ written notice, are not in breach of the Franchise Agreement, and execute a general release in our favor.
e. Termination by franchisor without cause	None	Not Applicable

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
f. Termination by franchisor with cause	26.1 and 26.2	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g. "Cause" defined – curable defaults	26.1	You have 10 days to cure non- payment defaults; you have 30 days to cure other curable defaults
h. "Cause" defined – non-curable defaults	26.2	Non-curable defaults include failure to successfully complete Foundational Training, misuse of marks, interest in operation of like business, unauthorized assignment, misrepresentation in securing franchise, abandonment, repeated defaults, unapproved transfer, insolvency, conviction of a felony of criminal misconduct, and competition with franchise network
i. Franchisee's obligations on termination/non-renewal	26.4 and 27	Complete de-identification, discontinue using Marks, payment of amounts due, honoring option to purchase or lease, assigning phone numbers, maintain records, assign interest in outstanding contracts; if termination due to your non-renewal, you must work with Franchisor to assign interest in existing client contracts and income generated by them.
j. Assignment of contract by franchisor	24	No restrictions on our right to assign.
k. "Transfer" by franchisee - defined	25	Includes transfer of agreement or sale of assets or ownership change
l. Franchisor approval of transfer by franchisee	25.1 and 25.4	We have the right to approve all transfers but will not unreasonably withhold approval
m. Conditions for franchisor approval of transfer	25.3 and Exhibit 1 – Section 13	Notice, new franchisee qualifies, Assignment and training fee paid, defaults cured, purchase agreement approved, training completed, mutual release and guarantee signed, and new franchisee signs our then-current form of franchise agreement that may contain terms and conditions materially different from those in your franchise agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	25.2	We have the right to match any offer to buy your business
o. Franchisor's option to purchase franchisee's business	None	Not Applicable

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
p. Death or disability of franchisee	25.6	Heirs must qualify within 60 days or have 6 months to sell – potential assignment of interim client manager.
q. Non-competition covenants during the term of the franchise	11.13	Neither you, your principals, guarantors, owners or Practice Model Consultants, nor any immediate family member of you, your principals, guarantors, owners or Practice Model Consultants, may: (i) own, operate, or otherwise be involved with, Competing Business (as defined in the Franchise Agreement); (ii) employ or seek to employ any of employees or us, our affiliates or any other System franchisee or induce such persons to leave their employment; or (iii) divert, or attempt to divert, any prospective customer to a Competing Business.
r. Non-competition covenants after the franchise is terminated or expires	27.6	<p>For a period of twenty-four (24) months after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may be involved with any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses.</p> <p>For a period of twenty-four (24) months after the termination/expiration/transfer of your Franchise Agreement, neither you, your principals, guarantors, owners, nor any immediate family member of you, your principals, guarantors, owners, may own, operate or otherwise be involved with and Competing Business: (i) at the Premises; (ii) within your Area; (iii) within a fifty (50) mile radius of the perimeter of your Area or any other Area granted by Franchisor in connection with an ERA Business as of the date your Franchise Agreement expires or terminates.</p> <p>During this twenty-four (24) month period, these parties are also prohibited from: (i) soliciting business from customers of your former Consulting Business; (ii) contacting any of our suppliers/vendors for a competitive business</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		purpose; or (iii) soliciting any employees of us, our affiliates or any other System franchisee to discontinue their employment.
s. Modification of agreement	33.7	Your Franchise Agreement may not be modified, except by a writing signed by both parties. With that said, we may modify the System and Manuals as we deem appropriate in our discretion from time to time.
t. Integration/merger clause	33.8	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. However, no claim made in any Franchise Agreement is intended to disclaim the express representations made in the Disclosure Document we furnished to you.
u. Dispute resolution by arbitration or mediation	28.1  28.2	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to mediation, under the auspices of the American Arbitration Association (“AAA”), which will take place in Dallas, Texas. The parties are equally liable for the costs of mediation unless they otherwise agree. The parties must pay their own costs of attending the mediation.</p>
v. Choice of forum	33.4	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest Dallas, Texas or, if appropriate, the United States District Court for the Northern District of Texas (subject to state law).
w. Choice of law	33.4	The Franchise Agreement is governed by the laws of the state of Texas, without reference to this state’s conflict of laws principles (subject to state law).

## ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote the franchise. No public figure is involved in our actual management or control.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance of a particular location or under particular circumstances.

The following tables present unaudited information about the historical Net Cumulative Receipts generated by 102 of our Regional Franchisees operating a total of 136 licenses for the period from January 1, 2022 to December 31, 2022 (the “Review Period”). Written substantiation of the data presented in this financial performance representation will be made available to you upon reasonable request.

This is a historic financial performance representation of active Regional Franchisees that operate a franchise substantially similar to the type offered in this Disclosure Document. The franchise information contained herein does not include data for (i) area franchisees; (ii) company-owned and company-affiliated outlets; (iii) the 8 terminated, 1 who ceased operating, and 8 mutually suspended Regional Franchisees. Where suspensions are typically agreed-to for medical, special circumstances, or other similar reasons; (iv) the 2 inactive Regional Franchisees<sup>3</sup>, and (v) the 11 Regional Franchisees that began operating in 2022.

**Note: Only franchisees who have completed the 18-month start-up phase using the elected Initial Special Marketing Program (“ISMP”) prior to the beginning of the 2022 fiscal year are included in the numbers below.**

**Table 1: Net Cumulative Receipts<sup>1</sup> of Regional Franchisees by Range<sup>2</sup> for 2022 Fiscal Year**

Range	Number of Franchisees within Range	Net Cumulative Receipts Range <sup>4</sup> (Low)	Net Cumulative Receipts Range <sup>4</sup> (High)	Average Net Cumulative Receipts	Median Net Cumulative Receipts	Number and Percentage of Franchisees in the Percentile that Attained or Exceeded the Average Net Cumulative Receipts	Number and Percentage of Franchisees in the Percentile that Attained or Exceeded the Median Net Cumulative Receipts
Top 25%	23	\$294,227	\$1,212,064	\$538,806	\$466,325	9 (39%)	12 (52%)
Medium Top	22	\$145,363	\$293,876	\$202,665	\$178,274	9 (41%)	12 (55%)

Medium Low	22	\$57,675	\$140,718	\$107,573	\$99,197	13 (59%)	15(68%)
Low 25%	23	\$0	\$56,098	\$26,072	\$28,049	12 (52%)	12 (52%)

**Table 2: Average and Median Net Cumulative Receipts<sup>1</sup> of Regional Franchisees for the 2022 Fiscal Year**

Average Net Cumulative Receipts	\$220,194
Median Net Cumulative Receipts	\$143,030
Number of franchisees that met or exceeded the Average Net Cumulative Receipts	31
Percentage of franchisees that met or exceeded the Average Net Cumulative Receipts	34 %
Number of franchisees that met or exceeded the Median Net Cumulative Receipts	51
Percentage of franchisees that met or exceeded the Median Net Cumulative Receipts	50%

**Table 3: Project Information**

Project Information	2020	2021	2022
Average Cumulative Invoice Total <b>Per Project</b>	\$25,443	\$30,746	\$33,529
Average Cumulative Royalties (15%) Total <b>Per Project</b>	\$3,816	\$4,612	\$5,029
Average Cumulative Marketing Fund (3%) Total <b>Per Project</b>	\$763	\$922	\$1,006
Average Cumulative Net Total <b>Per Project</b>	<b>\$20,863</b>	<b>\$25,212</b>	<b>\$27,494</b>
Average <b>Projects</b> Per Client Signed at Start of Engagement	3.6	3.6	4.5

2020 MEDIAN Project Total Invoice	\$10,558
2020 High Project Total Invoice	\$384,296
2020 Low Project Total Invoice	\$107
2020 Percentile that Met or Exceeded Average Total Invoicing	\$98 (20%)
2020 Percentile that Met or Exceeded MEDIAN Project Total Invoicing	\$380 (44%)

2021 MEDIAN Project Total Invoice	\$13,535
2021 High Project Total Invoice	\$571,391
2021 Low Project Total Invoice	\$198
2021 Percentile that Met or Exceeded Average Total Invoicing	\$172 (26%)
2021 Percentile that Met or Exceeded MEDIAN Project Total Invoicing	\$336 (50%)

**Note: Project invoicing incorporates all invoicing for the calendar year, which means that the billing for a single project could have started as early as January 1, 2020, or as late as December 31, 2022**

2022 MEDIAN Project Total Invoice	\$13,044
2022 High Project Total Invoice	\$611,397
2022 Low Project Total Invoice	\$149
2022 Percentile that Met or Exceeded Average Total Invoicing	\$161 (24%)
2022 Percentile that Met or Exceeded MEDIAN Project Total Invoicing	\$329 (50%)

Notes:

- 1) “Net Cumulative Receipts” means Gross Revenue less any fees that you agree to pay in connection with any Joint Venture Agreement that you enter into with another Consulting Business franchisee to provide Approved Products and Services in connection with a given Client, subject to the terms of your Franchise Agreement. A joint venture agreement is an agreement entered into between a franchisee with another franchisee or third party that delegates certain responsibilities and duties to other people.
- 2) “Range” refers to the relative performance ranking of the Regional Franchisees. Therefore, the “Top 25%” refers to the top 25% of the franchisee count, ranked by Net Cumulative Receipts, the “Medium Top” range refers to the next 25% of the franchisee count, the “Medium Low” range refers to the next 25% of the franchisee count, and the “Low 25%” range refers to the last 25% of the franchisee count.
- 3) An “Active Franchisee” is a Regional Franchisee that was active throughout the entire calendar year from January 1, 2022 to December 31, 2022. To this end, an “Inactive Franchisee” is a franchisee that did not operate the ERA Business for all 12 months during the calendar year of 2022.
- 4) “Net Cumulative Receipts Range” lists the actual high and low-end values of Net Cumulative Receipts in each Quartile.

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

Other than the preceding financial performance representation, Expense Reduction Analysts, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of the outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mr. Charles A. Smith, CEO, North America at 16415 Addison Road, Addison Tower, Suite 410, Addison, Texas 75001, (469) 310-2977, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20. OUTLETS AND FRANCHISEE  
INFORMATION  
(REGIONAL FRANCHISEES)**

**TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR YEARS 2020 to 2022**

<b>OUTLET TYPE</b>	<b>YEAR</b>	<b>OUTLETS AT THE START OF THE YEAR</b>	<b>OUTLETS AT THE END OF THE YEAR</b>	<b>NET CHANGE* (+ or -)</b>
Franchised	2020	118	141	+23
	2021	141	145	+4
	2022	145	136	-9
Company Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>118</b>	<b>141</b>	<b>+23</b>
	<b>2021</b>	<b>141</b>	<b>145</b>	<b>+4</b>
	<b>2022</b>	<b>145</b>	<b>136</b>	<b>-9</b>

**TABLE NO. 2  
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR  
AN AFFILIATE)  
FOR YEARS 2020 to 2022**

<b>STATE</b>	<b>YEAR</b>	<b>NUMBER OF TRANSFERS</b>
CA	2020	0
	2021	2
	2022	0
Totals	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>2</b>
	<b>2022</b>	<b>0</b>

**TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2020 TO 2022**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
AZ <sup>1</sup>	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
CA	2020	11	3	0	0	0	0	14
	2021	14	2	20	0	0	1	13
	2022	13	0	1	0	0	2	10
CO <sup>2</sup>	2020	5	2	0	0	0	0	7
	2021	7	0	2	0	0	0	5
	2022	5	0	1	0	0	0	4
CT <sup>3</sup>	2020	14	1	0	0	0	0	15
	2021	15	1	1	0	0	1	14
	2022	14	0	1	0	0	1	12
FL	2020	8	3	0	0	0	0	11
	2021	11	2	0	0	0	0	13
	2022	13	1	1	0	0	0	13
GA	2020	2	4	1	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	1	0	0	5
IL	2020	6	1	0	1	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0 7	

<sup>1</sup> Also operates in New Mexico and Texas

<sup>2</sup> Also operates in Nevada and Utah

<sup>3</sup> Also operates in Massachusetts, New York, and Rhode Island

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
IA <sup>4</sup>	2020	9	0	3	1	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	1	0	0	0	4
IN <sup>5</sup>	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
KY <sup>6</sup>	2020	2	2	1	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	1	0	0	0	3
MA <sup>7</sup>	2020	3	2	0	0	0	0	5
	2021	5	1	1	0	0	0	5
	2022	5	0	1	0	0	0	4
MD <sup>8</sup>	2020	9	0	0	0	0	0	9
	2021	9	0	1	0	0	0	8
	2022	8	0	0	0	0	0	8
MI <sup>9</sup>	2020	1	2	0	1	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MO <sup>10</sup>	2020	5	0	0	1	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5

<sup>4</sup> Also operates in Michigan (Upper Peninsula), North Dakota, Nebraska, South Dakota, Wisconsin, and Minnesota

<sup>5</sup> Also operates in Illinois

<sup>6</sup> Also operates in Tennessee

<sup>7</sup> Also operates in Connecticut, Rhode Island, and New York

<sup>8</sup> Also operates in Virginia and District of Columbia

<sup>9</sup> Only operates in the Lower Peninsula of Michigan

<sup>10</sup> Also operates in Kansas

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
MS <sup>11</sup>	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NC <sup>12</sup>	2020	3	1	0	0	0	0	4
	2021	4	3	0	0	0	0	7
	2022	7	0	0	0	0	1	6
NH <sup>13</sup>	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ <sup>14</sup>	2020	6	1	3	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	3	1	0	0	1	5
NY <sup>15</sup>	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
OH	2020	5	0	1	0	0	1	3
	2021	3	1	0	0	0	1	3
	2022	3	0	0	0	0	0	3
PA <sup>16</sup>	2020	3	4	1	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	2	0	0	0	0	9

<sup>11</sup> Also operates in Alabama and Louisiana

<sup>12</sup> Also operates in South Carolina

<sup>13</sup> Also operates in Maine and Vermont

<sup>14</sup> Also operates in New York

<sup>15</sup> Also operates in Connecticut, Rhode Island, and Massachusetts

<sup>16</sup> Also operates in Delaware and New York

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS- OTHER REASONS	OUTLETS AT END OF THE YEAR
TX	2020	11	9	1	0	0	0	19
	2021	19	2	0	0	0	0	21
	2022	21	1	1	0	0	3	18
VA <sup>17</sup>	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
WA <sup>18</sup>	2020	5	1	0	0	0	0	6
	2021	6	1	0	2	0	0	5
	2022	5	0	0	0	0	0	5
Total Outlets	2020	118	39	11	4	0	1	141
	2021	141	17	8	2	0	3	145
	2022	145	10	8	1	0	10	136

**TABLE NO. 4  
STATUS OF COMPANY OWNED OUTLETS  
FOR YEARS 2020 to 2022**

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
N/A	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total Outlets	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

<sup>17</sup> Also operates in West Virginia and North Carolina

<sup>18</sup> Also operates in Idaho, Montana, Wyoming, Oregon, and Alaska

**TABLE NO. 5  
PROJECTED OPENINGS  
AS OF DECEMBER 31, 2022**

<b>STATE</b>	<b>FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED</b>	<b>PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR</b>	<b>PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR</b>
CA	0	3	0
CO	0	1	0
CT	0	1	0
FL	0	3	0
GA	0	4	0
IL	0	1	0
IN	0	1	0
KY	0	2	0
MA	0	2	0
MI	0	2	0
MS	0	1	0
NC	0	1	0
NJ	0	2	0
NY	0	1	0
PA	0	4	0
SC	0	1	0
TX	0	9	0
WA	0	1	0
<b>Totals</b>	<b>0</b>	<b>40</b>	<b>0</b>

The tables above give the status of Expense Reduction Analysts Regional Franchises in each state where we had franchises at the end of our last three (3) fiscal years.

You should note that the numbers in the charts above refer to the number of actual franchised businesses not individual franchisees.

Attached as Exhibit D to this Disclosure Document is (i) a list of names, addresses and telephone numbers of all of our current Regional Franchisees as of December 31, 2022; and (ii) a list containing the name, city and state and the current business telephone number (or if unknown, the last known home telephone number) of Franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2022, or have not communicated with us within ten weeks of the issuance

date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees have signed provisions during our last three fiscal years 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 of these franchisees will be able to communicate with you.

### **Trademark-Specific Franchisee Organizations**

The following independent franchisee organization has asked to be included in this disclosure document: ERA-FOA (“ERA-FOA”) is an independent association of ERA franchise owners, with a mailing address of PO Box 10158, Palm Desert, CA 92255-1058, phone number 619-209-3775, and an email address of [ERA-FOA@aafdchapters.org](mailto:ERA-FOA@aafdchapters.org).

### **ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit B to this Disclosure Document are our consolidated audited financial statements for our fiscal years ending December 31, 2022, and December 31, 2021, and December 31, 2020. Our fiscal year end is December 31.

### **ITEM 22. CONTRACTS**

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

- C: Franchise Agreement (and Exhibits)
- E: State Addenda
- G: Receipts

### **ITEM 23. RECEIPTS**

Exhibit G to this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to our Franchise Department at the following address: 16415 Addison Road, Suite 410, Addison, Texas 75001.

**EXHIBIT A**

**LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION 320 WEST 4 <sup>TH</sup> STREET, SUITE 750 LOS ANGELES, CALIFORNIA 90013 (213) 576-7505 (866) 275-2677  SACRAMENTO: 2101 ARENA BLVD. SACRAMENTO, CA 95834 1-866-275-2677 <a href="http://www.dfpi.co.gov">www.dfpi.co.gov</a> Ask.DFPI@dfpi.ca.gov	CALIFORNIA, COMMISSIONER OF DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION 320 WEST 4 <sup>TH</sup> STREET, SUITE 750 LOS ANGELES, CALIFORNIA 90013 (213) 576-7505 (866) 275-2677
HAWAII	BUSINESS REGISTRATION DIVISION DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS 335 MERCHANT STREET ROOM 203 HONOLULU, HAWAII 96813 (808) 586-2722	COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII BUSINESS REGISTRATION DIVISION DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS 335 MERCHANT STREET ROOM 203 HONOLULU, HAWAII 96813 (808) 586-2722
ILLINOIS	FRANCHISE BUREAU OFFICE OF THE ATTORNEY GENERAL 500 SOUTH SECOND STREET SPRINGFIELD, ILLINOIS 62706 (217) 782-4465	FRANCHISE BUREAU OFFICE OF THE ATTORNEY GENERAL 500 SOUTH SECOND STREET SPRINGFIELD, ILLINOIS 62706 (217) 782-4465
INDIANA	INDIANA SECRETARY OF STATE SECURITIES DIVISION 302 WEST WASHINGTON STREET, ROOM E-111 INDIANAPOLIS, INDIANA 46204 (317) 232-6681	INDIANA SECRETARY OF STATE 201 STATE HOUSE 200 WEST WASHINGTON STREET INDIANAPOLIS, INDIANA 46204 (317) 232-6531
MARYLAND	OFFICE OF THE ATTORNEY GENERAL SECURITIES DIVISION 200 ST. PAUL PLACE BALTIMORE, MARYLAND 21202-2021 (410) 576-6360	MARYLAND SECURITIES COMMISSIONER OFFICE OF THE ATTORNEY GENERAL SECURITIES DIVISION 200 ST. PAUL PLACE BALTIMORE, MARYLAND 21202-2021 (410) 576-6360
MICHIGAN	MICHIGAN DEPARTMENT OF ATTORNEY GENERAL CONSUMER PROTECTION DIVISION ATTN: FRANCHISE SECTION 525 WEST OTTAWA G. MENNEN WILLIAMS BUILDING, 1 <sup>ST</sup> FLOOR LANSING, MICHIGAN 48933 (517) 373-7117	MICHIGAN DEPARTMENT OF COMMERCE CORPORATIONS AND SECURITIES BUREAU P.O. BOX 30054 6546 MERCANTILE WAY LANSING, MICHIGAN 48909 (517) 241-6345



STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	MINNESOTA DEPARTMENT OF COMMERCE 85 7 <sup>TH</sup> PLACE EAST, SUITE 280 ST. PAUL, MINNESOTA 55101-2198 (651) 539-1600	MINNESOTA COMMISSIONER OF COMMERCE DEPARTMENT OF COMMERCE 85 7 <sup>TH</sup> PLACE EAST, SUITE 280 ST. PAUL, MINNESOTA 55101-2198 (651) 539-1600
<b>NEBRASKA</b>	NEBRASKA DEPARTMENT OF BANKING AND FINANCE BUREAU OF SECURITIES/FINANCIAL INSTITUTIONS DIVISION 1526 K STREET, SUITE 300 LINCOLN, NEBRASKA 68508-2723 (402) 471-2171	NEBRASKA DEPARTMENT OF BANKING AND FINANCE BUREAU OFF SECURITIES/FINANCIAL INSTITUTIONS DIVISION 1526 K STREET, SUITE 300 LINCOLN, NEBRASKA 68508-2723 (402) 471-2171
<b>NEW YORK</b>	NYS DEPARTMENT OF LAW INVESTOR PROTECTION BUREAU FRANCHISE SECTION 28 LIBERTY STREET, 21 <sup>ST</sup> FLOOR NEW YORK, NEW YORK 10005 (212) 416-8222 (PHONE) (212) 416-6042 (FAX)	NEW YORK DEPARTMENT OF STATE ONE COMMERCE PLAZA 99 WASHINGTON AVENUE, 6 <sup>TH</sup> FLOOR ALBANY, NEW YORK 12231-0001 (518) 473-2492
<b>NORTH DAKOTA</b>	NORTH DAKOTA SECURITIES DEPARTMENT 600 EAST BOULEVARD AVENUE STATE CAPITOL FIFTH FLOOR, DEPARTMENT 414 BISMARCK, NORTH DAKOTA 58505-0510 (701) 328-4712	NORTH DAKOTA SECURITIES COMMISSIONER 600 EAST BOULEVARD AVENUE STATE CAPITOL FIFTH FLOOR, DEPARTMENT 414 BISMARCK, NORTH DAKOTA 58505-0510 (701) 328-4712
<b>OREGON</b>	DEPARTMENT OF INSURANCE AND FINANCE CORPORATE SECURITIES SECTION LABOR AND INDUSTRIES BUILDING SALEM, OREGON 97310 (503) 378-4387	DEPARTMENT OF INSURANCE AND FINANCE CORPORATE SECURITIES SECTION LABOR AND INDUSTRIES BUILDING SALEM, OREGON 97310 (503) 378-4387

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>RHODE ISLAND</b>	SECURITIES DIVISION STATE OF RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION, BLDG. 69, FIRST FLOOR JOHN O. PASTORE CENTER 1511 PONTIAC AVENUE, CRANSTON, RHODE ISLAND 02920 (401) 462-9582  (MAIL SHOULD BE SENT TO: RHODE ISLAND DBR – SECURITIES DIVISION 1511 PONTIAC AVENUE BUILDING <b>68-2</b> CRANSTON, RI 02920	DIRECTOR, SECURITIES DIVISION DEPARTMENT OF BUSINESS REGULATION BLDG. 69, FIRST FLOOR JOHN O. PASTORE CENTER 1511 PONTIAC AVENUE, CRANSTON, RHODE ISLAND 02920 (401) 462-9582
<b>SOUTH DAKOTA</b>	DIVISION OF INSURANCE SECURITIES REGULATION 124 SOUTH EUCLID, SUITE 104 PIERRE, SOUTH DAKOTA 57501 (605) 773-3563	DIVISION OF INSURANCE SECURITIES REGULATION 124 SOUTH EUCLID, SUITE 104 PIERRE, SOUTH DAKOTA 57501 (605) 773-3563
VIRGINIA	STATE CORPORATION COMMISSION DIVISION OF SECURITIES AND RETAIL FRANCHISING 1300 EAST MAIN STREET, NINTH FLOOR RICHMOND, VIRGINIA 23219 (804) 371-9051	CLERK OF THE STATE CORPORATION COMMISSION 1300 EAST MAIN STREET, FIRST FLOOR RICHMOND, VIRGINIA 23219 (804) 371-9733
WASHINGTON	DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION P.O. BOX 9033 OLYMPIA, WASHINGTON 98507 (360) 902-8760	DIRECTOR, DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION 150 ISRAEL ROAD S.W. TUMWATER, WASHINGTON 98501 (360) 902-8760
WISCONSIN	ADMINISTRATOR DIVISION OF SECURITIES STATE OF WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS 4822 MADISON YARDS WAY MADISON, WISCONSIN 53705 (608) 266-0448	ADMINISTRATOR DIVISION OF SECURITIES STATE OF WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS 4822 MADISON YARDS WAY MADISON, WISCONSIN 53705 (608) 261-7577

(In all other states process may be served on us at our corporate address)

**EXHIBIT B**  
**FINANCIAL STATEMENTS OF EXPENSE REDUCTION ANALYSTS, INC.**



**EXPENSE REDUCTION ANALYSTS, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Expense Reduction Analysts, Inc. and Subsidiaries  
Addison, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Expense Reduction Analysts, Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of Expense Reduction Analysts, Inc. and subsidiaries 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Expense Reduction Analysts, Inc. and subsidiaries' ability to continue as a going concern for one year after the date 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Expense Reduction Analysts, Inc. and subsidiaries' 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 Expense Reduction Analysts, Inc. and subsidiaries' 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Wauwatosa, Wisconsin  
April 19, 2023

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,144,589	\$ 1,678,200
Accounts Receivable, Net	186,685	282,333
Prepaid Expenses	65,844	74,029
Prepaid Incremental Franchise Costs	309,426	296,965
Due from Related Parties	857,412	1,001,538
Total Current Assets	2,563,956	3,333,065
<b>PROPERTY AND EQUIPMENT, Net</b>	15,541	15,327
<b>OTHER ASSETS</b>		
Prepaid Incremental Franchise Costs, Noncurrent Portion	1,977,024	2,009,658
Operating Right-of-Use Asset, Net	59,928	-
Deposits	5,148	5,148
Deferred Tax Asset	155,408	129,557
Intangible Assets, Net	5,640,216	4,792,315
Total Other Assets	7,837,724	6,936,678
<b>Total Assets</b>	\$ 10,417,221	\$ 10,285,070

See accompanying Notes to Consolidated Financial Statements.



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2022 AND 2021**

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 344,211	\$ 410,108
Current Operating Lease Liability	60,680	-
Note Payable, Current Portion	428,250	80,000
Accrued Expenses	115,928	196,942
Training Fees Payable	66,250	94,000
Due to Related Parties	612,319	379,298
Due to Franchisees	37,906	35,973
Deferred Revenue	447,970	453,057
Income Tax Payable	52,831	188,675
Total Current Liabilities	2,166,345	1,838,053
<b>LONG-TERM LIABILITIES</b>		
Note Payable, Noncurrent Portion	145,650	150,000
Deferred Revenue, Noncurrent Portion	2,674,961	2,915,055
Payable to Related Party	1,185,382	1,253,031
Total Long-Term Liabilities	4,005,993	4,318,086
Total Liabilities	6,172,338	6,156,139
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock - Par Value \$0.001 per Share; 100,000,000 Shares Authorized; 18,777,777 Shares Issued and Outstanding	18,778	18,778
Additional Paid-In Capital	4,209,422	4,209,422
Retained Earnings (Accumulated Deficit)	(9,366)	(114,485)
Controlling Interest	4,218,834	4,113,715
Noncontrolling Interest in Subsidiaries	26,049	15,216
Total Stockholders' Equity	4,244,883	4,128,931
Total Liabilities and Stockholders' Equity	\$ 10,417,221	\$ 10,285,070

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>FRANCHISE INCOME</b>		
Franchise Fees	\$ 787,181	\$ 763,471
Royalty Fees	3,718,035	3,641,871
MAC Income	630,396	610,764
Management Software Fees	144,550	146,227
Other Income	24,000	42,732
Total Franchise Income	<u>5,304,162</u>	<u>5,205,065</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>	5,408,181	4,995,757
<b>OTHER INCOME (EXPENSE)</b>		
Management Fee from Related Party	477,564	381,613
Other Income	2,321	-
Total Other Income	<u>479,885</u>	<u>381,613</u>
<b>NET INCOME BEFORE INCOME TAXES</b>	375,866	590,921
<b>PROVISION FOR INCOME TAXES</b>	<u>259,914</u>	<u>163,642</u>
<b>NET INCOME</b>	115,952	427,279
<b>NONCONTROLLING INTEREST</b>		
Adjustment Attributable to the Noncontrolling Interest in Subsidiaries	<u>(10,833)</u>	<u>(10,857)</u>
<b>NET INCOME ATTRIBUTABLE TO EXPENSE REDUCTION ANALYSTS, INC.</b>	<u>\$ 105,119</u>	<u>\$ 416,422</u>

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Common Stock		Additional Paid-In Capital	Earnings (Accumulated Deficit)	Noncontrolling Interests	Total
	Shares	Amount				
<b>BALANCE - DECEMBER 31, 2020</b>	18,777,777	\$ 18,778	\$ 4,209,422	\$ (530,907)	\$ 4,359	\$ 3,701,652
Net Income	-	-	-	416,422	10,857	427,279
<b>BALANCE - DECEMBER 31, 2021</b>	18,777,777	18,778	4,209,422	(114,485)	15,216	4,128,931
Net Income	-	-	-	105,119	10,833	115,952
<b>BALANCE - DECEMBER 31, 2022</b>	<u>18,777,777</u>	<u>\$ 18,778</u>	<u>\$ 4,209,422</u>	<u>\$ (9,366)</u>	<u>\$ 26,049</u>	<u>\$ 4,244,883</u>

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 115,952	\$ 427,279
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	8,120	9,689
Noncash Operating Lease Expense	752	-
Deferred Income Taxes	(25,851)	(63,830)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	95,648	(63,921)
Prepaid Incremental Franchise Costs	-	(60,452)
Prepaid Expenses and Other Assets	28,358	91,933
Accounts Payable	(65,897)	(159,254)
Accrued Expenses	(81,014)	(27,476)
Training Fees Payable	(27,750)	(93,733)
Prepaid Federal Income Tax/Federal Income Tax Payable	(135,844)	188,675
Deferred Revenue	(245,181)	(34,218)
Due to Franchisees	1,933	(1,086)
Net Cash Provided (Used) by Operating Activities	(330,774)	213,606
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Advances to Employees	-	14,035
Repurchase of Area Development Territory	(424,001)	585
Purchases of Property and Equipment	(8,334)	(4,454)
Net Cash Provided (Used) by Investing Activities	(432,335)	10,166
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from (Payments to) Related Parties	309,498	(364,503)
Net Payments for Area Development Territory	(80,000)	(105,000)
Net Cash Provided (Used) by Financing Activities	229,498	(469,503)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(533,611)	(245,731)
Cash and Cash Equivalents - Beginning of Year	1,678,200	1,923,931
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,144,589	\$ 1,678,200
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Repurchase of Area Developer Territory through Long-Term Debt	\$ 423,900	300,000
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Taxes Paid	\$ 421,610	\$7,084

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 DESCRIPTION OF BUSINESS OPERATIONS AND ORGANIZATION**

Expense Reduction Analysts, Inc. (the Company) was incorporated in California on September 12, 2002, with the purpose of becoming the U.S. Master Licensee of Expense Reduction Analysts International, Ltd. (ERAI), an international consultancy firm that engages in implementing cost reduction strategies for corporations. The Company licenses both Area Development licenses and Regional licenses throughout the United States. The Company is a subsidiary of Evercertain Ltd, which is based in the United Kingdom. On January 25, 2011, the assets of ERAI were acquired by Montgomery Investment Company SA (MIC), which is based in Luxembourg. MIC is the ultimate group holding company and shareholder of Evercertain Ltd.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Expense Reduction Analysts Global Insurance Consulting, Inc. (ERAGIC) and SDCo, LLC (SDCO), as well as its majority owned subsidiary, Expense Reduction Analysts Consultants, Inc. (ERAC) (the Company owns 81%). All intercompany transactions and balances have been eliminated in consolidation.

ERAGIC is a nontrading subsidiary that provides specialty support to licensees undertaking insurance and risk management projects. SDCO provides services similar to those offered by the Company's other licensees and ERAC provide a service similar to those offered by the Company's other licensees, but only to companies with annual gross receipts over \$1 billion.

**Use of Estimates**

The Company uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of any potential impairment of the intangible assets due to changes in the significant assumptions for future growth of the business.

**Basis of Accounting**

The consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP on the accrual basis and, accordingly, reflect all significant assets, payables, and other liabilities.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash represents cash on hand and in banks with maturities of less than 90 days. The Company maintains bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, balances can exceed this limit. Management believes the risk of incurring material losses related to this credit risk is remote.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable is presented in the consolidated financial statements net of estimated uncollectible amounts. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses, based on factors surrounding the credit risk of specific franchisees, historical trends, and other information. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. As of December 31, 2022 and 2021, the allowance for doubtful accounts was \$9,132 and \$-0-, respectively. The balance of accounts receivable as of January 1, 2021 was \$218,412.

**Property and Equipment**

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the related assets using the straight-line method as follows:

Leasehold Improvements	4 Years
Software	3 Years
Computers and Related Equipment	3 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Maintenance and repairs are charged to expense as incurred. Renewals and betterments which extend the useful lives of the assets are capitalized. The cost and accumulated depreciation related to assets sold or retired are removed from the accounts, and any gain or loss is reflected in operations.

The Company periodically evaluates its long-lived assets for financial impairment. Impairment losses are recognized for assets to be disposed of or held-for-use when the carrying amount of an asset is deemed to not be recoverable. If events or circumstances were to indicate that any of the Company's long-lived assets might be impaired, the Company would assess recoverability based on the estimated undiscounted future cash flows to be generated from the applicable asset. In addition, the Company may record an impairment loss to the extent that the carrying value of the asset exceeded the fair value of the asset. Fair value is generally determined using an estimate of discounted future net cash flows from operating activities or upon disposal of the asset. There were no impairments of long-lived assets at December 31, 2022 and 2021.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangibles**

The Company's intangible assets, which consist of indefinite lived license rights, are not amortized, but instead tested for impairment at least annually at the reporting unit level. The Company performs this impairment test by first comparing the fair value of its reporting units to their carrying amount. If an indicator of impairment exists based upon comparing the fair value of its reporting units to their carrying amount, the Company would then compare the implied fair value of its license rights to the carrying amount in order to determine the amount of impairment, if any (see Note 5). Based on this analysis there were no impairments of the Company's license rights during the years ended December 31, 2022 and 2021.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of fixed assets, allowance for bad debts and certain accrued and related party payables for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future federal income taxes. A valuation allowance is established for the portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

The Company recognizes in its consolidated financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Interest and penalties are recognized as income tax expense. As of December 31, 2022, there are no amounts related to uncertain tax positions or interest and penalties.

**Revenue Recognition**

The Company's regional franchisee agreement requires an initial nonrefundable fee of \$59,900 per franchise. Area development franchises are also available and require an initial nonrefundable fee of approximately \$250,000. Initial franchise and area development fees are primarily intended to compensate the Company for the granting of the franchise, the right to use the Company's trademark, and to offset the costs of developing training programs and the operations manual. The term of the initial franchise and area development agreement is 10 years. If regional franchisees meet the renewal conditions, a franchisee can renew the franchise for one or more renewal terms provided that the franchisee's renewal last term expires before the 30<sup>th</sup> anniversary of the date the original agreement governing the franchise was executed. Area Development franchisees can renew for two consecutive five-year terms subject to certain conditions.

Franchise and area development fees and associated costs are recognized over the term of the franchise agreement, rather than when they are paid by the franchisee, upon the opening of a new franchise. There were no area development fees during 2022 or 2021

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Franchise agreements also provide for continuing royalty and marketing fees which are based on gross billings and are payable when client billings are rendered. The royalty fee, 15% of gross billings, compensates the Company for various support services that it provides to the franchise on an ongoing basis and is subject to a variable minimum fee. Royalty fees are recognized as revenue when receipts from client billings are received.

Contract assets represent amounts related to the contractual right to consideration for completed performance obligations. There were no contract assets as of December 31, 2022. Contract liabilities consist of deferred revenue resulting in part from the initial franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, as well as fees collected related to the Company's annual conference. The balances of contract assets and contract liabilities as of January 1, 2021 were \$266,060 and \$3,402,330, respectively.

The marketing fee, 3% of gross billings, funds various marketing efforts as determined by the Company; in the past, marketing fees were recorded as Due to Marketing Campaign, when receipts from client billings are received, until marketing expenditures are incurred. Under Topic 606, franchise marketing fees and related cost are presented on a gross basis, as revenue and expense, in the consolidated statement of operations, rather than net of operating expenses on the consolidated balance sheet. Impacts resulting from adoption were material to the consolidated statement of operations.

Franchise agreements provide for management software fees up to \$1,000 per year per user. These fees are recognized as revenue when earned.

The Company is obligated to share fees generated by new franchises with area developers if there is an area developer in the regional franchise territory. Area developers can earn a fee, as defined in the area developer agreement, related to new franchises within their territory.

**Disaggregation of Revenue**

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021.

**Deferred Rent**

The Company records rent expense under operating leases with scheduled rent increases on a straight-line basis over the life of the lease. This results in temporary differences between rent expense and the scheduled rent payments, which is recorded as deferred rent in the accompanying balance sheets and reversed over time.



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (Topic 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The standard did not have a material impact on the balance sheets, statements of income and members' equity, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

**Leases**

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets and lease liability in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. There were no such leases in place as of December 31, 2022.

In instances when individual lease contracts do not provide information about the discount rate implicit in the lease the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities. There were no such leases for the year ended December 31, 2022.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Computers and Equipment	\$ 12,966	\$ 16,240
Furniture and Fixtures	20,163	19,554
Total Property and Equipment	<u>33,129</u>	<u>35,794</u>
Less: Accumulated Depreciation	<u>(17,588)</u>	<u>(20,467)</u>
Property and Equipment - Net	<u>\$ 15,541</u>	<u>\$ 15,327</u>

**NOTE 4 INTANGIBLE ASSETS**

Intangible assets consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Area Development License Rights	\$ 2,174,916	\$ 1,327,015
Franchise License Rights	4,000,000	4,000,000
Total Intangibles	<u>6,174,916</u>	<u>5,327,015</u>
Less: Accumulated Impairment	<u>(534,700)</u>	<u>(534,700)</u>
Intangibles Assets, Net	<u>\$ 5,640,216</u>	<u>\$ 4,792,315</u>

The franchise and insurance license rights are tested for impairment at least annually or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable.

**NOTE 5 INCOME TAXES**

Deferred taxes as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Tax Basis of Property and Equipment in Excess of Book	\$ (3,264)	\$ (3,220)
Allowance for Doubtful Accounts	1,918	-
Accruals	125,059	144,935
Federal Net Operating Loss	-	-
Prepaid Franchise Costs	(523,636)	(527,872)
Deferred Franchise Fee Income	547,380	476,263
Related Party Payables	7,951	39,451
Total Deferred Taxes	<u>\$ 155,408</u>	<u>\$ 129,557</u>

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 5 INCOME TAXES (CONTINUED)**

The federal and state income tax provision consisted of the following for the year ended December 31, 2022:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 237,935	\$ (25,851)	\$ 212,084
State	47,830	-	47,830
Total Income Tax Expense	<u>\$ 285,765</u>	<u>\$ (25,851)</u>	<u>\$ 259,914</u>

The income tax provision consisted of the following for the year ended December 31, 2021:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 220,388	\$ (63,830)	\$ 156,558
State	7,084	-	7,084
Total Income Tax Expense	<u>\$ 227,472</u>	<u>\$ (63,830)</u>	<u>\$ 163,642</u>

The Company's effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes.

**NOTE 6 OPERATING LEASES – ASC 842**

The Company leases its office space under a noncancellable operating lease. The monthly rental amount is \$5,577 at December 31, 2022. Total rental expense under that agreement was \$59,207 and \$69,504 for the years ended December 31, 2022 and 2021, respectively.

Qualitative Information concerning the Company's lease for the year ended December 31, 2022:

Operating Lease Cost	\$ 66,103
Operating Cash Flows from Operating Leases	\$ 65,351
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 123,674
Weighted Average Remaining Lease Term	0.8 Years
Weighted Average Discount Rate	2.63%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 61,347
(Less) Imputed Interest	(667)
Total Present Value	<u>\$ 60,680</u>
Short-Term Lease Liabilities	\$ 60,680

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 7 OPERATING LEASES – ASC 840**

The Company elected to apply the provisions of FASB Accounting Standards Update (ASC 842) to the beginning of the period of adoption with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company leases its office space under a noncancelable operating lease. Rent expense amounted to \$69,504 for the year ended December 31, 2021. This amount is net of deferred rent amortization of \$4,235 for the year ended December 31, 2021.

Unamortized deferred rent of \$12,848 for the year ended December 31, 2021 is presented in accrued expenses on the balance sheet.

**NOTE 8 NOTES PAYABLE**

During 2018, the Company entered into a reversion and reacquisition agreement with Koala Enterprises, Inc. for a total of \$100,000. Beginning on November 15, 2018, the Company pays Koala Enterprises, Inc. the purchase price in 40 equal, consecutive monthly payments of \$2,500 each month, with the final payment due February 15, 2022.

During 2021, the Company entered into a reversion and reacquisition agreement with New Harbor Ventures, LLC, for a total of \$300,000. Beginning on March 1, 2021, the Company will pay New Harbor Ventures, LLC, Inc. the purchase price in 4 equal, consecutive annual installments of \$75,000 each, with the final payment due February 1, 2024.

The following schedule shows the notes payable recorded on the consolidated balance sheets as of December 31:

	<u>2022</u>	<u>2021</u>
Current Portion	\$ 428,250	\$ 80,000
Long-Term Portion	145,650	150,000
Total Notes Payable	<u>\$ 573,900</u>	<u>\$ 230,000</u>

Aggregate maturities of notes payable at December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	428,250
2024	145,650
Total	<u>\$ 573,900</u>

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 9 RELATED PARTY TRANSACTIONS**

During 2006, the Company received a loan from ERA International MIC (which was subsequently acquired by MIC) totaling \$734,000. The note bore interest at 1.75% per annum and contained no fixed repayment terms, and the loan was repaid during 2008. The Company owes MIC a total of \$101,078 for accrued interest payable at December 31, 2022 and 2021 on this loan. The Company also owes MIC a total of \$1,185,382 and \$1,151,953 at both December 31, 2022 and 2021, respectively, for unpaid royalties and other advances. These amounts are included in Payable to Related Party within the long-term liabilities portion of the balance sheet.

MIC provides consulting and management services to the Company through a wholly owned subsidiary, Associates Support & Network Services Ltd. (ASNS), a UK registered associate company. During 2022 and 2021, the Company expensed a total of 277,500 and 215,600, respectively, for these services. As of December 31, 2022 and 2021, the Company owed ASNS \$361,928 and \$214,959, respectively, for these services. The amounts are included in Due to Related Parties within the current liabilities portion of the balance sheet.

The Company provided significant technology support and development functions to affiliates in other countries and management services to a local affiliate, Southwest Cost Strategies. Management services were \$470,000 and \$370,000 for the years ended December 31, 2022 and 2021, respectively. The Company was owed \$857,412 and \$1,001,538 at December 31, 2022 and 2021, respectively, to reflect these costs, resources, and services. These services are performed in the ordinary course of business and are therefore classified as current assets. Further, the receivables are backed by the parent company in the event the related party is unable to satisfy their obligation. These amounts are included within Due from Related Parties on the balance sheet.

The Company is billed for certain IT and Marketing support from U.K. and European affiliates. These amounts totaled \$159,609 and \$18,972 at December 31, 2022 and 2021, respectively. \$159,609 and \$18,972, respectively, were included in Due to Related Parties within the current liabilities portion of the balance sheet at December 31, 2022 and 2021.

The Company was provided with CRM development services from an affiliate in the U.K. The amounts totaled \$90,782 and \$145,367 at December 31, 2022 and 2021, respectively. \$90,782 and \$145,367, respectively, were included in Due to Related Parties within the current liabilities portion of the balance sheet at December 31, 2022 and 2021.

As with its accounts receivable, the Company will periodically assess whether an allowance for uncollectible accounts is needed. As of December 31, 2022 and 2021, an allowance for uncollectible related party accounts was not deemed necessary.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 10 FRANCHISE INFORMATION**

Franchise information for the year ended and as of December 31, 2022:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	145	9
New Franchises Granted	9	-
Open Outlet Due to Relocation	-	-
Transferred to Franchisor	-	(1)
Transferred of Outlet from Franchisee to New Owner	-	-
Nonrenewals	(1)	-
Franchises Terminated	(8)	-
Ceased Operations-Other Reason	(9)	-
Franchises in Operation - End of Year	<u>136</u>	<u>8</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>-</u>

Franchise information for the year ended and as of December 31, 2021:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	141	10
New Franchises Granted	13	-
Open Outlet Due to Relocation	2	-
Transferred to Franchisor	-	(1)
Transferred of Outlet from Franchisee to New Owner	2	-
Nonrenewals	(2)	-
Franchises Terminated	(8)	-
Ceased Operations-Other Reason	(3)	-
Franchises in Operation - End of Year	<u>145</u>	<u>9</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>-</u>

**NOTE 11 PAYCHECK PROTECTION PROGRAM FORGIVENESS**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On May 28, 2020 the Company received a loan in the amount of \$208,129 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan accrued interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 11 PAYCHECK PROTECTION PROGRAM FORGIVENESS (CONTINUED)**

In accordance with FASB ASC 105, when guidance for a transaction or event is not specified within U.S. GAAP the entity can consider guidance for similar transactions within other authoritative sources. The Company has analogized to IAS 20 to account for the PPP loan. Therefore, grants related to this program are classified as Other Income. The Company recognized \$208,129 of Other Income related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP loan funds for which forgiveness is probable. The loan was completely forgiven on May 28, 2021.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**NOTE 12 COMMITMENT AND CONTINGENCIES**

ERA USA is acting as guarantor to its UK affiliate ER Associates (Canada) Ltd for the purpose of acquiring the entire share capital of Expense Reduction Analysts (Canada) Ltd. which is the current Master Licensee for Canada.

**NOTE 13 SUBSEQUENT EVENTS**

The Company has evaluated all events and transactions that occurred after December 31, 2022, up through April 19, 2023, the date on which the consolidated financial statements were available to be issued.



**Expense Reduction  
Analysts**

**EXPENSE REDUCTION ANALYSTS, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Expense Reduction Analysts, Inc. and Subsidiaries  
Addison, Texas

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Expense Reduction Analysts, Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of Expense Reduction Analysts, Inc. and subsidiaries 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Expense Reduction Analysts, Inc. and subsidiaries' ability to continue as a going concern for one year after the date 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Expense Reduction Analysts, Inc. and subsidiaries' 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 Expense Reduction Analysts, Inc. and subsidiaries' 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Dallas, Texas  
April 19, 2022

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,678,200	\$ 1,923,931
Accounts Receivable, Net	282,333	218,412
Employee Advances	-	14,035
Income Tax Receivable	-	78,788
Prepaid Expenses	74,029	87,174
Prepaid Incremental Franchise Costs	296,965	266,060
Due from Related Parties	1,001,538	928,368
Total Current Assets	3,333,065	3,516,768
<b>PROPERTY AND EQUIPMENT, Net</b>	15,327	20,562
<b>OTHER ASSETS</b>		
Prepaid Incremental Franchise Costs, Noncurrent Portion	2,009,658	1,980,111
Deposits	5,148	5,148
Deferred Tax Asset	129,557	65,727
Intangible Assets, Net	4,792,315	4,492,900
Total Other Assets	6,936,678	6,543,886
Total Assets	\$ 10,285,070	\$ 10,081,216

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 410,108	\$ 569,362
Note Payable, Current Portion	80,000	30,000
Accrued Expenses	196,942	224,418
Training Fees Payable	94,000	187,733
Due to Related Parties	379,298	737,648
Due to Franchisees	35,973	37,059
Deferred Revenue	453,057	472,047
Income Tax Payable	188,675	-
Total Current Liabilities	1,838,053	2,258,267
<b>LONG-TERM LIABILITIES</b>		
Note Payable, Noncurrent Portion	150,000	5,000
Deferred Revenue, Noncurrent Portion	2,915,055	2,930,283
Payable to Related Party	1,253,031	1,186,014
Total Long-Term Liabilities	4,318,086	4,121,297
Total Liabilities	6,156,139	6,379,564
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock - Par Value \$0.001 per Share; 100,000,000 Shares Authorized; 18,777,777 Shares Issued and Outstanding	18,778	18,778
Additional Paid-In Capital	4,209,422	4,209,422
Accumulated Deficit	(114,485)	(530,907)
Controlling Interest	4,113,715	3,697,293
Noncontrolling Interest in Subsidiaries	15,216	4,359
Total Stockholders' Equity	4,128,931	3,701,652
Total Liabilities and Stockholders' Equity	\$ 10,285,070	\$ 10,081,216

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>FRANCHISE INCOME</b>		
Franchise Fees	\$ 763,471	\$ 636,185
Royalty Fees	3,641,871	3,238,908
MAC Income	610,764	581,083
Management Software Fees	146,227	120,595
Other Income	42,732	60,146
Total Franchise Income	<u>5,205,065</u>	<u>4,636,917</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>	4,995,757	4,641,105
<b>OTHER INCOME (EXPENSE)</b>		
Management Fee from Related Party	381,613	310,456
Paycheck Protections Program	<u>-</u>	<u>208,129</u>
<b>NET INCOME BEFORE INCOME TAXES</b>	590,921	514,397
<b>PROVISION FOR INCOME TAXES</b>	<u>163,642</u>	<u>134,026</u>
<b>NET INCOME</b>	427,279	380,371
<b>NONCONTROLLING INTEREST</b>		
Adjustment Attributable to the Noncontrolling Interest in Subsidiaries	<u>(10,857)</u>	<u>(5,352)</u>
<b>NET INCOME ATTRIBUTABLE TO EXPENSE REDUCTION ANALYSTS, INC.</b>	<u>\$ 416,422</u>	<u>\$ 375,019</u>

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Common Stock		Additional Paid-In Capital	Accumulated Deficits	Noncontrolling Interests	Total
	Shares	Amount				
<b>BALANCE - DECEMBER 31, 2019</b>	18,777,777	\$ 18,778	\$ 4,209,422	\$ (905,926)	\$ (993)	\$ 3,321,281
Net Income	-	-	-	375,019	5,352	380,371
<b>BALANCE - DECEMBER 31, 2020</b>	18,777,777	18,778	4,209,422	(530,907)	4,359	3,701,652
Net Income	-	-	-	416,422	10,857	427,279
<b>BALANCE - DECEMBER 31, 2021</b>	<u>18,777,777</u>	<u>\$ 18,778</u>	<u>\$ 4,209,422</u>	<u>\$ (114,485)</u>	<u>\$ 15,216</u>	<u>\$ 4,128,931</u>

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 427,279	\$ 380,371
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation	9,689	10,508
Deferred Income Taxes	(63,830)	144,665
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(63,921)	(93,371)
Prepaid Incremental Franchise Costs	(60,452)	(1,202,591)
Prepaid Expenses and Other Assets	91,933	(52,310)
Accounts Payable	(159,254)	(173,843)
Accrued Expenses	(27,476)	136,712
Training Fees Payable	(93,733)	110,880
Federal Income Tax Payable	188,675	-
Deferred Revenue	(34,218)	1,585,730
Due to Franchisees	(1,086)	1,467
Net Cash Provided by Operating Activities	213,606	848,218
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Advances to Employees	14,035	(14,035)
Repurchase of Area Development Territory	585	-
Purchases of Property and Equipment	(4,454)	(3,255)
Net Cash Provided (Used) by Investing Activities	10,166	(17,290)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from (Payments to) Related Parties	(364,503)	(115,816)
Net Payments for Area Development Territory	(105,000)	(30,000)
Net Cash Used by Financing Activities	(469,503)	(145,816)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(245,731)	685,112
Cash and Cash Equivalents - Beginning of Year	1,923,931	1,238,819
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,678,200	\$ 1,923,931
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Taxes Paid	\$ 7,084	\$ 12,960

See accompanying Notes to Consolidated Financial Statements.



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 DESCRIPTION OF BUSINESS OPERATIONS AND ORGANIZATION**

Expense Reduction Analysts, Inc. (the Company) was incorporated in California on September 12, 2002, with the purpose of becoming the U.S. Master Licensee of Expense Reduction Analysts International, Ltd. (ERAI), an international consultancy firm that engages in implementing cost reduction strategies for corporations. The Company licenses both Area Development licenses and Regional licenses throughout the United States. The Company is a subsidiary of Evercertain Ltd, which is based in the United Kingdom. On January 25, 2011, the assets of ERAI were acquired by Montgomery Investment Company SA (MIC), which is based in Luxemburg. MIC is the ultimate group holding company and shareholder of Evercertain Ltd.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Expense Reduction Analysts Global Insurance Consulting, Inc. (ERAGIC) and SDCo, LLC (SDCO), as well as its majority owned subsidiary, Expense Reduction Analysts Consultants, Inc. (ERAC) (the Company owns 81%). All intercompany transactions and balances have been eliminated in consolidation.

ERAGIC is a nontrading subsidiary that provides specialty support to licensees undertaking insurance and risk management projects. SDCO provides services similar to those offered by the Company's other licensees and ERAC provide a service similar to those offered by the Company's other licensees, but only to companies with annual gross receipts over \$1 billion.

**Use of Estimates**

The Company uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of any potential impairment of the intangible assets due to changes in the significant assumptions for future growth of the business.

**Basis of Accounting**

The consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP on the accrual basis and, accordingly, reflect all significant assets, payables, and other liabilities.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash represents cash on hand and in banks with maturities of less than 90 days. The Company maintains bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, balances can exceed this limit. Management believes the risk of incurring material losses related to this credit risk is remote.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable is presented in the consolidated financial statements net of estimated uncollectible amounts. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses, based on factors surrounding the credit risk of specific franchisees, historical trends, and other information. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. As of December 31, 2021 and 2020, the allowance for doubtful accounts was \$-0- and \$7,887, respectively. The balance of accounts receivable as of January 1, 2020 was \$125,464.

**Property and Equipment**

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the related assets using the straight-line method as follows:

Leasehold Improvements	4 Years
Software	3 Years
Computers and Related Equipment	3 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Maintenance and repairs are charged to expense as incurred. Renewals and betterments which extend the useful lives of the assets are capitalized. The cost and accumulated depreciation related to assets sold or retired are removed from the accounts, and any gain or loss is reflected in operations.

The Company periodically evaluates its long-lived assets for financial impairment. Impairment losses are recognized for assets to be disposed of or held-for-use when the carrying amount of an asset is deemed to not be recoverable. If events or circumstances were to indicate that any of the Company's long-lived assets might be impaired, the Company would assess recoverability based on the estimated undiscounted future cash flows to be generated from the applicable asset. In addition, the Company may record an impairment loss to the extent that the carrying value of the asset exceeded the fair value of the asset. Fair value is generally determined using an estimate of discounted future net cash flows from operating activities or upon disposal of the asset. There were no impairments of long-lived assets at December 31, 2021 and 2020.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangibles**

The Company's intangible assets, which consist of indefinite lived license rights, are not amortized, but instead tested for impairment at least annually at the reporting unit level. The Company performs this impairment test by first comparing the fair value of its reporting units to their carrying amount. If an indicator of impairment exists based upon comparing the fair value of its reporting units to their carrying amount, the Company would then compare the implied fair value of its license rights to the carrying amount in order to determine the amount of impairment, if any (see Note 5). Based on this analysis there were no impairments of the Company's license rights during the years ended December 31, 2021 and 2020.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of fixed assets, allowance for bad debts and certain accrued and related party payables for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future federal income taxes. A valuation allowance is established for the portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

The Company recognizes in its consolidated financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Interest and penalties are recognized as income tax expense. As of December 31, 2021, there are no amounts related to uncertain tax positions or interest and penalties.

**Revenue Recognition**

The Company's regional franchisee agreement requires an initial nonrefundable fee of \$59,900 per franchise. Area development franchises are also available and require an initial nonrefundable fee of approximately \$250,000. Initial franchise and area development fees are primarily intended to compensate the Company for the granting of the franchise, the right to use the Company's trademark, and to offset the costs of developing training programs and the operations manual. The term of the initial franchise and area development agreement is 10 years. If regional franchisees meet the renewal conditions, a franchisee can renew the franchise for one or more renewal terms provided that the franchisee's renewal last term expires before the 30<sup>th</sup> anniversary of the date the original agreement governing the franchise was executed. Area Development franchisees can renew for two consecutive five-year terms subject to certain conditions.

Franchise and area development fees and associated costs are recognized over the term of the franchise agreement, rather than when they are paid by the franchisee, upon the opening of a new franchise. There were no area development fees during 2021 or 2020

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Franchise agreements also provide for continuing royalty and marketing fees which are based on gross billings and are payable when client billings are rendered. The royalty fee, 15% of gross billings, compensates the Company for various support services that it provides to the franchise on an ongoing basis and is subject to a variable minimum fee. Royalty fees are recognized as revenue when receipts from client billings are received.

Contract assets represent amounts related to the contractual right to consideration for completed performance obligations. There were no contract assets as of December 31, 2021. Contract liabilities consist of deferred revenue resulting in part from the initial franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, as well as fees collected related to the Company's annual conference. The balance of contract assets and contract liabilities as of January 1, 2020 was \$-0- and \$1,816,600, respectively.

The marketing fee, 3% of gross billings, funds various marketing efforts as determined by the Company; in the past, marketing fees were recorded as Due to Marketing Campaign, when receipts from client billings are received, until marketing expenditures are incurred. Under Topic 606, franchise marketing fees and related cost are presented on a gross basis, as revenue and expense, in the consolidated statement of operations, rather than net of operating expenses on the consolidated balance sheet. Impacts resulting from adoption were material to the consolidated statement of operations.

Franchise agreements provide for management software fees up to \$1,000 per year per user. These fees are recognized as revenue when earned.

The Company is obligated to share fees generated by new franchises with area developers if there is an area developer in the regional franchise territory. Area developers can earn a fee, as defined in the area developer agreement, related to new franchises within their territory.

**Disaggregation of Revenue**

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2021 and 2020.

**Deferred Rent**

The Company records rent expense under operating leases with scheduled rent increases on a straight-line basis over the life of the lease. This results in temporary differences between rent expense and the scheduled rent payments, which is recorded as deferred rent in the accompanying balance sheets and reversed over time.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	2021	2020
Computers and Equipment	\$ 16,240	\$ 51,778
Furniture and Fixtures	19,554	21,398
Total Property and Equipment	35,794	73,176
Less: Accumulated Depreciation	(20,467)	(52,614)
Property and Equipment - Net	<u>\$ 15,327</u>	<u>\$ 20,562</u>

**NOTE 4 INTANGIBLE ASSETS**

Intangible assets consisted of the following at December 31:

	2021	2020
Area Development License Rights	\$ 1,327,015	\$ 1,027,600
Franchise License Rights	4,000,000	4,000,000
Total Intangibles	5,327,015	5,027,600
Less: Accumulated Impairment	(534,700)	(534,700)
Intangibles Assets, Net	<u>\$ 4,792,315</u>	<u>\$ 4,492,900</u>

The franchise and insurance license rights are tested for impairment at least annually or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable.

**NOTE 5 INCOME TAXES**

Deferred taxes as of December 31 are as follows:

	2021	2020
Tax Basis of Property and Equipment in Excess of Book	\$ (3,220)	\$ (4,319)
Allowance for Doubtful Accounts	-	1,656
Accruals	144,935	149,285
Federal Net Operating Loss	-	105,117
Prepaid Franchise Costs	(527,872)	(472,684)
Deferred Franchise Fee Income	476,263	215,719
Related Party Payables	39,451	70,953
Total Deferred Taxes	<u>\$ 129,557</u>	<u>\$ 65,727</u>

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 INCOME TAXES (CONTINUED)**

The federal and state income tax provision consisted of the following for the year ended December 31, 2021:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 220,388	\$ (63,830)	\$ 156,558
State	7,084	-	7,084
Total Income Tax Expense	<u>\$ 227,472</u>	<u>\$ (63,830)</u>	<u>\$ 163,642</u>

The income tax provision consisted of the following for the year ended December 31, 2020:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ (16,592)	\$ 144,665	\$ 128,073
State	5,953	-	5,953
Total Income Tax Expense	<u>\$ (10,639)</u>	<u>\$ 144,665</u>	<u>\$ 134,026</u>

The Company's effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes and adjustments to previously-recorded deferred tax assets due to the enactment of the Tax Cuts and Jobs Act.

**NOTE 6 OPERATING LEASES**

The Company leases its office space under a noncancelable operating lease. Future minimum rental payments on the Company's significant operating leases for the year ended December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 65,351
2023	61,347

Rent expense amounted to \$69,504 and \$65,540 for the years ended December 31, 2021 and 2020, respectively. These amounts are net of deferred rent amortization of \$4,235 and \$2,519 for the years ended December 31, 2021 and 2020, respectively.

Unamortized deferred rent of \$12,848 and \$17,083 for the years ended December 31, 2021 and 2020, respectively, are presented in accrued expenses on the balance sheet.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 NOTES PAYABLE**

During 2018, the Company entered into a reversion and reacquisition agreement with Koala Enterprises, Inc. for a total of \$100,000. Beginning on November 15, 2018, the Company will pay Koala Enterprises, Inc. the purchase price in 40 equal, consecutive monthly payments of \$2,500 each month, with the final payment due February 15, 2022.

During 2021, the Company entered into a reversion and reacquisition agreement with New Harbor Ventures, LLC, for a total of \$300,000. Beginning on March 1, 2021, the Company will pay New Harbor Ventures, LLC, Inc. the purchase price in 4 equal, consecutive annual installments of \$75,000 each, with the final payment due February 1, 2024.

The following schedule shows the notes payable recorded on the consolidated balance sheets as of December 31:

	2021	2020
Current Portion	\$ 80,000	\$ 30,000
Long-Term Portion	150,000	5,000
Total Notes Payable	<u>\$ 230,000</u>	<u>\$ 35,000</u>

Aggregate maturities of notes payable at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 80,000
2023	75,000
2024	75,000
Total	<u>\$ 230,000</u>

**NOTE 8 RELATED PARTY TRANSACTIONS**

During 2006, the Company received a loan from ERA International MIC (which was subsequently acquired by MIC) totaling \$734,000. The note bore interest at 1.75% per annum and contained no fixed repayment terms, and the loan was repaid during 2008. The Company owes MIC a total of \$101,078 for accrued interest payable at December 31, 2021 and 2020 on this loan. The Company also owes MIC a total of \$1,151,953 and \$1,084,936 at both December 31, 2021 and 2020, respectively, for unpaid royalties and other advances.

MIC provides consulting and management services to the Company through a wholly owned subsidiary, Associates Support & Network Services Ltd. (ASNS), a UK registered associate company. During 2021 and 2020, the Company expensed a total of \$215,600 and \$266,534, respectively, for these services. As of December 31, 2021 and 2020, the Company owed ASNS \$214,959 and \$414,707, respectively, for these services.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 8 RELATED PARTY TRANSACTIONS (CONTINUED)**

The Company provided significant technology support and development functions to affiliates in other countries and management services to a local affiliate, Southwest Cost Strategies. Management services were \$370,000 and \$300,000 for the years ended December 31, 2021 and 2020, respectively. The Company was owed \$1,001,538 and \$928,368 at December 31, 2021 and 2020, respectively, to reflect these costs, resources, and services. These services are performed in the ordinary course of business and are therefore classified as current assets. Further, the receivables are backed by the parent company in the event the related party is unable to satisfy their obligation.

The Company is billed for certain IT and Marketing support from a UK and other affiliates Europe. These amounts totaled \$18,972 and \$53,985 at December 31, 2021 and 2020, respectively.

The Company was provided with CRM development services from an affiliate in the U.K. The amounts totaled \$145,367 and \$268,956 at December 31, 2021 and 2020, respectively.

As with its accounts receivable, the Company will periodically assess whether an allowance for uncollectible accounts is needed. As of December 31, 2021 and 2020, an allowance for uncollectible related party accounts was not deemed necessary.

**NOTE 9 FRANCHISE INFORMATION**

Franchise information for the year ended and as of December 31, 2021:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	141	10
New Franchises Granted	13	-
Open Outlet Due to Relocation	2	-
Transferred to Franchisor	-	(1)
Transferred of Outlet from Franchisee to New Owner	2	-
Nonrenewals	(2)	-
Franchises Terminated	(8)	-
Ceased Operations-Other Reason	(3)	-
Franchises in Operation - End of Year	<u>145</u>	<u>9</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>-</u>



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 9 FRANCHISE INFORMATION (CONTINUED)**

Franchise information for the year ended and as of December 31, 2020:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	118	10
New Franchises Granted	38	-
Open Outlet Due to Relocation	1	-
Transferred to Franchisor	-	-
Nonrenewals	(4)	-
Franchises Terminated	(11)	-
Ceased Operations-Other Reason	(1)	-
Franchises in Operation - End of Year	<u>141</u>	<u>10</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>-</u>

**NOTE 10 PAYCHECK PROTECTION PROGRAM FORGIVENESS**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On May 28, 2020 the Company received a loan in the amount of \$208,129 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan accrued interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

In accordance with FASB ASC 105, when guidance for a transaction or event is not specified within U.S. GAAP the entity can consider guidance for similar transactions within other authoritative sources. The Company has analogized to IAS 20 to account for the PPP loan. Therefore, grants related to this program are classified as Other Income. The Company recognized \$208,129 of Other Income related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP loan funds for which forgiveness is probable. The loan was completely forgiven on May 28, 2021.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 11 RISKS AND UNCERTAINTIES**

The World Health Organization declared the spread of Coronavirus Disease (COVID -19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2020 operations and financial results, including its ability to expand its franchises. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 12 SUBSEQUENT EVENTS**

The Company has evaluated all events and transactions that occurred after December 31, 2021, up through April 19, 2022, the date on which the consolidated financial statements were available to be issued.

**NOTE 13 COMMITMENT AND CONTINGENCIES**

ERA USA is acting as guarantor to its UK affiliate ER Associates (Canada) Ltd for the purpose of acquiring the entire share capital of Expense Reduction Analysts (Canada) Ltd. Which is the current Master Licensee for Canada.



**EXPENSE REDUCTION ANALYSTS, INC.  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Expense Reduction Analysts, Inc. and Subsidiaries  
Addison, Texas

We have audited the accompanying consolidated financial statements of Expense Reduction Analysts, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors  
Expense Reduction Analysts, Inc. and Subsidiaries

***Opinion***

In our opinion, the 2020 and 2019 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Expense Reduction Analysts, Inc. and Subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, in 2019 the Company adopted new accounting guidance for recognizing revenue from contracts with customers. Our opinion is not modified with respect to this matter.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Dallas, Texas  
April 21, 2021

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,923,931	\$ 1,238,819
Accounts Receivable, Net	218,412	125,041
Employee Advances	14,035	-
Income Tax Receivable	78,788	-
Prepaid Expenses	87,174	113,652
Prepaid Incremental Franchise Costs	266,060	146,346
Due from Related Parties	928,368	1,507,946
Total Current Assets	3,516,768	3,131,804
<b>PROPERTY AND EQUIPMENT, Net</b>	20,562	27,815
<b>OTHER ASSETS</b>		
Prepaid Incremental Franchise Costs, Noncurrent Portion	1,980,111	897,234
Deposits	5,148	5,148
Deferred Tax Asset	65,727	210,392
Intangible Assets, Net	4,492,900	4,492,900
Total Other Assets	6,543,886	5,605,674
Total Assets	\$ 10,081,216	\$ 8,765,293

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2020 AND 2019**

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	2020	2019
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 569,362	\$ 743,205
Note Payable, Current Portion	30,000	30,000
Accrued Expenses	224,418	87,706
Training Fees Payable	187,733	76,853
Due to Related Parties	737,648	1,376,677
Due to Franchisees	37,059	35,592
Deferred Revenue	472,047	337,118
Total Current Liabilities	2,258,267	2,687,151
<b>LONG-TERM LIABILITIES</b>		
Note Payable, Noncurrent Portion	5,000	35,000
Deferred Revenue, Noncurrent Portion	2,930,283	1,479,482
Payable to Related Party	1,186,014	1,242,379
Total Long-Term Liabilities	4,121,297	2,756,861
Total Liabilities	6,379,564	5,444,012
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock - Par Value \$0.001 per Share; 100,000,000 Shares Authorized; 18,777,777 Shares Issued and Outstanding	18,778	18,778
Additional Paid-In Capital	4,209,422	4,209,422
Accumulated Deficit	(530,907)	(905,926)
Controlling Interest	3,697,293	3,322,274
Noncontrolling Interest in Subsidiaries	4,359	(993)
Total Stockholders' Equity	3,701,652	3,321,281
Total Liabilities and Stockholders' Equity	\$ 10,081,216	\$ 8,765,293

See accompanying Notes to Consolidated Financial Statements.



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>FRANCHISE INCOME</b>		
Franchise Fees	\$ 636,185	\$ 294,052
Royalty Fees	3,238,908	3,743,543
MAC Income	581,083	603,471
Management Software Fees	120,595	119,082
Other Income	60,146	203,944
Total Franchise Income	4,636,917	4,964,092
<b>GENERAL AND ADMINISTRATIVE EXPENSE</b>	4,641,105	4,762,211
<b>OTHER INCOME (EXPENSE)</b>		
Management Fee from Related Party	310,456	302,898
Paycheck Protections Program	208,129	-
License Impairment	-	(110,000)
	514,397	394,779
<b>NET INCOME BEFORE INCOME TAXES</b>	514,397	394,779
<b>PROVISION FOR INCOME TAXES</b>	134,026	87,515
<b>NET INCOME</b>	380,371	307,264
<b>NONCONTROLLING INTEREST</b>		
Adjustment Attributable to the Noncontrolling Interest in Subsidiaries	(5,352)	(2,361)
<b>NET INCOME ATTRIBUTABLE TO EXPENSE REDUCTION ANALYSTS, INC.</b>	\$ 375,019	\$ 304,903

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Common Stock		Additional Paid-In Capital	Accumulated Deficits	Noncontrolling Interests	Total
	Shares	Amount				
<b>BALANCE - DECEMBER 31, 2018</b>	18,777,777	\$ 18,778	\$ 4,209,422	\$ (996,597)	\$ (3,354)	\$ 3,228,249
ASC 606 Adoption	-	-	-	(214,232)	-	(214,232)
Net Income	-	-	-	304,903	2,361	307,264
<b>BALANCE - DECEMBER 31, 2019</b>	18,777,777	18,778	4,209,422	(905,926)	(993)	3,321,281
Net Income	-	-	-	375,019	5,352	380,371
<b>BALANCE - DECEMBER 31, 2020</b>	<u>18,777,777</u>	<u>\$ 18,778</u>	<u>\$ 4,209,422</u>	<u>\$ (530,907)</u>	<u>\$ 4,359</u>	<u>\$ 3,701,652</u>

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 380,371	\$ 307,264
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation	10,508	17,504
Bad Debt Expense	-	44,022
Deferred Income Taxes	144,665	59,549
Intangible Impairment	-	110,000
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(93,371)	70,171
Prepaid Incremental Franchise Costs	(1,202,591)	(137,539)
Prepaid Expenses and Other Assets	(52,310)	(43,278)
Accounts Payable	(173,843)	372,733
Accrued Expenses	136,712	(31,358)
Training Fees Payable	110,880	(99,917)
Federal Income Tax Payable	-	(56,649)
Deferred Revenue	1,585,730	209,782
Due to Franchisees	1,467	5,317
Net Cash Provided by Operating Activities	848,218	827,601
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Advances to Employees	(14,035)	-
Repurchase of Area Development Territory	-	(977,600)
Purchases of Property and Equipment	(3,255)	(25,990)
Net Cash Used by Investing Activities	(17,290)	(1,003,590)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from (Payments to) Related Parties	(115,816)	340,957
Net Payments for Area Development Territory	(30,000)	(30,000)
Net Cash Provided (Used) by Financing Activities	(145,816)	310,957
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	685,112	134,968
Cash and Cash Equivalents - Beginning of Year	1,238,819	1,103,851
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,923,931	\$ 1,238,819
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Taxes Paid	\$ 12,960	\$ 56,649

See accompanying Notes to Consolidated Financial Statements.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 1 DESCRIPTION OF BUSINESS OPERATIONS AND ORGANIZATION**

Expense Reduction Analysts, Inc. (the Company) was incorporated in California on September 12, 2002, with the purpose of becoming the U.S. Master Licensee of Expense Reduction Analysts International, Ltd. (ERAI), an international consultancy firm that engages in implementing cost reduction strategies for corporations. The Company licenses both Area Development licenses and Regional licenses throughout the United States. The Company is a subsidiary of Evercertain Ltd, which is based in the United Kingdom. On January 25, 2011, the assets of ERAI were acquired by Montgomery Investment Company SA (MIC), which is based in Luxemburg. MIC is the ultimate group holding company and shareholder of Evercertain Ltd.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Expense Reduction Analysts Global Insurance Consulting, Inc. (ERAGIC) and SDCo, LLC (SDCO), as well as its majority owned subsidiary, Expense Reduction Analysts Consultants, Inc. (ERAC) (the Company owns 81%). All intercompany transactions and balances have been eliminated in consolidation.

ERAGIC is a nontrading subsidiary that provides specialty support to licensees undertaking insurance and risk management projects. SDCO provides services similar to those offered by the Company's other licensees and ERAC provide a service similar to those offered by the Company's other licensees, but only to companies with annual gross receipts over \$1 billion.

**Use of Estimates**

The Company uses estimates and assumptions in preparing these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of any potential impairment of the intangible assets due to changes in the significant assumptions for future growth of the business.

**Basis of Accounting**

The consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP on the accrual basis and, accordingly, reflect all significant assets, payables, and other liabilities.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash represents cash on hand and in banks with maturities of less than 90 days. The Company maintains bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time, balances can exceed this limit. Management believes the risk of incurring material losses related to this credit risk is remote.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable is presented in the consolidated financial statements net of estimated uncollectible amounts. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses, based on factors surrounding the credit risk of specific franchisees, historical trends, and other information. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. As of December 31, 2020 and 2019, the allowance for doubtful accounts was \$7,887 and \$10,408, respectively. The balance of accounts receivable as of January 1, 2019 was \$239,234.

**Property and Equipment**

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the related assets using the straight-line method as follows:

Leasehold Improvements	4 Years
Software	3 Years
Computers and Related Equipment	3 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Maintenance and repairs are charged to expense as incurred. Renewals and betterments which extend the useful lives of the assets are capitalized. The cost and accumulated depreciation related to assets sold or retired are removed from the accounts, and any gain or loss is reflected in operations.

The Company periodically evaluates its long-lived assets for financial impairment. Impairment losses are recognized for assets to be disposed of or held-for-use when the carrying amount of an asset is deemed to not be recoverable. If events or circumstances were to indicate that any of the Company's long-lived assets might be impaired, the Company would assess recoverability based on the estimated undiscounted future cash flows to be generated from the applicable asset. In addition, the Company may record an impairment loss to the extent that the carrying value of the asset exceeded the fair value of the asset. Fair value is generally determined using an estimate of discounted future net cash flows from operating activities or upon disposal of the asset. There were no impairments of long-lived assets at December 31, 2020 and 2019.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Intangibles**

The Company's intangible assets, which consist of indefinite lived license rights, are not amortized, but instead tested for impairment at least annually at the reporting unit level. The Company performs this impairment test by first comparing the fair value of its reporting units to their carrying amount. If an indicator of impairment exists based upon comparing the fair value of its reporting units to their carrying amount, the Company would then compare the implied fair value of its license rights to the carrying amount in order to determine the amount of impairment, if any (see Note 5). Based on this analysis there were no impairments of the Company's license rights during the years ended December 31, 2020 and 2019. The Company did have specifically identified license rights that were considered impaired and written off. This amount totaled \$110,000 for the year ended December 31, 2019.

**Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the bases of fixed assets, allowance for bad debts and certain accrued and related party payables for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future federal income taxes. A valuation allowance is established for the portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

The Company recognizes in its consolidated financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Interest and penalties are recognized as income tax expense. As of December 31, 2020, there are no amounts related to uncertain tax positions or interest and penalties.

**Revenue Recognition**

The Company's regional franchisee agreement requires an initial nonrefundable fee of \$59,900 per franchise. Area development franchises are also available and require an initial nonrefundable fee of approximately \$250,000. Initial franchise and area development fees are primarily intended to compensate the Company for the granting of the franchise, the right to use the Company's trademark, and to offset the costs of developing training programs and the operations manual. The term of the initial franchise and area development agreement is 10 years. If regional franchisees meet the renewal conditions, a franchisee can renew the franchise for one or more renewal terms provided that the franchisee's renewal last term expires before the 30<sup>th</sup> anniversary of the date the original agreement governing the franchise was executed. Area Development franchisees can renew for two consecutive five-year terms subject to certain conditions.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Franchise and area development fees and associated costs are recognized over the term of the franchise agreement, rather than when they are paid by the franchisee, upon the opening of a new franchise. See Note 3 for changes adopted under Topic 606. There were no area development fees during 2020 or 2019 (see Note 3).

Franchise agreements also provide for continuing royalty and marketing fees which are based on gross billings and are payable when client billings are rendered. The royalty fee, 15% of gross billings, compensates the Company for various advisory services that it provides to the franchise on an ongoing basis and is subject to a variable minimum fee. Royalty fees are recognized as revenue when receipts from client billings are received.

Contract assets represent amounts related to the contractual right to consideration for completed performance obligations. There were no contract assets as of December 31, 2020. Contract liabilities consist of deferred revenue resulting in part from the initial franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, as well as fees collected related to the Company's annual conference. The balance of contract assets and contract liabilities as of January 1, 2019 was \$-0- and \$1,546,918, respectively.

The marketing fee, 3% of gross billings, funds various marketing efforts as determined by the Company; in the past, marketing fees were recorded as Due to Marketing Campaign, when receipts from client billings are received, until marketing expenditures are incurred. Under Topic 606, franchise marketing fees and related cost are presented on a gross basis, as revenue and expense, in the consolidated statement of operations, rather than net of operating expenses on the consolidated balance sheet. Impacts resulting from adoption were material to the consolidated statement of operations (see Note 3).

Franchise agreements provide for management software fees up to \$1,000 per year per user. These fees are recognized as revenue when earned.

The Company is obligated to share fees generated by new franchises with area developers if there is an area developer in the regional franchise territory. Area developers can earn a fee, as defined in the area developer agreement, related to new franchises within their territory.

**Disaggregation of Revenue**

The Company believes that the captions contained on the consolidated statements of operations appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2020 and 2019.

**Deferred Rent**

The Company records rent expense under operating leases with scheduled rent increases on a straight-line basis over the life of the lease. This results in temporary differences between rent expense and the scheduled rent payments, which is recorded as deferred rent in the accompanying balance sheets and reversed over time.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CHANGE IN ACCOUNTING PRINCIPLE**

**Adoption of New Accounting Standards:**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer.

The Company adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. As a result, the Company recorded a cumulative adjustment to retained earnings of \$214,232 as of January 1, 2019, to reflect the effect of the new guidance. The Company applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to the accounting policies for revenue recognition, contract costs, and deferred revenue, as detailed below.

The impact of adopting the new guidance was an increase in 2019 revenues of \$423,321 and general and administrative expenses by \$414,439. Deferred incremental costs incurred to obtain franchise contracts, primarily consisting of commissions, also increased. Formerly, direct and incremental commission costs incurred to obtain a contract were expensed as incurred. Under the new guidance, the Company defers all incremental costs, including commissions, incurred to obtain the contract and amortizes these costs over the expected period of benefit, which is generally 10 years.

The modified retrospective method of transition requires the Company to disclose the effect of applying the new guidance on each item included in the 2019 financial statements. Following are the line items from the balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts that Would Have Been Reported	Effects of Applying the New Guidance	As Reported
<u>Assets</u>			
Prepaid Incremental Franchise Costs	\$ -	\$ 1,043,580	\$ 1,043,580
<u>Liabilities</u>			
Due to Marketing Campaign	\$ 478,138	\$ (478,138)	\$ -
Deferred Revenue	89,532	1,727,068	1,816,600
Total Liabilities	\$ 567,670	\$ 1,248,930	\$ 1,816,600
<u>Equity</u>			
Accumulated Deficits	\$ (1,120,158)	\$ (214,232)	\$ (905,926)



**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 3 CHANGE IN ACCOUNTING PRINCIPLE**

**Adoption of New Accounting Standards**

The following are the line items from the consolidated statements of operations and cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts that Would Have Been Reported	Effects of Applying the New Guidance	As Reported
<u>Revenues</u>			
Franchise Fees	\$ 474,202	\$ (180,150)	\$ 294,052
Marketing Income	-	603,471	603,471
Total	474,202	423,321	897,523
<u>Expenses</u>			
General and Administrative Expense	4,347,772	414,439	4,762,211
Net Income	\$ 298,382	\$ 8,882	\$ 307,264
<u>Cash Flows</u>			
Net Income	\$ 298,382	\$ 8,882	\$ 307,264
Prepaid Incremental Franchise Costs	-	(137,539)	(137,539)
Deferred Revenue	59,900	149,882	209,782
Due to Marketing Campaign	51,493	(51,493)	-
Total	\$ 409,775	\$ (30,268)	\$ 379,507

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	2020	2019
Computers and Equipment	\$ 51,778	\$ 48,522
Furniture and Fixtures	21,398	21,398
Total Property and Equipment	73,176	69,920
Less: Accumulated Depreciation	(52,614)	(42,105)
Property and Equipment - Net	\$ 20,562	\$ 27,815

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 5 INTANGIBLE ASSETS**

Intangible assets consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Area Development License Rights	\$ 1,027,600	\$ 1,027,600
Franchise License Rights	4,000,000	4,000,000
Total Intangibles	<u>5,027,600</u>	<u>5,027,600</u>
Less: Accumulated Impairment	<u>(534,700)</u>	<u>(534,700)</u>
Intangibles Assets, Net	<u>\$ 4,492,900</u>	<u>\$ 4,492,900</u>

The franchise and insurance license rights are tested for impairment at least annually or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable.

**NOTE 6 INCOME TAXES**

Deferred taxes as of December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Tax Basis of Property and Equipment in Excess of Book	\$ (4,319)	\$ (5,833)
Allowance for Doubtful Accounts	1,656	2,186
Accruals	149,285	111,587
Federal Net Operating Loss	105,117	-
Prepaid Franchise Costs	(472,684)	-
Deferred Franchise Fee Income	215,719	-
Related Party Payables	70,953	102,452
Total Deferred Taxes	<u>\$ 65,727</u>	<u>\$ 210,392</u>

The federal and state income tax provision consisted of the following for the year ended December 31, 2020:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ (16,592)	\$ 144,665	\$ 128,073
State	5,953	-	5,953
Total Income Tax Expense	<u>\$ (10,639)</u>	<u>\$ 144,665</u>	<u>\$ 134,026</u>

The income tax provision consisted of the following for the year ended December 31, 2019:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 20,701	\$ 59,549	\$ 80,250
State	7,265	-	7,265
Total Income Tax Expense	<u>\$ 27,966</u>	<u>\$ 59,549</u>	<u>\$ 87,515</u>

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 6 INCOME TAXES (CONTINUED)**

The Company's effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes and adjustments to previously-recorded deferred tax assets due to the enactment of the Tax Cuts and Jobs Act.

**NOTE 7 OPERATING LEASES**

The Company leases its office space under a noncancelable operating lease. Future minimum rental payments on the Company's significant operating leases for the year ended December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 63,635
2022	65,351
2023	61,347

Rent expense amounted to \$65,540 and \$65,806 for the years ended December 31, 2020 and 2019, respectively. These amounts are net of deferred rent amortization of \$2,519 and \$3,696 for the years ended December 31, 2020 and 2019, respectively.

Unamortized deferred rent of \$17,083 and \$19,602 for the years ended December 31, 2020 and 2019, respectively, are presented in accrued expenses on the balance sheet.

**NOTE 8 NOTES PAYABLE**

During 2018, the Company entered into a reversion and reacquisition agreement with Koala Enterprises, Inc. for a total of \$100,000 starting on November 15, 2018. The Company will pay Koala Enterprises, Inc. the purchase price in 40 equal, consecutive monthly payments of \$2,500 each month, with the final payment due February 15, 2022.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 8 NOTES PAYABLE (CONTINUED)**

The following schedule shows the notes payable recorded on the consolidated balance sheets as of December 31:

	<u>2020</u>	<u>2019</u>
Current Portion	\$ 30,000	\$ 30,000
Long-Term Portion	5,000	35,000
Total Notes Payable	<u>\$ 35,000</u>	<u>\$ 65,000</u>

Aggregate maturities of notes payable at December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 30,000
2022	5,000
Total	<u>\$ 35,000</u>

**NOTE 9 RELATED PARTY TRANSACTIONS**

During 2006, the Company received a loan from ERA International MIC (which was subsequently acquired by MIC) totaling \$734,000. The note bore interest at 1.75% per annum and contained no fixed repayment terms, and the loan was repaid during 2008. The Company owes MIC a total of \$101,078 for accrued interest payable at December 31, 2020 and 2019 on this loan. The Company also owes MIC a total of \$1,084,936 and \$1,141,301 at both December 31, 2020 and 2019, respectively, for unpaid royalties and other advances.

MIC provides consulting and management services to the Company through a wholly owned subsidiary, Associates Support & Network Services Ltd. (ASNS), a UK registered associate company. During 2020 and 2019, the Company expensed a total of \$266,534 and \$412,800, respectively, for these services. As of December 31, 2020 and 2019, the Company owed ASNS \$414,707 and \$1,028,810, respectively, for these services.

The Company provided significant technology support and development functions to affiliates in other countries and management services to a local affiliate, Southwest Cost Strategies. Management services were \$300,000 for the years ended December 31, 2020 and 2019, respectively. The Company was owed \$928,368 and \$1,507,946 at December 31, 2020 and 2019, respectively, to reflect these costs, resources, and services. These services are performed in the ordinary course of business and are therefore classified as current assets. Further, the receivables are backed by the parent company in the event the related party is unable to satisfy their obligation.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)**

The Company is billed for certain IT and Marketing support from a UK and other affiliates Europe. These amounts totaled \$53,985 and \$347,867 at December 31, 2020 and 2019, respectively.

The Company was provided with CRM development services from an affiliate in the U.K. The amounts totaled \$268,956 and will be repaid the first part of 2021.

As with its accounts receivable, the Company will periodically assess whether an allowance for uncollectible accounts is needed. As of December 31, 2020 and 2019, an allowance for uncollectible related party accounts was not deemed necessary.

**NOTE 10 FRANCHISE INFORMATION**

Franchise information for the year ended and as of December 31, 2020:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	118	10
New Franchises Granted	38	-
Open Outlet Due to Relocation	1	-
Transferred to Franchisor	-	-
Nonrenewals	(4)	-
Franchises Terminated	(11)	-
Ceased Operations-Other Reason	(1)	-
Franchises in Operation - End of Year	<u>141</u>	<u>10</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>-</u>

Franchise information for the year ended and as of December 31, 2019:

	<u>Regional</u>	<u>Area Developer</u>
Franchises in Operation - Beginning of Year	130	15
New Franchises Granted	10	-
Transferred to Franchisor	-	(5)
Nonrenewals	(12)	-
Franchises Terminated	(6)	-
Ceased Operations-Other Reason	(4)	-
Franchises in Operation - End of Year	<u>118</u>	<u>10</u>
Franchisor-Owned Operations - End of Year	<u>-</u>	<u>2</u>

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 11 PAYCHECK PROTECTION PROGRAM FORGIVENESS**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On May 28, 2020 the Company received a loan in the amount of \$208,129 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan accrued interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

In accordance with FASB ASC 105, when guidance for a transaction or event is not specified within U.S. GAAP the entity can consider guidance for similar transactions within other authoritative sources. The Company has analogized to IAS 20 to account for the PPP loan. Therefore, grants related to this program are classified as Other Income. The Company recognized \$208,129 of Other Income related to this agreement during the year ended December 31, 2020, which represents the portion of the PPP loan funds for which forgiveness is probable.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**NOTE 12 RISKS AND UNCERTAINTIES**

The World Health Organization declared the spread of Coronavirus Disease (COVID -19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 may impact various parts of its 2020 operations and financial results, including its ability to expand its franchises. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 13 SUBSEQUENT EVENTS**

The Company has evaluated all events and transactions that occurred after December 31, 2020, up through April 21, 2021, the date on which the consolidated financial statements were available to be issued.

**EXPENSE REDUCTION ANALYSTS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 14 COMMITMENT AND CONTINGENCIES**

ERA USA is acting as guarantor to its UK affiliate ER Associates (Canada) Ltd for the purpose of acquiring the entire share capital of Expense Reduction Analysts (Canada) Ltd. Which is the current Master Licensee for Canada.

**EXHIBIT C**  
**FRANCHISE AGREEMENT**





**REGIONAL  
FRANCHISE AGREEMENT**

License No. XXX

**[Legal Name of Franchisee]**

**[Official Area/Region Name]**

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**THIS AGREEMENT is made on the date specified in Section 1 of Exhibit 1 (the “Data Sheet”)**

**BETWEEN**      **Expense Reduction Analysts, Inc.**, a California corporation with its principal office in 16415 Addison Road, Addison Tower, Suite 410, Addison, Texas 75001 (“ERA-USA”, “Franchisor”, “Us”, “Our” or “We”)

**AND**            **The party or parties described in Section 2 of the Data Sheet**  
 (“Franchisee” or “You” or “Your”)

**AND**            **The party or parties described in Section 3 of the Data Sheet**  
 (“Guarantor”)

## **INTRODUCTION**

- A.** Expense Reduction Analysts (ERA) has developed a distinctive and unique system and structure for the establishment and operation of a cost reduction and supplier relationship management consultancy business that provides a variety of cost management services to clients.
- B.** The Franchisor is the authorized Franchisor of the ERA System for the Area.
- C.** You wish to obtain the advantages of operating under the ERA System as part of the ERA Network and at Your and the Guarantor’s request and based on the Franchisee’s and the Guarantor’s representations (including the representations in Section 1.5 below) the Franchisor agrees to grant You the rights and obligations to operate an ERA Business in the Area using the ERA System, Trademarks, ERA Management Information System, ERA Technology & Tools, and other Intellectual property on the terms and conditions set out in this Agreement.

## **REGIONAL FRANCHISE AGREEMENT**

### **1. PRELIMINARY**

#### **1.1 Definitions and Interpretation**

In this Agreement, capitalized expressions have the meaning given to them in Section 33.14. This Agreement is to be interpreted in the manner set out in Section 33.14.

#### **1.2 Relationship of Parties**

- (1) Nothing in this Agreement will constitute a partnership, joint venture, agency, employment or other form of fiduciary relationship between You and the Franchisor.
- (2) Either party exercises their activities in all independence and neither party has the power to obligate, bind, control or direct any other party except as authorized by this Agreement.

#### **1.3 General Principles of Conduct**

- (1) The parties shall seek to achieve a common commercial goal of pursuing an active sales policy and building a successful business. You will promote the ERA Network and the brand’s reputation and refrain from anything that might affect it adversely. You must comply with the Franchisor’s Code of Professional Conduct as set forth in the ERA Manuals.
- (2) The Franchisee and the Guarantor(s) shall not make any derogatory remarks or inferences about the Franchisor, ERA, any member of the ERA Group and the ERA Network (including globally), the employees of any of the same, or say or do anything which might bring any of the foregoing and/or the ERA System, the ERA Network, the Trademarks, the ERA Management Information System or the Technology & Tools into disrepute or which might, in any way, damage the same.

- (3) The parties will act reasonably and honestly towards one another and meet and conduct in good faith all discussions and negotiations which are necessary to resolve amicably any difference or dispute.

#### **1.4 Business Experience**

You acknowledge and warrant that You are a skilled professional with considerable business experience and that You have the requisite capital, resources and business skills, including the ability and willingness for providing the necessary activity levels, to successfully operate an ERA Business in the Area in compliance with this Agreement. You acknowledge that we have urged You to take professional advice regarding the provisions of becoming a party to this Agreement.

#### **1.5 Acknowledgements and Representations of You**

- (1) You acknowledge and represent that the Franchisor, by itself or through any officer, director, employee, or agent, has not made, and You have not received or relied upon, any oral, written, visual, expressed, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income You might expect to earn from the license granted hereby, except as set forth in the Franchise Disclosure Document.
- (2) The business venture contemplated by this Agreement involves business risks.
- (3) Your success will be largely dependent upon Your ability as an independent businessperson.
- (4) You have received, read, and understand this Agreement and any attachments.
- (5) You understand and agree that You may face competition from other businesses including franchised or owned operations, national companies and independently owned businesses that offer similar expense reduction services to businesses.
- (6) You acknowledge and agree that the Franchisor has fully and adequately explained each provision of this Agreement to Your satisfaction.
- (7) You have consulted with Your own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. You either have consulted with such advisors or have deliberately declined to do so.
- (8) Any written inquiries made to the Franchisor by You pertaining to the nature of this franchise were answered in writing to Your satisfaction.
- (9) You have had the opportunity and adequate time to independently investigate, analyze, and construe both the license being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if You so elect).
- (10) Any and all applications, financial statements, and representations submitted to the Franchisor by You, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. You state that You are not presently involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to the Franchisor in writing.
- (11) You agree not to contest, directly or indirectly, the Franchisor's ownership, title, right, or interest in its names or Trademarks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest the Franchisor's sole right to register, use, or license others to use such names or Trademarks, trade secrets, methods, procedures, or techniques.
- (12) Your signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to You by the Franchisor.

- (13) You represent and warrant that You are not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by You of the obligations under this Agreement and that You are not a party, and have not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.
- (14) You agree and acknowledge that You are solely responsible for ensuring that: (i) You acquire and maintain all business licenses, permits and approvals, including those that are specifically required to offer and provide these consulting services, and that are necessary to operate the Business at the Premises and within the Territory and Area; and (ii) the Business is otherwise operated in full compliance with all federal, state and local laws, ordinances and regulations where You and the Business are located.
- (15) You agree and acknowledge that: (i) the Franchisor may enter into license agreements with other Franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, license agreements for the operation of an ERA Business; and (ii) the existence of different forms of agreement and the fact that the Franchisor and other Franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.
- (16) You agree and acknowledge as follows:
1. You will have sole authority and control over the day-to-day operations of the Business and Your employees and/or independent contractors of Your Business. You agree to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Notwithstanding the foregoing, You agree and acknowledge that Your employees and independent contractors must abide by the ERA System standards and specifications, including those set forth in ERA Manuals. At no time will You or Your employees be deemed to be employees of Franchisor or Franchisor's affiliates.
  2. Neither this Agreement nor the Franchisor's course of conduct is intended, nor may anything in this Agreement (nor the Franchisor's course of conduct) be construed to state or imply that the Franchisor is the employer of Your employees and/or independent contractor, nor vice versa.
  3. Neither the Franchisor nor any representative of the Franchisor has made any statement, representation or guaranty that You will be able to obtain financing in connection with the development and operation of the Business.

## **1.6 Reservation of Rights.**

You acknowledge and agree that the Franchisor and any parties the Franchisor designates will have the right to: (i) establish and operate, and license third parties the right to establish and operate, other ERA Businesses using the Trademarks, Intellectual Property, and ERA System at any location within or outside Your Area; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by an ERA Business, within or outside Your Area; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Business under marks other than the Trademarks at any location; (iv) solicit and recruit prospective regional franchisees and Clients within or outside Your Area; (v) provide services for Specialist Service Categories to Your Clients and to Your Prospective Clients if and as approved; and (vi) use the Trademarks and ERA System, and license others

to use the Trademarks and ERA System, to engage in any other activities not expressly prohibited under this Agreement.

## **1.7 Changes to the ERA System**

- (1) The Franchisor reserves the right to change, modify, add to, or remove any aspect of the ERA System as the Franchisor deems appropriate from time to time, including, without limitation, the adoption of new or modified technology, products, services and equipment, as well as new techniques and methodologies relating to the sale, promotion and marketing of products and services. You agree to adopt the same upon receiving written notice from the Franchisor, and within the timeframe set forth therein.
- (2) The Franchisor reserves the right to supplement, revise or otherwise modify the ERA System or any aspect/component thereof, and You agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that the Franchisor makes to the ERA System. Moreover, the Franchisor will provide You with a reasonable amount of time to comply with any change or modification to the ERA System once You have been notified of such change/modification in writing via the ERA Manuals or otherwise.

## **2. GRANT OF LICENSE**

### **2.1 Grant**

The Franchisor grants to You and You accept from Us the non-exclusive right and obligation to operate an ERA Business in the designated Area specified in Section 5 of the Data Sheet using the ERA System, Trademarks, ERA Management Information System, ERA Technology & Tools and other Intellectual Property on the terms and conditions set out in this Agreement and the ERA Manuals.

- (1) In operating the ERA Business, You must only provide the authorized Services, and You must comply with Your obligations in relation to Clients and Prospective Clients in accordance with Section 8 of this Agreement. In the event the Franchisor establishes ERA Authorization Levels, as described in Section 9 of this Agreement, You must only provide the Services to the Clients at the level and extent authorized under Your ERA Authorization Level.
- (2) Your right to solicit business and serve clients is subject to the requirements in Section 2.1(1) and 8.1 of this Agreement concerning pre-designation of Prospective Clients and designation of Clients, as well as the following:
  4. You may only solicit business from Prospective Clients and Serve Clients in Your Area that do not meet the criteria for an ERA Threshold Account or ERAC Account. You will not have the right to knowingly solicit, and/or provide any of the Services to, any ERA Threshold Account or ERAC Account unless the Franchisor authorizes You to do so in writing once such an account has been referred to ERAC or the Franchisor (as appropriate).
  5. You must direct any business from ERA Threshold Accounts to Franchisor. Once referred to the Franchisor, the Franchisor will have the right, as the Franchisor deems appropriate in its sole discretion, to determine how to handle such ERA Threshold Accounts, including the right to: (i) approve or reject any ERA Threshold Account; (ii) determine whether You may, and to what extent, offer and provide Services to an ERA Threshold Account; and/or (iii) direct any ERA Threshold Account to another franchisee, an Area Representative, and/or ERAC.
  6. You must direct any business from ERAC Accounts to Franchisor. Franchisor reserves the right, as it deems appropriate in its sole discretion, how to handle such accounts, including the right to: (i) approve or reject any ERA Threshold Account; (ii) determine whether You may, and to what extent, offer and provide Services to an ERA Threshold Account; and/or (iii) direct any ERA Threshold Account to another franchisee, an Area Representative, and/or ERAC.

7. You may not solicit business from ERAC Accounts unless You do so under the direction of the Franchisor and according to its terms of engagement. Any ERAC Account must be directed to ERAC, at which point ERAC will have the same rights and discretion to administer such ERAC Accounts as those described in Section 2.1(b) of this Agreement in reference Franchisor and ERA Threshold Accounts.
8. In the event You unknowingly solicit or commence working with any ERA-Threshold Account or ERAC Account, You must immediately notify the Franchisor at the point You know, or reasonably should know, that the Client or Prospective Client at issue meets the criteria as either an ERA Threshold Account or ERAC Account. Your failure to comply with these directives regarding ERA Threshold Accounts and ERAC Accounts will constitute a material violation of Your Franchise Agreement

## **2.2 Rights Not Granted**

You acknowledge and agree that this Agreement does not grant You any right or option to open any additional ERA Businesses, nor does this Agreement provide You with any right to sub-license or sub-franchise any of the rights granted hereunder. You may not use the Trademarks or ERA System for any purpose other than promoting and operating the Business at the Premises and within the Area. The Franchisor will have the sole discretion as to whether it decides to grant You the right to open any additional ERA Businesses, each of which will be governed by a separate form of the Franchisor's then-current franchise agreement.

## **2.3 Region**

- (1) You acknowledge that the rights granted to You under this Agreement are granted for the Area specified in Section 5 of the Data Sheet only. You may only operate the ERA Business from Your registered address or the approved office address specified in Section 2 of the Data Sheet.
- (2) You may operate the ERA Business outside of the Area only where You obtain the Franchisor's prior written consent and as may be described in the ERA Manuals, which consent may be given at the discretion of the Franchisor. If You obtain Franchisor's prior written consent, You agree to immediately stop soliciting or accepting new business outside Your Area if the Franchisor subsequently withdraws its consent. The Franchisor may withdraw its consent under this Section at any time and for any reason, upon providing notice to You.

## **2.4 Non-exclusive Region**

The Franchisor has the right to itself operate or grant others the right to operate ERA Businesses (or any other business) in the Area and has the right to provide Services in the Area. For the avoidance of doubt, the Franchisor is not precluded from operating or granting rights to others to operate businesses or provide services which may compete with the ERA Business.

## **2.5 Your Ability to Relocate**

After completion of at least two (2) full years in operation of Your ERA Business after Commencement Date, and so long as You are in Good Standing, You may send to the Franchisor a written notice requesting relocation of Your ERA Business outside Your Area. Such notice must be provided to Franchisor at least four (4) Months prior to Your proposed relocation and it must specify the Area in which You wish to relocate and the proposed date of relocation. The Franchisor will not unreasonably withhold its consent to Your proposed relocation, provided, however, that the Franchisor's consent or refusal may be based, whether in whole or in part, on the number of existing ERA Businesses in Your requested Area, Your compliance with the terms of this Agreement, the ERA Manuals, and any Joint Venture agreement (as described in Section 8.2), as well as other factors the Franchisor may consider to be relevant to the proposed relocation. You may only relocate Your Business upon receipt of the

Franchisor's prior written approval to relocate. In the event the Franchisor approves Your request to relocate, Franchisor may require You to execute documents related to the relocation. In the event the Franchisor does not respond to Your request to relocate within thirty (30) days from the date the Franchisor receives Your written request, Your request shall automatically be deemed denied.

## **2.6 Office Premises**

You may operate Your ERA Business from a home office, provided You have a quiet and organized workspace. The Franchisor may permit or require You to operate Your ERA Business from a separate office space if: (i) Your primary residence is not located within the Area; (ii) the Franchisor determines that You are not operating Your ERA Business in a professional and organized manner from Your home office; or (iii) You submit a request in writing to operate Your ERA Business from an existing business office or a separately leased office space and the proposed office space meets the Franchisor's then-current standards for a separately leased office space. The Franchisor reserves the right, but not the obligation, to review, inspect and approve Your proposed rented office space that You will dedicate for the operation of Your ERA Business. You may not relocate Your office without the Franchisor's prior written consent.

## **2.7 Direct Involvement**

This Agreement is predicated on the ongoing, direct and exclusive involvement of You in an ERA Business. You must not sub-franchise, sub-license, subcontract, share, divide or partition the rights under this Agreement without the prior written consent of the Franchisor.

# **3. TERM AND RENEWAL**

## **3.1 Term**

This Agreement commences on the Commencement Date and continues for the Initial Term specified in Section 15 of the Data Sheet, unless it ends sooner in accordance with this Agreement.

## **3.2 Your Right to Renew**

You will have the conditional right to renew the franchise granted under this Agreement for one (1) or more of the Renewal Term(s) described in Section 16 of the Data Sheet, provided You have met and/or satisfied the conditions set forth in Section 3.3 of this Agreement. Notwithstanding the foregoing, the parties agree and acknowledge that Your last Renewal Term must expire on or before the Expiration Date.

## **3.3 Conditions of Renewal**

Your right to renew the Agreement under Section 3.2 is subject to and conditional upon each of the following conditions being satisfied:

- (1) You provide Franchisor written notice of your intent to renew not more than six (6) Months and not less than three (3) Months before the end of the Term.
- (2) You are not in breach of this Agreement as of (i) the date of giving the notice of renewal, or (ii) the end of the Term, and You have not, at any time, committed breaches of this Agreement that would have entitled us to terminate even though we did not do so;
- (3) You and any Guarantors that have signed the Agreement are in Good Standing: (i) under this Agreement; (ii) under any other Agreement between Us or Our Related Party and You; or (iii) under any Joint Venture Agreement (as described in Section 8.2);



- (4) You have, at all times prior to the renewal, performed Your other material obligations under this Agreement;
- (5) You pay to the Franchisor: (i) all amounts due and payable to the Franchisor by You hereunder as of renewal; and (ii) the Renewal Fee set forth in Section 14 of the Data Sheet;
- (6) You will enter into the Franchisor's then-current form of regional franchise agreement submitted to You for the ERA Business, which may contain materially different terms and conditions to those set out in this Agreement. You must execute and return to the Franchisor, along with the acceptance of all other documents required by the Franchisor in connection with the renewal, within thirty (30) days after the Franchisor has delivered those documents to You;
- (7) You and Your Guarantor(s) execute a general release in favor of the Franchisor, its officers, directors, affiliates, subsidiaries and related parties; and
- (8) You undertake and successfully complete any further training or assessment and obtain any further ERA Authorization Level reasonably required by the Franchisor, with all costs and expenses incurred in connection with such training or ERA Authorization Level covered by You.

### **3.4 Franchisor Response**

The Franchisor will give You written notice of its decision of whether or not to grant a Renewal Term within two (2) Months of receiving Your written notice requesting to renew described in Section 3.2 of this Agreement. If the Franchisor does not agree to the renewal, it may state its reasons for its decision. The Franchisor may revoke its agreement to renew at any time prior to countersigning the then-current form of agreement if any of the above conditions are not completed to Franchisor's satisfaction. If You do not receive a written response from Franchisor within two (2) months from the date Franchisor receives Your written request, Your request for a Renewal Term will be deemed denied.

## **4. THE FRANCHISOR'S OBLIGATIONS**

### **4.1 Franchisor's Obligations**

Under this Agreement, the Franchisor's obligations are that it must:

- (1) provide by itself or procure a third party to provide the Foundational Training Program to You, as the Franchisor deems appropriate in its discretion and considering any prior experience You might have, in accordance with Section 12.1;
- (2) offer sales and project delivery coaching, at no additional costs to You, for a period of up to six (6) months after the Commencement Date, as specified in the ERA Manuals;
- (3) manage and administer the Marketing Fund in accordance with Section 15.3; and
- (4) license the Intellectual Property to You in accordance with Section 16.1;
- (5) give You access to the ERA Management Information System in accordance with Section 18;
- (6) provide access to further training in accordance with Section 12.2, as Franchisor deems appropriate in its discretion;
- (7) loan or otherwise provide access to the ERA Manuals to You in accordance with Section 19;

- (8) use its reasonable endeavors to market and promote the ERA System and ERA Network in the Territory using the Marketing Fund in accordance with Section 15.3, as Franchisor deems appropriate in its discretion.

#### **4.2 Other Services and Assistance**

- (1) The Franchisor may, from time to time (although is not obligated to), provide such other services and support as it may reasonably determine, including, but not limited to:
  - (a) Centralized Billing Services in accordance with Section 6. If provided, this service is free of charge; and
  - (b) general management and administrative services as it may reasonably determine. The Franchisor reserves the right to charge a fee based on its current standard (hourly) rates for any such services provided to You (i) at Your request, (ii) as part of any curative action You must take to cure a default hereunder, and/or (iii) if such services are provided to You within Your Area.
- (2) Where reasonably requested by You, the Franchisor may provide assistance to resolve specific issues relating to the operation of the ERA Business, as it deems appropriate in its discretion. The Franchisor reserves the right to charge a fee based on its then current standard (hourly) rates for any such assistance provided to You.
- (3) The Franchisor may, as it deems appropriate in its discretion, develop additional and/or refresher training courses, and require You, Your management, and/or Your Practice Model Consultants to attend such courses. The Franchisor may reasonably require You and Your designated attendees approved by the Franchisor to pay its then-current training tuition fee in connection with attending additional and/or refresher training (in addition to Your obligation to pay for any expenses incurred).
- (4) Notwithstanding the foregoing, the Franchisor will not charge a fee if such services are being provided to You remotely or for meetings that You are required to attend at the Franchisor's support centers.

#### **4.3 Appointment of Area Representative**

The Franchisor may appoint at its own discretion an Area Representative for the Area and may delegate to that Area Representative some or all of the Franchisor's obligations under this Agreement, including the Franchisor's obligations to train and provide assistance to You.

#### **4.4 Pre-Opening Obligations Acknowledgment**

If You believe the Franchisor has failed to satisfy any pre-commencement obligations as provided in this Agreement, You shall notify the Franchisor in writing within sixty (60) days following Commencement Date of the ERA Business specified in Section 4 of the Data Sheet. Absent such notice to the Franchisor, You acknowledge, agree and grant that the Franchisor fully complied with all of its pre-commencement and commencing obligations with regards to the ERA Business set forth in this Agreement.

## 5. YOUR PAYMENT AND FINANCE RELATED OBLIGATIONS

### 5.1 Initial Fees

- (1) The Initial Franchise Fee is payable upon signature of this Agreement, as shown in Section 7 of the Data Sheet.
- (2) The Total Franchise Fee is non-refundable upon execution of this Agreement.

### 5.2 Royalty Fee

- (1) In consideration for Your continued rights under this Agreement, You must pay the Royalty Fee to the Franchisor in accordance with the payment terms specified in Section 8 of the Data Sheet. If and where the Franchisor provides the Centralized Billing Service, the Franchisor will deduct the Royalty Fee payable by You before remitting the balance of your Net Cumulative Receipts to You in accordance with Section 6.1(4).
- (2) Your obligation to pay ongoing a monthly Minimum Royalty Fee begins on the Commencement Date specified in Section 4 of the Data Sheet.
- (3) In the Franchisor's sole discretion, the Minimum Royalty Fee may not be charged if You are unable to carry on the Business for reasons beyond Your control, provided You provide Franchisor with at least thirty (30) days' advance written notice. Any suspension of the Minimum Royalty Fee as described in this Section will be subject to the Franchisor's periodic review and receipt by the Franchisor of Your circumstances, which You must support with appropriate documentation, and does not waive Franchisor's right to demand exact compliance with any of the terms herein.
- (4) You may elect to participate in the ISMP during the Start-Up Phase, which begins on Your Commencement Date and shall continue for up to eighteen (18) months. If You participate in the ISMP, You will invest in an individual marketing program for Your ERA Business approved by the Franchisor.
  - (a) If You elect to participate in the ISMP, You must:
    - (i) complete an ISMP Marketing and Activity Plan that is reviewed and approved by the Franchisor;
    - (ii) actively participate in a formal monthly review of the approved ISMP Marketing and Activity Plan; and
    - (iii) on a monthly basis, achieve the activities required in the ISMP Marketing and Activity Plan.
  - (b) If you participate in the ISMP and comply with its terms, Franchisor shall deduct the amount of ISMP funds spent by you each month during the ISMP from your obligations to pay Minimum Royalty Fees for the current month. The maximum credit applied shall not be more than an amount equal to 50% of your monthly Minimum Royalty Fee for the current month.
  - (c) You agree and acknowledge that the Franchisor's review and approval of Your ISMP Marketing and Activity Plan does not constitute a representation, warranty, or guarantee, express, implied or collateral, that Your ERA Business is likely to achieve any level of volume, profit or success. Furthermore, You agree and acknowledge that Your ability to achieve the activities required in the ISMP Marketing and Activity Plan will be largely dependent upon Your ability as an independent businessperson.
  - (d) Direct Marketing Program

**You may elect to participate in the Direct Marketing Program (“DMP”) during the first twelve (12) months after the Commencement Date. If you participate in the DMP and comply with its terms, then, during the DMP period, we will deduct the marketing cost incurred by ERA each month for you from your monthly Minimum Royalty Fee for the current month. You will then receive a separate invoice for the marketing cost deduction to allocate those funds to the DMP. Your reduced Monthly Minimum Royalties plus your monthly DMP invoice will never exceed \$1,000.00 a month or your then current Monthly Minimum Royalty as stated in this agreement.**

### **5.3 Technology Fee**

The Franchisor reserves the right to require the Franchisee to pay the Franchisor or the Franchisor’s designated vendor(s) a fee (which may be collected monthly, quarterly, or annually) associated with maintaining required computer hardware and software, hosting and any other technology used in the operation of the ERA Business, and such payment shall be made in the manner prescribed by the Franchisor or the designated vendor(s), as applicable (“Technology Fee”). If the Franchisor collects a Technology Fee directly, the fee in the amount as outlined in Section 9 of the Data Sheet must be paid as described in Section 9 of the Data Sheet, or as otherwise set forth in writing by the Franchisor. The Franchisor reserves the right to change the amount of the fee described in this Section or incorporate additional technology fees as changes are made to the ERA System’s hardware, software and other computer requirements or as required by the third-party vendor(s) or by any regulatory agency.

### **5.4 Other Payment Obligations**

You must also pay to the Franchisor:

- (1) the Marketing Fund Contribution in accordance with Section 15.4;
- (2) the Training Fee in accordance with Section 12 of the Data Sheet;
- (3) the Assignment Fee, when You apply to the Franchisor for the assignment of any of Your interest in this Agreement or the Business, in the amount determined in Section 13 of the Data Sheet;
- (4) the Renewal Fee, in accordance Section 3.3 of this Agreement and in the amount set forth in Section 14 of the Data Sheet; and
- (5) such other Costs, fees, levies or payments which may from time to time be payable by You pursuant to this Agreement.

### **5.5 Method of Payment**

- (1) You must make all payments owed by You to the Franchisor pursuant to this Agreement by means of: (i) the Centralized Billing Service described in Section 6.1; and/or (ii) direct debit from Your business bank account into a bank account nominated by the Franchisor, in which case you must complete the necessary forms to authorize the Franchisor in connection with that account.
- (2) You must establish a checking account in which You maintain a balance at least as great as Your Minimum Royalty Fee and sign an electronic funds transfer (“EFT”) authorization form, attached as Exhibit 3 to this Agreement, or in any other form required by the bank to enable us to withdraw funds from and deposit funds to the account by ACH/EFT transfer.
- (3) The Franchisor may specify a different method or bank account for payment of moneys from the method specified in this Section 5.5 by providing notice to You in writing. You must commence to use that new method within seven (7) days of receipt of the written notice from the Franchisor.
- (4) You must not change or alter Your business bank account or withdraw or cancel Your direct debit authorization without the prior written consent of the Franchisor, which the Franchisor will not

unreasonably withhold so long as you complete the necessary forms to authorize the Franchisor in connection with the new account.

## **5.6 Interest**

If You fail to pay any amount to the Franchisor on time, You must pay interest on that amount at the Interest Rate, from the time the amount should have been paid until it is paid. Interest accrues daily, may be capitalized by the Franchisor and is payable on demand.

## **5.7 General Payment Terms**

- (1) You must not for any reason withhold payment of any amount due to the Franchisor.
- (2) The Franchisor may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy.
- (3) The Franchisor may apply any payments made by You against any of Your past due indebtedness, at the Franchisor's option, as the Franchisor may see fit. The Franchisor does not have to extend credit or otherwise finance Your operations. If You do not pay all amounts when due, the Franchisor may suspend its services and support until You cure the failure. If You do not make the payment within any applicable cure period, the Franchisor has good cause to terminate this Agreement.
- (4) The Franchisor may set off against any payment due to You by the Franchisor any unpaid debt You may have to the Franchisor.
- (5) All amounts or fees due as the result of this Agreement shall be considered net of taxes, fees or contributions, and any such taxes, fees or contributions must be included where applicable and paid additionally in conformity to the legislation applied as of the tax collectability date.

## **6. CENTRALIZED BILLING SERVICE**

### **6.1 Application of this Part**

- (1) In the event the Franchisor designates an approved Centralized Billing Service, You shall use such Centralized Billing Service, unless otherwise specified in writing by the Franchisor. This service is provided free of charge to You. You would also be required to follow the policies and guidelines for using the Centralized Billing Service, which will be set out in the ERA Manuals or otherwise in writing by the Franchisor.
- (2) The Franchisor is not obliged to arrange for a Centralized Billing Service but may at its discretion.
- (3) If the Centralized Billing Service is adopted, You accept that all payments made by Your clients in Your favor for the business and services You provide be transferred directly to a bank account associated with the Centralized Billing Service (the "Centralized Billing Account"), pursuant to this Section 6.1 and template Centralized Billing Account administrative forms designated by the Franchisor, the ERA Manuals, or as the Franchisor otherwise specifies in writing.
- (4) With respect to Section 6.1(3), after the aforesaid payments have been made into the Centralized Billing Account for the preceding month, the Centralized Billing Service, upon the Payment Date fixed on the 10<sup>th</sup> day of each calendar month (or the next business day following the 10<sup>th</sup> day of each month), will pay You, in the current bank account indicated by You, an amount calculated by deducting the Royalty Fee and the Marketing Fund Contribution from the payments received from Your clients according to any amounts due to Joint Venture partner(s) and entered in the relative project form on the ERA Management Information System (i.e. ERA EMS/Dynamics). The Royalty Fee will be offset against Your Minimum Royalty Fee; the reconciliation period for the Minimum Royalty Fee is the Year.

## **6.2 Client Revenue Report**

On or before the Payment Date of each Month, the Franchisor will issue a Client Revenue Report for the preceding Month setting out the Net Cumulative Receipts received for that Month and the amount deducted from the Net Cumulative Receipts by the Franchisor in accordance with Section 6.1(4). To enable the Franchisor to provide the Client Revenue Report, You must provide to the Franchisor any information reasonably required or requested by the Franchisor.

## **6.2 Centralized Billing Service and Remissions**

You are entitled to receive, on the Payment Date of each Month, subject to the terms of this Agreement, the Net Cumulative Receipts for the preceding Month less the following amounts:

- (1) the Royalty Fee (if not already paid by Direct Debit);
- (2) the Marketing Fund Contribution; and
- (3) any other amount owing by You to the Franchisor under this Agreement.

## **6.4 Bad Debts**

- (1) As part of the Centralized Billing Service, the Franchisor may (at Your request and cost) provide assistance in connection with collecting payment from Your Clients. However, non-payment by any Client is not the Franchisor's responsibility. You will use Your best endeavors to collect payment from the Client in accordance with any policies or guidelines issued by the Franchisor.
- (2) The Franchisor is not obliged to make any payment to You with respect to Services provided to a Client for which the Client fails or refuses to pay the amount charged.
- (3) In the event that the Franchisor is required to refund any payment or provides a credit to Your Client, the Franchisor will:
  - (a) require You to reimburse the Franchisor for any amount remitted to You in respect of the amount attributed to the refund or credit within three (3) business days of a notice for reimbursement issued by the Franchisor to You; and/or
  - (b) withhold further remittance of Gross Revenue until the amount attributed to the refund or credit is repaid in full to the Franchisor.

## **6.5 Withholding Payments**

If You are in breach of Your reporting obligations pursuant to Section 20.2, then You agree that the Centralized Billing Service and Centralized Billing Account administration of Gross Revenue shall be withheld from You unless and until You have completed and posted all reports to the ERA Management Information System as required in Section 20.2.

# **7. CLIENT CONTRACTS**

## **7.1 Client Contracts**

- (1) The Franchisor will produce templates as standard form(s) of Client Contracts for the supply of Services to Clients or Prospective Clients that are to be used by ERA Businesses throughout the Area and Territory.
- (2) To maintain consistency of service throughout the entire ERA Network, You must use the provided form of Client Contracts following the ERA Manuals and must not vary or amend the standard terms and conditions of the Client Contracts, except for (a) the permitted changes set forth in the ERA

Manuals, or (b) as may be required by applicable laws of Your Area, once You have reviewed with Your counsel, without the prior written approval of the Franchisor.

## **7.2 Entering into Client Contracts**

- (1) You, as the independent owner and operator of the ERA Business, and the Client must sign a standard form of ERA's Client Contract prior to You providing any Services to that Client.
- (2) A copy of the signed Client Contract and any associated contractual documentation must be uploaded into the ERA Management Information System (i.e. ERA CRM/Dynamics) within seven (7) Business Days of execution of the Client Contract.

## **7.3 Pricing**

- (1) The Franchisor may recommend the minimum and/or maximum prices (including the amount received as a percentage of savings made by the Client and Joint Venture fee shares) at which You provide the Services to Clients.
- (2) Subject to applicable Law, the Franchisor may specify minimum and/or maximum prices (including the amount received as a percentage of savings made by the Client and Joint Venture fee shares) at which You provide the Services to Clients.

# **8. CLIENTS AND PROSPECTIVE CLIENTS**

## **8.1 Designation of Clients and Prospective Clients**

- (1) To avoid conflicts and duplication of effort within the ERA Network, You must enter all of Your Clients' and Prospective Clients' information into the ERA Management Information System (i.e. ERA CRM/Dynamics or other designated System).
- (2) You must not actively solicit business from a company or organization that has been listed in the ERA Management Information System as a Client or Prospective Client of another ERA Business of the ERA Network.
- (3) All Prospective Clients must be companies or organizations that have their registered office, or a principal place of business established within the Area or within the Territory.
- (4) The rules governing the maximum number of Prospective Clients allowed at any one time and the length of time they may be retained as a Prospective Client will be set out in the ERA Manuals.

## **8.2 Joint Ventures**

- (1) You must provide Franchisor with the details of each Joint Venture in the form specified by the Franchisor and using the System standards and criteria associated therewith and ensure that any Joint Venture involves the appropriate level of ERA Authorization Level.
- (2) The Joint Venture must be structured as specified in the ERA Manuals.

## **8.3 Client and Project Data**

- (1) To ensure that appropriate data and information is available and maintained in connection with providing the Services, You must comply with the requirements for creating, maintaining, and storing Client Records and project data as specified in the ERA Manuals.
- (2) You must comply with all applicable privacy and other Laws when collecting, storing, disclosing or using, in any manner, any client information.

#### **8.4 Client Relations**

- (1) You must immediately inform the Franchisor in writing of, and promptly act to redress, all complaints from Clients or Prospective Clients. If You fail to redress such complaint within a reasonable time, the Franchisor may attempt to redress the complaint at Your Cost.
- (2) The Franchisor may, at its expense, survey Your clients, itself or through a third party, in order to evaluate levels of customer satisfaction and thereby improve the ongoing quality of service and ERA's image in the marketplace.

### **9. SERVICES**

#### **9.1 ERA Authorization Level**

- (1) You are only authorized to solicit business from Prospective Clients and serve Clients in accordance with Section 2.1(2) of this Agreement.
- (2) If and where the Franchisor establishes an ERA Authorization Level program, You are only authorized to provide Services to Clients to the level and extent set out in Your allocated ERA Authorization Level. The Franchisor may set forth the level and scope of approved services under each respective ERA Authorization Level in the ERA Manuals or otherwise.
- (3) If You wish to provide Services outside the scope of Your allocated ERA Authorization Level, You must obtain the Franchisor's prior written consent.

#### **9.2 Review of ERA Authorization Level**

- (1) Where You are able to demonstrate, in the Franchisor's sole discretion, that You meet the criteria (as set forth in the ERA Manuals or otherwise via this Agreement) required for a different ERA Authorization Level, the Franchisor will allocate to You a revised ERA Authorization Level.
- (2) The Franchisor may periodically review the Services provided by You under this Agreement, and if the Franchisor determines that You are not providing or are not able to provide the Services to the level required for Your allocated Authorization Level, then, in addition to any other right it may have, the Franchisor may, by written notice to You, limit or alter Your allocated ERA Authorization Level until such time that You are able to demonstrate, in the Franchisor's sole discretion, that You are able to provide the Services to the level required for Your allocated ERA Authorization Level.

#### **9.3 Providing Services**

- (1) All Services that You provide to Clients must be provided promptly, efficiently and to the service levels and standards specified in the ERA Manuals.
- (2) In providing the Services You must always comply with Your obligations to the Client under the Client Contract, according to Section 7.1.

#### **9.4 Specialist Service Categories**

- (1) Services for Specialist Service Categories will be provided by the Franchisor or a specialist service provider approved by the Franchisor.
- (2) Where Services for a Specialist Service Category are provided to a Client or a third-party supplier or another ERA Business, You will be paid a fee in the amount and in the manner specified in the ERA Manuals or otherwise in writing by the Franchisor.



## **10. SUPPLIERS**

### **10.1 Relationships with Suppliers**

- (1) You must not receive or accept, whether directly or indirectly, any benefit, gift, kickback, special treatment, compensation or otherwise from any supplier, without the Franchisor's prior written approval.
- (2) You must at all times treat suppliers with courtesy and professionalism. The Franchisor must be immediately notified in writing with regard to any complaints received from suppliers.

### **10.2 Recommended Suppliers**

The Franchisor may, from time to time, nominate certain suppliers of goods and services as Recommended Suppliers of the ERA Network. You may use, or recommend Clients to use, Recommended Suppliers.

## **11. YOUR BUSINESS AND OTHER OBLIGATIONS**

### **11.1 Commencement of Business**

You must commence operating the Business by the first day of the following month after completion of the Basic Training component of the Foundational Training Program and, in any event, as set out in Your Business and Marketing Plan. You must obtain the Franchisor's prior written approval to commence operations of the Business.

### **11.2 Dedication to Business**

- (1) You must devote sufficient time and effort to the management and conduct of the Business within the terms of this Agreement.
- (2) The Business must always be managed and under the direct supervision of You or another person approved by the Franchisor, other than during reasonable temporary absences during vacations or illness. Franchisor will not unreasonably withhold its approval under this Section, provided the individual has completed the Foundational Training Program.
- (3) You, the Guarantor(s), and Your directors and shareholders must not, at any time during the Term of this Agreement, be involved in any other business activity (whether alone, in partnership or joint venture, or as guarantor, agent, shareholder, manager, consultant, adviser or director) which competes with the ERA Business or which would otherwise affect Your ability to fulfil Your obligations under this Agreement.

### **11.3 General Obligations in Conducting the Business**

- (1) You must conduct the Business in accordance with good business practices and skills and strictly in the manner specified in this Agreement and the ERA Manuals and otherwise as prescribed by the Franchisor.
- (2) You must indicate, as required by the Franchisor, on all stationery, materials and signage used in the Business that You are an independent owner and operator of the Business, which is conducted under license from the Franchisor.
- (3) You must acquire and maintain all necessary authorizations, concessions and licenses required by the law for exercising the business referred to in this Agreement for the duration of this Agreement. Likewise, You undertake to obtain permits that may be necessary according to the law and/or regulations subsequently issued and to maintain them for the entire duration of this Agreement, and promptly inform the Franchisor if the situation changes.

#### **11.4 Minimum Performance Standards**

- (1) You must meet the Minimum Performance Standards in connection with Your operation of the Business, as set forth in Section 10 of the Data Sheet.
- (2) You agree and acknowledge that the Minimum Performance Standards are in no way representations, promises, or guarantees of potential client expenditure review amounts or of Your (potential) share of Gross Revenue. It is at all times Your responsibility to acquire Clients, and to pursue approved business development strategies, and achievement of the Minimum Performance Standards will depend on Your own efforts. Identified and/or actual savings will vary from client to client and project to project. The Franchisor makes no representations, promises, or guarantees regarding the amount of remuneration from a given value of expenses reviewed.
- (3) In the event You fail to meet the Minimum Performance Standards, then, in lieu of termination, the Franchisor reserves the right, but not the obligation, to:
  - (a) grant You the right to cure this default by proving You with the option of complying with either the Franchisor's then-current performance improvement program, if any, or a special performance improvement program customized for You. Such performance improvement program may include, without limitation, minimum improvement thresholds, additional required training, periodically providing relevant requested information to the Franchisor, and other such requirements the Franchisor may specify;
  - (b) not renew this Agreement under Section 3.2 and 3.3 hereof; and/or
  - (c) terminate any rights You have under this Agreement.

#### **11.5 Cooperation and Exchanging Information**

You must cooperate with the Franchisor, the Area Representatives and other ERA Businesses in the exchange of information in relation to Clients, Prospective Clients, suppliers, project review results and business opportunities generally to promote the mutual business interests of all members of the ERA Network as set forth in the ERA Manual(s). The Franchisor may set out, from time to time, what You are required to do to comply with Your obligation to cooperate. The Franchisor will provide You at least thirty (30) days' prior notice of any substantive action that You will need to take as required and discussed in this Section 11.5, and You must comply with any directives regarding information sharing within the time period specified in the Franchisor's written notice or as otherwise specified in the ERA Manual(s).

#### **11.6 Business and Marketing Plan**

- (1) Prior to commencing the ERA Business, or within such period of time as mutually agreed, You must prepare and submit for consideration and approval by the Franchisor a detailed Business and Marketing Plan in the format designated by the Franchisor including financial projections, for the first 12-month period of the Term.
- (2) You must prepare and submit to the Franchisor, by the 15<sup>th</sup> day of November each calendar year, a detailed Business and Marketing Plan, for each subsequent calendar year.

#### **11.7 Meetings**

From time to time, the Franchisor may convene meetings of, and conferences for, some or all members of the ERA Network in the Territory. You must attend at least 75% of these scheduled meetings and conferences, unless Franchisor agrees otherwise in writing, and You must pay Your own Costs in attending those meetings and conferences. You must also pay our then-current attendance fee in connection with any conference the Franchisor establishes and conducts and, if You fail to attend or

pay this fee, then the Franchisor may charge You that fee and offset the amount owed against any amounts that the Franchisor owes to You hereunder.

### **11.8 Telephone and Communications Systems**

- (1) You must, at Your Cost, install and use in the Business the telephone, professional messaging service, facsimile and other communications systems necessary to operate the Business.
- (2) You acknowledge that any communications numbers (including email addresses) You use in connection with the Business can be identified with the ERA Network and, as a consequence of this, where requested by the Franchisor, You must transfer each communications number to the Franchisor (or its nominee) at the end of the Agreement and execute any documents to effectuate the intent of this Section, including the form of Conditional Assignment of Telephone Numbers and Domain Names attached to this Agreement as Exhibit 5.

### **11.9 Computer System**

You must acquire and use a computer system with the capability to easily and effectively run the ERA Management Information System and other standard office and administrative programs in the manner required by the Franchisor. The computer system must also be able to access the Internet and the Franchisor's servers. The ERA Management Information System represents a transparent source of data that transforms the access and control of information allowing corporate communication and support, including performance management and reporting of the ERA Businesses. Periodically, the Franchisor may require You to upgrade Your equipment to meet the Franchisor's then-current ERA System standards and to accommodate any upgrades to the ERA Management Information System or other software that the Franchisor requires You to use. You must promptly comply with any such requests at Your Cost.

#### **Suggested Requirement at the date of this Agreement**

**Laptop/MAC**

**Intel i5/i7 Family processor or AMD equivalent**

**8-16 GB RAM**

**500 GB SSD**

**Monitor (optional)**

**Printer /Multi-functional Device (optional)**

**High speed Internet access**

**Windows 11 (Business or Professional)**

**Chrome Browser (recommended)**

**Antivirus Software (recommended)**

**VPN (NordVPN, ExpressVPN, etc.) for the public WiFi's (recommended)**

### **11.10 Stationery, Documents and Materials**

All stationery, documents and other materials used in Your ERA Business must display the Marks as authorized by the Franchisor, and otherwise comply with the Franchisor's standards and specifications. The Franchisor may alter these standards and specifications from time to time but must give You reasonable time to use up Your existing supplies subject to any expiration of termination of this Agreement by Franchisor (in which case You must immediately cease using such materials).

### **11.11 Business Performance Reviews**

At the Franchisor's request, You must complete a business performance review in the format and using any software reasonably specified by the Franchisor at the end of the first (1<sup>st</sup>) month, third (3<sup>rd</sup>) month,

and sixth (6<sup>th</sup>) month following the Commencement Date and then on a calendar year basis or as specified by the Franchisor.

#### **11.12 Data Protection**

You agree that Your personal data, the terms of the contract and Your ERA Business information can be used by the Franchisor and/or third parties selected by the Franchisor for administrative and other purposes and in particular for the purpose of evaluation, the preparation of comparisons, analysis, and benchmarking, as well as the exercise of rights by the Franchisor subject in all cases to compliance with all applicable data protection legislation. The Franchisor may use the information anonymously for promotional purposes.

#### **11.13 Privacy Practices.**

- (1) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.
- (2) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.
- (3) To the extent Franchisor does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Franchisor's request, provide reasonable assistance to Franchisor in responding to such requests.

#### **11.14 In-Term Covenants**

- (1) You acknowledge that, as a participant in the ERA System, You will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that the Franchisor has developed. As such, You agree to the covenants in this Section 11.13 to protect the Franchisor, the ERA System, Trademarks and the Franchisor's other franchisees and area representatives.
- (2) During the term of this Agreement, neither You, Your principals, owners, guarantors or Practice Model Consultants, nor any immediate family of You, Your principals, owners, guarantors or Practice Model Consultants, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
  - (a) Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with, any other business that: (i) is a Competing Business; or (ii) offers or sells franchises or licenses for, or is involved in joint ventures for, the operation of a Competing Business;
  - (b) Employ or seek to employ any person who is at that time employed by the Franchisor, the Franchisor's affiliates, the ERA Network, or any other area representative of the Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
  - (c) Divert or attempt to divert business or customers of any ERA Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Trademarks or the ERA System.

- (3) Notwithstanding the foregoing, the Franchisor acknowledges that You (and Your directors and shareholders) may hold non-executive directorships and investments of a personal or family company nature, as long as they are not in competition with the ERA Business.

## **12. TRAINING**

### **12.1 Initial Training Program**

The Franchisor will not charge You or, if you are an entity, the principal you designate to be responsible for day-to-day operations of your Consulting Business that the Franchisor approved (the “Designated Principal”) the applicable Training Fee for the Initial Training Program that You will receive at the inception of the Initial Term. If You employ a Consulting Employee, with Franchisor’s prior written approval, or if You later transfer Your ERA Business or the rights granted under this Agreement to someone (or in the event of a business entity, its officers, directors, or shareholders) that has not successfully completed the Franchisor’s Foundational Training, then the Franchisor will charge You the applicable Training Fee, for that individual.

- (1) The Initial Training Program consists of two (2) components: (i) Component 1: Preparation and Pre-Learning and (ii) Component 2: Foundational Training. You must complete the Preparation and Pre-Learning component before you commence Foundational Training. You must complete all of your Initial Training prior to the date you open and commence operations of the Business. Component 1 will be delivered to you via Franchisor’s e-learning platform using the learning management software Franchisor designates. Component 2 will be held at Franchisor’s Training Center (ERA Academy) in Kent, England and/or other locations we specify, which may include on-line training sessions.
- (2) You and Your Practice Model Consultant(s), if applicable, must attend and complete the Foundational Training Program to the satisfaction of the Franchisor prior to commencing the Business, which will be conducted at the place or online at the time specified by the Franchisor.
- (3) You must pay the Franchisor’s then-current fee for each Practice Model Consulting Employee that attends the Foundational Training Program.
- (4) You must pay Your and Your Practice Model Consultants’ Costs for attending the Foundational Training Program, including travel and accommodation.
- (5) You must pay for any expenses associated with your Practice Model Consultant or Back Office Personnel’s costs in developing your business. Some of these costs include but are not limited to stationary, marketing materials, programs or services, business cards, ERA email account, etc.
- (6) You and Your Practice Model Consultants must also undergo and complete the Franchisor’s coaching and mentoring program, if offered by Franchisor, as specified in the ERA Manuals.

### **12.2 Further Training**

- (1) From time to time, the Franchisor may provide training sessions and/or seminars for members of the ERA Network. Where external trainers are used, the Franchisor may charge a fee for providing such training sessions and seminars. You must attend, unless prevented by circumstances beyond Your reasonable control, those training sessions and seminars that the Franchisor deems are relevant to Your Business, and You must pay Your own costs in attending such training sessions and seminars.
- (2) The Franchisor may, as it deems appropriate in its discretion, develop Additional Training, and require You and Your Practice Model Consultants to attend such courses. The Franchisor will not require You to pay its applicable Training Fee in connection with any Additional Training that the

Franchisor requires under this Section 12.2, or if such services are being provided to You remotely or online, or for meetings that You are required to attend at the Franchisor's support center, but You will be responsible for the costs and expenses incurred in connection with You and Your designated personnel attending such training, which may take place at a training facility that the Franchisor designates.

- (3) The Franchisor may also provide Additional Training or other on-site assistance at Your reasonable written request, subject to: (i) the schedule and availability of the Franchisor's training personnel; and (ii) Your payment to Franchisor of the applicable Training Fee for each trainer that is provided in connection with the requested Additional Training, as well as You covering the costs and expenses that such personnel incur in providing such training. The Franchisor will provide Additional Training under this Section 12.2 as it deems appropriate in its discretion.
- (4) The Franchisor may require You to attend Remedial Training that the Franchisor reasonably determines. You and appropriate personnel must undertake such Remedial training in response to (a) the failure of You or any other required personnel to sufficiently complete the Foundational Training Program or any type of Additional Training that the Franchisor requires under Section 12.2, or (b) Your failure to operate the Business in accordance with the terms of the Agreement after the Franchisor has provided You with written notice of such failure. The Franchisor reserves the right to charge its applicable Training Fee for any Remedial Training that is provided to You and/or Your personnel, and You must cover the costs and expenses incurred by the Franchisor and its personnel in providing such Remedial Training.
- (5) In addition to the Foundational Training Program, You and any other management personnel of the Business will, at the Franchisor's option, be required to attend Third-Party Training. If such Third-Party Training is required by the Franchisor, then You will be: (i) required to pay the applicable Training Fee for those that attend the Third-Party Training; and (ii) responsible for the costs and expenses associated with You and any other required trainees attending such training. Once Your ERA Business is open and has commenced operations, the Franchisor will have the right to make Third-Party Training part of any Additional Training or Remedial Training that the Franchisor may require under Section 12.2 of this Agreement.
- (6) The Franchisor may establish and conduct an annual conference for all ERA Businesses, and may require You and any other Practice Model Consultants of the ERA Business to attend this conference each year. You will be solely responsible for all expenses incurred in attending the annual conference (including any employee wages). The Franchisor reserves the right to require You to pay the Franchisor its then-current conference fee prior to attending, which shall not exceed \$1,000 per attendee.

## **13. PRODUCTS**

### **13.1 Products**

- (1) You will not use within the ERA Business and You will not provide, offer or sell to ERA Clients or ERA Prospective Clients any unauthorized products without the Franchisor's prior written consent. All products which are not ERA Products are unauthorized products.
- (2) You must not use, offer, or provide ERA Products for any purpose other than the purposes specified and previously approved in writing by the Franchisor. You must comply with the Franchisor's instructions concerning the offer and use of ERA Products.

## **13.2 Improvements and New Products**

You agree to disclose promptly to the Franchisor any and all Improvements, all of which shall be automatically and without further action owned by the Franchisor without compensation to You (including all intellectual property rights therein). Whenever requested to do so by the Franchisor, You will execute any and all applications, assignments, or other instruments that the Franchisor may deem necessary to apply for and obtain intellectual property protection, or to otherwise protect the Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that the Franchisor cannot automatically own certain of the Improvements that may be developed, then You hereby agree to grant the Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.

## **14. EMPLOYEES AND SUBCONTRACTORS**

### **14.1 Responsibility for Your Employees and Subcontractors**

You will be solely responsible for all actions of Your employees and subcontractors, including any actions of Your employees and subcontractors which may cause You to breach this Agreement. Your employees must be competent, conscientious, and properly trained. You agree and acknowledge that Your Practice Model Consultants must be approved by the Franchisor and successfully complete the Foundational Training Program before said Consulting Employee may provide any services to Clients or Prospective Clients. You will indemnify the Franchisor in respect of any loss the Franchisor may suffer as a result of the actions of Your employees and subcontractors. You are an independent contractor responsible for full control over the internal management and daily operation of the Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. You agree and acknowledge that Franchisor will not have any type of joint employer or other employer-related liability by virtue of this Agreement.

## **15. MARKETING**

### **15.1 Generally**

With regard to advertising generally for the ERA Business, You will only use or display the advertising materials the Franchisor approves in writing. If You wish to use any advertising or promotional materials other than those currently approved for use by ERA Businesses, then You must submit Your proposed materials to the Franchisor for approval at least thirty (30) days prior to their intended use. The Franchisor will use commercially reasonable efforts to notify You of Franchisor's approval or disapproval of the proposed materials within ten (10) days of the date such materials are received. If You do not receive Franchisor's written approval within ten (10) days, the proposed materials shall be deemed disapproved. Once approved, You may use the materials for period of ninety (90) days, unless the Franchisor withdraws or revokes approval at an earlier time, which the Franchisor may do at any time with written notice. All advertising must comply with any standards for use of the Trademarks the Franchisor establishes, as set forth in the ERA Manuals or otherwise in writing. The Franchisor may require You to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Your sole cost and expense.

### **15.2 Marketing Fund**

The Franchisor (or its nominee) may operate and administer the Marketing Fund and account through the Marketing Fund Contribution paid by You and other ERA Businesses that operate in the Territory.

### **15.3 Using the Marketing Fund**

- (1) The Franchisor (or its nominee) may be responsible for administering the Marketing Fund.
- (2) The Marketing Fund is used for marketing activities (and associated expenses) relevant to marketing the ERA Network in the Territory. The Franchisor may use the Marketing Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing advertising campaigns and the cost of direct mail campaigns; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that the Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands.
- (3) All marketing activities (and associated expenses) are determined by the Franchisor. The Franchisor reserves the right, but not the obligation, to refer certain matters, in the Franchisor's sole discretion, to the FMAC for non-binding advice. The Franchisor has the right to require that the FMAC be formed, changed, dissolved or merged at any time.
- (4) You acknowledge that the monies held in the Marketing Fund are for marketing activities for the ERA Network in the Territory and that there is no requirement to spend any portion of the money in the Marketing Fund in any particular area or in respect of any particular ERA Business, and that not all ERA Businesses will benefit directly or on a pro-rata basis from such expenditures. Upon the expiration or termination of this Agreement for any reason, You will not be entitled to any of the money held in the Marketing Fund.
- (5) The Franchisor has the right to reimburse itself from the Marketing Fund for such reasonable costs and overhead, if any, as the Franchisor may incur in activities reasonably related to the direction and implementation of the Marketing Fund. The Franchisor is not required to audit the Marketing Fund, but the Franchisor will provide You with a basic accounting of the Marketing Fund from the prior year if requested 120 days after Franchisor's most recent fiscal year end.

### **15.4 Payment of Marketing Fund Contribution**

You must contribute to the Marketing Fund by paying to the Franchisor (or its nominee) the Marketing Fund Contribution in accordance with the terms specified in Section 11 of the Data Sheet.

### **15.5 Marketing by the Franchisor**

The Franchisor may, at its own cost and expense, conduct any sales, marketing or promotional activity in relation to the ERA Network as it considers appropriate, and is not prevented from undertaking such activities in the Territory.

### **15.6 Your Marketing Obligations**

- (1) In addition to Your obligation to contribute the Marketing Fund Contribution to the Marketing Fund, You must actively market and promote the Business to Your Clients and Your Prospective Clients in the Region throughout the Term.
- (2) You must ensure that all marketing and promotional activities are not in any way misleading or deceptive and conform to the highest standards of ethical marketing, to the policies prescribed by the Franchisor and to all Laws.
- (3) You must comply with any directions the Franchisor may give as to the content and area of distribution of Your advertising and promotional material. If a dispute arises between You and any other ERA Business in relation to the advertising and promotion of the Business, You must refer the dispute for determination by the Franchisor.



## **16. INTELLECTUAL PROPERTY**

### **16.1 Using the Intellectual Property**

- (1) The Franchisor grants to You a non-exclusive license to use the Intellectual Property for the purpose of operating the Business in the Area in accordance with this Agreement.
- (2) You must comply with all reasonable directions given by the Franchisor in connection with Your use of the Intellectual Property.
- (3) You must not register or seek to register any of the Intellectual Property, and hereby agree and acknowledge that the Intellectual Property is solely owned by the Franchisor or its licensors.
- (4) You must seek the Franchisor's prior written approval to use the Intellectual Property for any purpose which is not described in this Agreement or in the ERA Manuals.

### **16.2 Ownership in the Intellectual Property**

- (1) You acknowledge and agree that all rights in and relating to the Intellectual Property are and at all times remain under the control and/or the property of the Franchisor and/or its licensor.
- (2) You will not acquire any right, title or interest in any of the Intellectual Property or any goodwill relating to it. Any developments or changes that You may make to the Intellectual Property will be the property of the Owner and/or Franchisor.
- (3) In the event that You become aware of any infringement or potential infringement of the rights of the Franchisor in the Intellectual Property by a third party, You must immediately notify the Franchisor and take all reasonable action that the Franchisor may require to assist to stop or prevent the infringement of the Intellectual Property. You acknowledge that the Franchisor has the right to control any administrative proceeding or litigation involving the Intellectual Property. In the event the Franchisor undertakes the defense or prosecution of any litigation relating to the Intellectual Property, You agree to cooperate with and assist the Franchisor in connection with executing any and all documents and to do such acts and things as may be necessary in the opinion of counsel for the Franchisor to carry out such defense or prosecution. Furthermore, in the event of any third-party claim brought against You that arises solely out of Your authorized use of the Intellectual Property, the Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section 16.2, including the right to select legal counsel the Franchisor deems appropriate. You must fully cooperate with the Franchisor in connection with the Franchisor's defense or settlement of any third-party claim that the Franchisor determines to take control of under this Section 16.2. Notwithstanding anything in this Section 16.2 to the contrary, the Franchisor's liability under this Section 16.2 shall be limited to no more than the License Fee paid under this Agreement.
- (4) You will not obtain any goodwill in the Intellectual Property by virtue of this Agreement and, if so requested by the Franchisor, You will assign to the Franchisor or as the Franchisor may specify and in such form as required, any goodwill relating to the Intellectual Property.

## **17. TRADEMARKS**

### **17.1 Conduct Business using the Trademarks**

- (1) The Business must be operated under the Trademarks, and You agree not to use any other trademark, business name, logo, mark or name to identify the Business.
- (2) You may not use any of the Trademarks nor the individual words that compose the Trademarks including Expense, Reduction and Analysts or the acronym "ERA" in Your corporate name. You may

not use the words “Expense Reduction Analysts” or the acronym “ERA” as part of a fictitious name, entity legal name or other government registration without Franchisor’s prior written consent.

- (3) When You use the Trademarks, You should, whenever practicable, indicate registration particulars and state that You use them under license from the Franchisor.
- (4) The Trademarks cannot be used on any websites, web-pages, social networking sites, or any other online web presence which has not been authorized by the Franchisor. The Franchisor will be the registered proprietor of the domain name, URL or email address. The Franchisor may, from time to time, specify its requirements for the use of the internet and social networking with which You must comply.

## **17.2 Modification to Trademarks**

If the Franchisor decides at any time, in the Franchisor’s sole discretion, to modify or discontinue the use of any of the Trademarks or to use one or more additional or substitute names or marks, then upon notice to You, You will terminate or modify, within a reasonable time, such use in the manner prescribed by the Franchisor. You must then use such modified, additional or substitute trademarks in accordance with the terms of this Agreement as if the modified, additional or substitute trademarks are the Trademarks under this Agreement. If the Franchisor changes the Trademarks in any manner, the Franchisor will not reimburse You for any out-of-pocket expenses that You incur to implement such modifications or substitutions. The Franchisor is not obligated to reimburse You for any loss of goodwill or revenue associated with any modified or discontinued Trademark, nor is the Franchisor responsible for reimbursing You for any other costs or damages. You agree not to make any changes or amendments whatsoever in or to the use of the Trademarks unless directed by the Franchisor in writing.

## **17.3 Misleading Trademarks**

You must not at any time (whether during the Term of this Agreement or thereafter) use any trademark, business name or any other logo, mark, name or thing or any other means of designation or commercial identification which is similar to or likely to be confused with the Trademarks.

## **17.4 Non-Exclusive Use of Trademarks**

You understand and agree that Your right to use the Trademarks is non-exclusive, that the Franchisor in its sole discretion has the right to grant licenses to others to use the Trademarks and obtain the benefits of the ERA System in addition to the licenses and rights granted to You under this Agreement, and that the Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the ERA System on any terms and conditions as the Franchisor may deem advisable where You will have no right or interest in any such other trademarks, licenses, or systems.

## **17.5 Acknowledgements**

With respect to Your use of the Trademarks pursuant to this Agreement, You acknowledge and agree that:

- (1) You shall not hold out or otherwise use the Trademarks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make the Franchisor liable therefor without the Franchisor’s prior written consent; and
- (2) You shall execute any documents and provide such other assistance deemed necessary by the Franchisor or its counsel to obtain protection for Trademarks or to maintain the continued validity of such Trademarks.

## **17.6 No Other Use Without Franchisor's Consent**

You acknowledge that the use of the Trademarks outside the scope of this license without the Franchisor's prior written consent is an infringement of the Franchisor's exclusive right to use the Trademarks and, during the term of this Agreement and after the expiration or termination hereof, You covenant not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of the Franchisor's Trademarks, or take any other action in derogation thereof.

## **17.7 Other Obligations of You**

In addition to all other obligations of You with respect to the Trademarks licensed herein, You agree:

- (1) To feature and use the Trademarks solely in the manner prescribed by the Franchisor and not use the Trademarks on the internet except as approved in writing by the Franchisor; and
- (2) To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of You as the Franchisor may direct in writing from time to time.

## **18. ERA MANAGEMENT INFORMATION SYSTEM**

### **18.1 Using the ERA Management Information System**

- (1) The Franchisor will give You access to the ERA Management Information System on completion of the Foundational Training Program. You must use the then-current ERA Management Information System designated by the Franchisor throughout the Term of this Agreement and no other similar system.
- (2) You acknowledge and agree that in order to protect and maintain the uniformity and consistency on which the ERA Network depends, You must actively and diligently seek and contribute data and information to the ERA Management Information System including, but not limited to, data and information relating to clients, projects, tender information, client case studies, statistics, client testimonials, suppliers, expense category and industry reference material.
- (3) You must comply with the standards, specifications and operating procedures for the ERA Management Information System specified by the Franchisor in the ERA Manuals or otherwise in writing.

### **18.2 Confidentiality of ERA Management Information System**

- (1) You acknowledge that the ERA Management Information System contains confidential information of the Franchisor, other ERA Franchisees and Regional Franchisees of the Franchisor, suppliers and clients, and You will take all proper steps to ensure that such information remains confidential.
- (2) You must only allow access to the ERA Management Information System to those employees and subcontractors who may be reasonably required to have access for the purpose of You operating the Business under this Agreement. You must give to the Franchisor the name and address of every person who is given access to the ERA Management Information System and must obtain from each a written confidentiality undertaking in a form substantially similar to the sample form provided at Exhibit 4 hereto, but after you have had the sample form reviewed by your local employment counsel and amended as appropriate to be compliant with local law.
- (3) To protect the confidentiality of the ERA Management System You must not make or allow anyone else to make copies of the ERA Management Information System or any part thereof and You must ensure that the ERA Management Information System is secure from unauthorized access or use.

### **18.3 Variation and Modification of ERA Management Information System**

The Franchisor may add to, delete or otherwise modify the ERA Management Information System to reflect any changes made to the ERA System. You must comply with and adopt any changes to the ERA Management Information System specified by the Franchisor within seven (7) days of being notified by the Franchisor.

### **18.4 Suspension of Access to ERA Management Information System and Email Accounts**

In the event that You breach this Agreement or any other agreement with the Franchisor and fail to remedy that breach within the remedy period after the Franchisor has notified You of said breach, in addition to any other rights and remedies that the Franchisor may have under this Agreement, which may include the Franchisor's right to terminate this Agreement, the Franchisor may suspend Your access to the ERA Management Information System or email accounts under this Agreement and any other agreement with the Franchisor until such time that You have fully cured any breaches thereunder.

## **19. ERA MANUALS**

### **19.1 Supply of ERA Manuals**

The Franchisor will loan, or otherwise provide You with access to, the ERA Manuals containing the confidential and mandatory specifications, standards and procedures prescribed from time to time by the Franchisor for the operation of an ERA Business and the maintenance of the ERA System. The ERA Manuals may be supplied as a hard copy or electronically. You must not make any copies of the ERA Manuals, unless it is necessary to make copies of parts of the ERA Manuals to fulfil Your obligations under this Agreement. Notwithstanding the foregoing, You shall not, at any time without the Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the ERA Manuals available to any unauthorized person or entity, in whole or in part.

### **19.2 Compliance with ERA Manuals**

You must comply with the ERA Manuals, the contents of which the parties agree and acknowledge are, and must be treated as, part of this Agreement and are hereby incorporated by reference.

### **19.3 Changes to ERA Manuals**

- (1) In order to ensure ongoing improvements to the ERA System, the Franchisor may add to, delete or otherwise modify the specifications, standards, operating procedures, systems, instructions and any other information set out in the ERA Manuals.
- (2) You must adopt, in the conduct of the Business, all changes to the ERA Manuals.
- (3) In the event there is any discrepancy between Your version of the ERA Manuals and the most recent version of the ERA Manuals in the possession of Franchisor, then the Franchisor's version will control. The Franchisor will afford You a reasonable period of time to comply with any changes to the ERA Manuals in the event You can demonstrate that the Franchisor never provided You with access to the modified portions of the ERA Manuals.

### **19.4 You must keep ERA Manuals Secure**

You must keep the ERA Manuals in a safe and secure place and return to the Franchisor on demand all superseded, replaced or outdated copies of the ERA Manuals or other documents or information related to the System.

## **20. RECORDS, REPORTS AND INSPECTION**

### **20.1 Maintaining Records**

You must keep at the Premises full, accurate and up to date business records and books of account that conform to accepted accounting practices and to any requirements reasonably prescribed by the Franchisor and keep them available for at least the Term of this Agreement plus three (3) years.

### **20.2 Reporting Requirements**

For the purpose of determining whether You are complying with Your obligations under this Agreement, You must report to the Franchisor regarding the activities of Your ERA Business, including providing:

- (1) monthly business reports and projected revenues for each calendar Month by the fifth (5<sup>th</sup>) Business Day after the end of that calendar Month, in the form(s) and/or format(s) as specified in the ERA Manuals or as the Franchisor otherwise specifies in writing;
- (2) quarterly reports of the Business's revenues, including profit and loss statements, in the form(s) and/or format(s) as specified in the ERA Manuals or as the Franchisor otherwise specifies in writing, and any other charts and forms specifically provided by the Franchisor, within fourteen (14) days of the end of the Quarter;
- (3) complete, sign and return a yearly report of Your Net Cumulative Receipts, in the form(s) and/or format(s) as specified in the ERA Manuals or as the Franchisor otherwise specifies in writing;
- (4) a financial statement for each Financial Year, in the form(s) and/or format(s) as specified in the ERA Manuals or as the Franchisor otherwise specifies in writing, including profit and loss statement prepared by the Franchisee or, on request by the Franchisor, by an independent accountant or auditor within three (3) Months following the end of the Financial Year;
- (5) a Business Plan, which may include, among other items, a plan to meet or exceed the upcoming year's Minimum Performance Standards, pay Royalty Fees, and other information and such format as the Franchisor may require, and provide such Business Plan-- in the form(s) and/or format(s) as specified in the ERA Manuals or as the Franchisor otherwise specifies in writing—to the Franchisor and Your Area Representative (if applicable) prior to December 31; and
- (6) within a reasonable time after a request by the Franchisor, subject to Law, any other information, reports, invoices, bank statements, order forms, records, calculations and indices the Franchisor reasonably requires.

### **20.3 Inspection of Records**

The Franchisor, or any party the Franchisor designates and approves, may, where reasonably necessary to do so, during normal business hours with not less than twenty-four (24) hours' prior notice, inspect and remove, for the purposes of examining and photocopying, any business and financial records and books of account concerning Your ERA Business. You and Your employees must cooperate during such inspection. The photocopy of each document concerning Your ERA Business should be certified as being a copy of the original by You.

### **20.4 Audit**

The Franchisor may, at any time during normal business hours, with not less than 24 hours' prior notice, audit or engage third-parties to audit Your ERA Business and financial records and books of account concerning Your ERA Business. If the audit demonstrates that Your Gross Revenue has been understated by 2% or more, You must pay the costs of the audit. The auditor's report shall be final and binding on both parties.

## **21. INTERNET AND E-COMMERCE**

### **21.1 Email**

- (1) You must use the email address and email signature as specified by the Franchisor in connection with the Business.
- (2) Under certain circumstances, You can request an additional ERA email account. The Franchisor will invoice for this at the then-current prices for extra software licenses, setup cost and monthly user fees.

### **21.2 Websites**

- (1) You must not register as a domain name any of the Trademarks or any part of the Trademarks or any words or names or abbreviations similar to the Trademarks or any part the Trademarks.
- (2) You acknowledge at all times that ownership and control of the ERA web sites and domain names remains with the ERA Group and that Your access or connection to such web sites and domain names is limited to the Term of this Agreement and any Renewal Term.
- (3) You must use the domain name as specified by the Franchisor in connection with Your ERA Business and the Franchisor shall be the registered proprietor of such domain name.
- (4) You may not use the Intellectual Property on any personal website, web-pages, or any other website tool of which You have access and control, without the Franchisor's written consent.

## **22. Social Media Activities.**

Franchisor has the right to establish, maintain, modify or discontinue all internet activities pertaining to the System, including through the use of a page or profile on a social media website such as Facebook, Instagram, TikTok, Twitter or Snapchat. You may have an online presence, through social media pages approved by Franchisor. If You wish to create a social media page or profile for Your Store, then You must first obtain Franchisor's prior written consent (which Franchisor may withhold in its business judgment). If Franchisor approves Your request to create a social media page or profile, then You acknowledge and understand that any content posted to any such approved page or profile must strictly comply with Franchisor's System standards and social media policy as set forth in Franchisor's Operations Manual. To ensure brand uniformity, You must comply with the standards Franchisor develops for the System, in the manner Franchisor directs in the Operations Manual or otherwise, with regard to Franchisor's authorization to use, and use of, blogs, common social networks (including "Facebook"), professional networks (including "LinkedIn"), live blogging tools (including "Twitter"), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (collectively, "Social Media") that in any way references the Marks or involves the System or Your Business. You agree to immediately remove any content that Franchisor, in its business judgment, deems to be in violation of Franchisor's System standards or social media policy. You also agree, upon Franchisor's request, to provide Franchisor with the login id and passwords for each social media page and profile that You create to promote Your Franchised Business. You further agree that Franchisor shall have the right to use such login credentials to remove any content that Franchisor requested that You delete but which You failed to remove.

## **23. INSURANCE**

### **23.1 Insurance Policies**

- (1) You must take out and maintain in full force and effect throughout the Term, at Your Cost, insurance policies such as professional indemnity, for at least the limits and coverages specified by the Franchisor in the ERA Manuals, and on terms and conditions acceptable to the Franchisor. You must

submit to the Franchisor a copy of the aforesaid insurance policies, as well as a copy of the certifications to renew the policies by January 10<sup>th</sup> each year for the entire duration of the Agreement, and evidence that You have paid such premiums.

- (2) You must buy insurance only from reputable carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies), unless the Franchisor designates specific carriers from which You must purchase coverage (in which case You may only purchase from the designated carrier(s)). The Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies You purchase must name the Franchisor and any affiliate the Franchisor designates as additional insureds and provide for thirty (30) days' prior written notice to the Franchisor of a policy's material modification or cancellation, and provide us with a copy of the proof of insurance by submitting a Certificate of Insurance ("COI") prior to operating your Consulting Business. The cost of Your premiums will depend on the insurance carrier's charges, terms of payment, and Your insurance and payment histories. You shall make timely delivery of certificates of all required insurance to the Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to the Franchisor. The procurement and maintenance of such insurance shall not relieve You of any liability to the Franchisor under any indemnity requirement of this Agreement.
- (3) If You fail for any reason to procure and maintain the required insurance coverage, the Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case You must: (i) reimburse the Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay the Franchisor its then-current administrative fee, as may be reasonably charged by the Franchisor as consideration for securing the required insurance on Your behalf.

## **23.2 Report Claims**

You must promptly, and in accordance with the terms of the relevant insurance policy, report to both the insurer and the Franchisor any claim, or any event which may give rise to a claim, against You or the Franchisor.

## **24. CONFIDENTIAL INFORMATION**

### **24.1 Ownership**

You acknowledge that the Confidential Information comprises trade secrets of the Franchisor and is the Franchisor's sole and exclusive property, and that Your knowledge of the operation, promotion and organization of the ERA Business is entirely derived from the Confidential Information.

### **24.2 Non-Disclosure**

You must, at all times, during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal, subject to state law, keep all Confidential Information confidential and only use the Confidential Information for the purpose of conducting the ERA Business. You must not:

- (1) before or after the end of the License disclose any Confidential Information to any person other than to Your employees, agent, attorney, and/or person appointed by You to the extent necessary for the conduct of the ERA Business; and

- (2) after the end of the License or after an assignment of the License by You, use any part of the Confidential Information.

### **24.3 Protecting Confidential Information**

- (1) You must ensure that the Guarantor, and all of Your agents, nominees, employees and subcontractors who receive or have access to Confidential Information, observe Your obligations of secrecy and confidentiality under this Agreement, and if required by the Franchisor, ask any persons who will receive or who have access to Confidential Information to sign a contract by which they are bound to maintain confidentiality in respect of the Confidential Information in the same manner and to the same extent as You are bound by this Agreement.
- (2) You must implement proper systems and procedures, and all reasonable procedures as the Franchisor may prescribe from time to time, to maintain the confidentiality of the Confidential Information.
- (3) In addition to any applicable state and federal laws in Your Area, You must also comply with any applicable international laws with regards to information that is accessible to an international member of Franchisor's system, including, without limitation, the EU General Data Protection Regulation ("GDPR").

### **24.4 Injunctive Relief**

You acknowledge and agree that irreparable harm could be caused to the Franchisor by Your violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, the Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Your use of the Trademarks and Confidential Information (including the ERA Management Information System, and any other proprietary software used in connection with the Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Your obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Trademarks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by You or Your employees that constitutes a violation of applicable law, threatens the Franchisor's system or threatens other area representatives of the Franchisor. Your only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and You waive all damage claims if the injunction is wrongfully issued.

### **24.5 Return of Materials**

Upon the termination, expiration, or non-renewal of this Agreement, all items, records, recordings, and documentation incorporating any Confidential Information will be immediately turned over by You, at Your sole expense, to the Franchisor or to the Franchisor's authorized representative.

## **25. ASSIGNMENT AND OTHER DEALINGS BY FRANCHISOR**

The Franchisor may assign, sell or otherwise transfer all or any part of its ownership, as well as its rights, interests, obligations or liabilities under this Agreement, in any manner.



## **26. ASSIGNMENT AND OTHER DEALINGS BY YOU**

### **26.1 Assignment by You**

You must not assign, sell or otherwise dispose of Your interest in the License or the Business without first offering to sell the Business to the Franchisor in accordance with Section 25.2. If the Franchisor does not accept the offer to buy the Business, You must obtain the Franchisor's consent to the assignment, sale or other disposal in accordance with Section 25.3. If You are a business entity, as described more fully in Section 25.4 below, then Your Guarantors and other principals are prohibited from assigning or otherwise conveying any of their ownership interest in You without our prior written consent and subject to the conditions described in Section 25.3.

### **26.2 Franchisor's Right of First Refusal**

- (1) Subject to any restrictions under any Law, You must offer to sell the ERA Business to the Franchisor (or the Franchisor's nominee) on the same terms as any offer You have received from an arm's length third party (Third-Party Offer) by giving to the Franchisor a written notice (Offer Notice) by certified letter with return receipt, setting out the terms and conditions of the Third-Party Offer and annexing a written copy of the Third-Party Offer.
- (2) The Franchisor (or the Franchisor's nominee) may accept the offer contained in the Offer Notice by giving You notice of acceptance (Acceptance Notice) within thirty (30) days of receiving the Offer Notice.
- (3) If You receive the Acceptance Notice You must sell, and the Franchisor (or the Franchisor's nominee) must purchase, the ERA Business upon the terms and conditions contained in the Offer Notice.
- (4) If the Franchisor does not accept the offer contained in the Offer Notice, You are entitled to sell the ERA Business to the third-party from whom You received the Third-Party Offer on the same terms as the Offer Notice. You must, however, still obtain the Franchisor's consent to the assignment in accordance with Section 25.3. Any material change in the terms of the Offer Notice or Third-Party Offer will be deemed a new offer subject to Franchisor's right of first refusal as set forth in this Section 25.2.

### **26.3 Assignment Conditions**

You must obtain the Franchisor's prior written consent to any sale, assignment or other disposal of Your interest in the License or the Business. The Franchisor must not unreasonably withhold its consent under this Section 25.3 if the sale, assignment or other disposal is of the whole of Your interest in the License and the Business and each of the following conditions are satisfied:

- (1) You give to the Franchisor all details of the proposed assignment including a copy of the contract for the sale of the ERA Business and any other agreements between You and the assignee;
- (2) You establish, to the Franchisor's reasonable satisfaction, that the proposed assignee:
  - (a) is a reputable and responsible person, having the financial resources and business experience and capabilities necessary to operate the Business successfully; and
  - (b) is not, or could not be reasonably regarded as, a market competitor of the Franchisor or of the ERA Network;
- (3) You pay to the Franchisor the Assignment Fee and all money which is payable under this Agreement up to the date of the assignment; the payment of the aforesaid amount must be made by credit transfer to the bank account specified by the Franchisor;
- (4) You comply with the Franchisor's Business transfer requirements and procedures;

- (5) At the option of the Franchisor, the assignee executes a franchise agreement in the form then used by the Franchisor for ERA Businesses, or a deed of assignment of this Agreement in a form required by the Franchisor;
- (6) The assignee executes any other documents then customarily used by the Franchisor for ERA Businesses;
- (7) The assignee successfully completes at his cost the Franchisor's Foundational Training Program for new ERA Businesses and pays the costs of the other services, including coaching, normally provided to new ERA consultants (see Training Fee under Section 12 in the Data Sheet);
- (8) In the event that You request the Franchisor to sell Your Business, or that You sell Your Business to a candidate introduced to You by the Franchisor or by a party delegated by the Franchisor, a sales commission equivalent to 30% of the Initial Fee specified in Section 7 of the Data Sheet will be payable to the Franchisor, in addition to the Training Fee described in (7) above; and
- (9) You shall also be solely responsible for any third-party broker fees in connection with the assignment of Your Business.

#### **26.4 No Ownership Change Without the Franchisor's Consent**

In addition to those acts described in Section 25.3, a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if You are a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of any of Your stock or shares; (ii) if You are a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if You are a limited liability company, upon the assignment, sale, pledge or transfer of any interest in the limited liability company. Any new partner, shareholder, or member having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Your obligations under this Agreement and be approved.

#### **26.5 No Encumbrances**

You must not create or allow the creation of any Security Interest over this Agreement or the License without first obtaining the Franchisor's written consent. The Franchisor must not unreasonably withhold consent if You give to the Franchisor an acknowledgment from Your lender in the form specified by the Franchisor that any Security Interest does not purport to encumber the License or any of the Intellectual Property.

#### **26.6 Death or Permanent Incapacity**

- (1) If You are a natural person, or where You are a company, and any of Your directors or shareholders, dies or suffers permanent incapacity, that person (or the person's executor or personal representative) must sell the Business or their interest in the Business within nine (9) Months after the person dies or becomes permanently incapacitated. The provisions of this Section 25 apply to any sale under Section 25.6(1).
- (2) If the sale is not completed within the nine (9) Month period referred to in Section 25.6(1), the Franchisor may terminate this Agreement and the License by giving You written notice.
- (3) In this Section 25.6, permanent incapacity happens if, because of mental and physical infirmity, the person cannot actively participate in the ERA Business for a total of ninety (90) days at any time or times during any consecutive twelve (12) month period.

## **27. TERMINATION AND DEFAULT PROVISIONS**

### **27.1 Termination After Notice of Breach**

The Franchisor may terminate this Agreement effective immediately by written notice to You where You breach any provision of this Agreement other than those set out in Section 26.2, and where You fail to remedy that breach within thirty (30) days of receiving notice from the Franchisor requiring You to remedy that breach.

### **27.2 Immediate Termination**

Notwithstanding Section 26.1, the Franchisor may immediately terminate this Agreement upon written notice to You without providing You an opportunity to cure, if You:

- (1) operate the Business outside of the Region in breach of Section 2.3;
- (2) commit a breach of this Agreement on three (3) or more occasions, whether remedied or not, during any consecutive eighteen (18) month period;
- (3) do not obtain the Franchisor's prior consent to any assignment in accordance with Section 25.1 or the Franchisor's prior consent to any changes in control in accordance with Section 25.4;
- (4) no longer hold a license necessary to carry on the ERA Business;
- (5) or any of Your Guarantors become bankrupt, subject to an order for winding up, obtain court protection from creditors or are placed in receivership, insolvent under administration or an externally-administered body corporate or are insolvent or are unable to pay Your debts when they fall due;
- (6) voluntarily abandon the ERA Business or agree to the termination of this Agreement. For purposes of this Agreement, the term "abandon" means if: (i) You (or an approved manager of the ERA Business) fail to personally supervise and/or devote Your full-time to the day-to-day operations of the ERA Business; (ii) You fail to occupy the Premises during normal business hours and as otherwise required by Franchisor; (iii) You and Your Practice Model Consultants (if applicable) fail to provide the authorized Services to Your Client(s); or (iv) Your or Your principals take any action (or fail to take any action) that indicates Your or Your principal's desire or intent to discontinue operating the ERA Business in accordance with this Agreement or the ERA Manuals;
- (7) are convicted of a felony or other crime for which a person would be liable on first conviction to imprisonment;
- (8) operate the ERA Business in a way that endangers public health or safety or may damage the goodwill of the ERA brand;
- (9) are fraudulent in connection with the operation of the ERA Business;
- (10) do not pay the any fees or other amounts due under this Agreement in the agreed payment terms, and fail to cure such default within ten (10) days from the date You receive written notice from the Franchisor of Your failure to pay;
- (11) are fraudulent, provide false information or act in bad faith in relation to this Agreement or any other agreement with the Franchisor or any other ERA Group company; or
- (12) have another agreement with the Franchisor, its affiliates, or any ERA Group company terminated.

### **27.3 Mutual Termination**

You may apply for a mutual termination of this Agreement only once five (5) years have passed since the Commencement Date of the ERA Business, provided that You:

- (1) give the Franchisor a minimum of 6 months' prior written notice, and pay to the Franchisor all amounts due up until the mutually agreed termination of this Agreement;
- (2) are not in breach of this Agreement; and
- (3) sign the Franchisor's form of mutual termination and release agreement, as well as any other documents that Franchisor may require in connection with the termination of the Business;

#### **27.4 Post-Term Collectibles and Winding Up Business Upon Expiration**

- (1) At least 90 days prior to the expiration of this Agreement, You must meet with the Franchisor to discuss the transition of any Assignable Clients and their corresponding Assignable Client Contract Sets.
- (2) You must provide the Franchisor a list of potential Assigned Franchisees to which you wish to assign each Assignable Client and its corresponding Assignable Client Contract Set. The Franchisor will review Your list and then advise on any proposed franchisees for a given Assignable Client that are not able to service that Assignable Client due to not (a) having the right ERA Authorization Level, or (b) being located in the appropriate area (or otherwise in the best proximity) for that Assignable Client.
- (3) Once Franchisor has provided you with the details above, You will be solely responsible for negotiating and entering into a form of Transition Agreement for each Assignable Client and corresponding Assignable Client Contract Set with an Assigned Franchisee that Franchisor did not object to under Section 26.4(2) above. Upon the signing of any Transition Agreement, you must promptly provide a fully-executed copy of that Transition Agreement to the Franchisor for its records only.
- (4) If a given Assignable Client is assigned to an authorized Assigned Franchisee prior to the expiration of this Agreement, then that Assigned Franchisee will be solely responsible for: (i) performing Your obligations under the Assignable Client Contract Set; and (ii) paying You the Phase-Out Consideration that the Assigned Franchisee agreed You are due under the Transition Agreement for that Assignable Client. The Franchisor will not have any obligation or liability in connection with any Transition Agreement You choose to execute.
- (5) Any Assignable Client Contract Sets that are not effectively assigned to an authorized Assigned Franchisee as of the expiration of this Agreement, or in the event this Agreement is terminated for any reason, the parties agree and acknowledge that such Assignable Client Contract Sets will automatically be assigned to and assumed by the Franchisor, and You agree to execute any agreements necessary to effectuate the intent of this Section.
- (6) You agree and acknowledge that the Franchisor does not owe You any compensation under this Section 26.4 or otherwise in connection with any Assignable Client upon expiration or termination of this Agreement.

### **28. EFFECT OF THE LICENSE ENDING AND POST-TERM OBLIGATIONS**

#### **28.1 Expiration or Termination of Franchise Agreement**

On termination or expiration of this Agreement, the rights granted under this Agreement automatically come to an end.

#### **28.2 Franchisee's Obligations when the Agreement Ends**

At the end of the Agreement, You must:

- 1) immediately cease operating the ERA Business, including, but not limited to, cease providing Services and working on projects for Clients;
- 2) immediately pay to the Franchisor all amounts owing by You under this Agreement;
- 3) immediately stop using and displaying in any manner any of the Trademarks;
- 4) immediately stop using the Confidential Information;
- 5) immediately return to the Franchisor all copies of all stationery, documents, advertising material and other printed matter and signs used in the Business which bear any of the Trademarks;
- 6) immediately stop using and do everything necessary to cancel or to transfer to the Franchisor or its nominee all registrations relating to Your use of the Intellectual Property;
- 7) deliver to the Franchisor the ERA Manuals or other ERA Tools & Technology manuals in cases where hard copies had been provided by the Franchisor or made by the You;
- 8) transfer all telephone, facsimile and other communications numbers and any email addresses and domain names used in the ERA Business to the Franchisor or its nominee, and cancel any listings in printed directories as well as online directories and websites;
- 9) thereafter not directly or indirectly represent to the public or otherwise hold Yourself out as an ERA Business or as being associated with the ERA Network;
- 10) remove the software application(s) received in sublicense from the Franchisor and installed on Your own, employees' and/or subcontractors' computer systems without making a copy; and
- 11) in the event this Agreement has expired, have assigned Your Assignable Client Contract Sets and/or Joint Venture Agreements to a current ERA Franchisee with the prior agreement of the Franchisor, consistent with Section 26.4. If the existing Clients and Joint Venture Agreements are not assigned as of expiration, then such agreements will be deemed assigned to Franchisor as of that date. In the event this Agreement is terminated, You must take all actions necessary to assign all Clients and Assignable Client Contract Sets to Franchisor.

### **28.3 Further Assurances**

You must, at Your cost, do all other things (including executing all documents) reasonably required by the Franchisor and necessary or desirable to give full effect to Your obligations at the end of the License and for such purposes You irrevocably appoint the Franchisor as Your attorney to do all such things.

### **28.4 Franchisor's Rights**

If You do not do anything that You are required to do under this Section 27, the Franchisor may, at Your cost, do whatever You should have done at Your cost.

### **28.5 No Compensation from Franchisor**

You acknowledge and agree that, at the end of the Agreement, You will not receive any payment or compensation from the Franchisor in connection with Your operation of the ERA Business under this Agreement or the termination of this Agreement. You may receive compensation from Assigned Franchisees directly under Section 26.4.

### **28.6 Post-Term Covenant**

- (1) For a period of twenty-four (24) Months after the expiration and non-renewal, transfer or termination of this Agreement, regardless of the cause, neither You, Your principals, owners and Guarantors, nor any spouse or child of the age of eighteen (18) years or older of You, Your principals, owners or Guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in

conjunction with any other person, partnership or corporation, be involved with any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses. The geographic scope of this non-compete in this Section is any location where the Franchisor can demonstrate it has offered or sold licenses as of the date this Agreement is terminated or expires.

- (2) For a period of twenty-four (24) Months after the expiration and non-renewal, transfer or termination of this Agreement, regardless of the cause, neither You, Your principals, owners and guarantors, nor any member of the immediate family of You, Your principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
  - (a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in or involvement with any other Competing Business:
    - (i) at the Premises;
    - (ii) within the Area; or
    - (iii) within a 50-mile radius of the perimeter of:
      - (A) the Area being granted hereunder; or
      - (B) any other Area granted by the Franchisor in connection with an ERA Business as of the date of expiration or termination of this Agreement; or
  - (b) Solicit business from customers of Your former ERA Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor directly solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System Franchisees to discontinue employment.
- (3) It is the parties' intent that the provisions of this Section 27.6 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the non-competition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 27.6 by You, any of Your principals, or any member of the immediate family of You or Your principals, the Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You acknowledge that the covenants contained herein are necessary to protect the goodwill of the ERA Business, other ERA System Franchisees, and the ERA System. You further acknowledge that covenants contained in this Section 27.6 are necessary to protect the Franchisor's procedures and know-how transmitted during the term of this Agreement. You agree that, in the event of the actual or threatened breach of this Section 27.6, the Franchisor's harm will be irreparable, and that the Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree on Your own behalf and on behalf of the persons who are liable under this Section 27.6 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 27.6 in no way prevent any such person from earning a living. You further acknowledge and agree that the time limitation of this Section 27.6 shall be tolled during any default under this Section 27.6.

## **28.7 Continuing Obligations**

- (1) Each obligation and warranty which expressly or by implication survives the end of the License continues in force despite the assignment, termination, expiration or end of the License.
- (2) At the end of the License the Franchisor retains any rights it has against You in respect of any past breach, in addition to any other rights, powers or remedies provided by Law.

## 29. DISPUTES

### 29.1 Dispute Resolution

- (1) If a dispute arises between parties to this Agreement, the provisions of this Section 28 apply.
- (2) You must first bring any claim or dispute between You and the Franchisor to the Franchisor's management and make every effort to resolve the dispute internally. You must exhaust this internal dispute resolution procedure before You may bring Your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- (3) You must tell the Franchisor in writing the nature of the dispute, what outcome You want and what action You think will settle the dispute.
- (4) You must then agree to clearly communicate the background facts leading to or causing the dispute, set out clearly what action is required to settle the dispute, select a way of resolving the dispute and explain why that way of resolving the dispute can be said to be a fair resolution of the dispute and identify, if the dispute is resolved, how the resolution of the dispute has or could enhance the business relationship between the parties for the future, particularly by identifying specific means of avoiding similar disputes arising between the parties in the future.

### 29.2 Mediation

- (1) If the dispute is not resolved in accordance with Section 28.1(3) within three (3) weeks, the Franchisor has the option to refer the matter to a mediator for mediation.
- (2) The mediation must be conducted in Dallas, Texas, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect.
- (3) The parties must attend any mediation instituted under this Section and try to resolve the dispute. The parties are equally liable for the costs of mediation unless they otherwise agree. The parties must pay their own costs of attending the mediation.
- (4) You may not commence any action against the Franchisor or its affiliates with respect to any such claim or dispute in any court unless the Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by the Franchisor. The Franchisor's rights to mediation, as set forth herein, may be specifically enforced by the Franchisor. Notwithstanding the foregoing, the parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 28.1 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Trademarks, the ERA System, or in any Confidential Information or other confidential information; (b) any of the restrictive covenants contained in this Agreement; and (c) any of Your payment obligations under this Agreement.

### 29.3 Limitation of Actions

**You may not raise any issue in any dispute (whether being resolved by litigation or otherwise), whether by way of claim, counterclaim, set off or otherwise, unless You raised the issue in writing before the expiry of the earlier of: (a) one (1) year after the date on which the facts giving rise to the issue came to Your attention, or should reasonably have come to Your attention; or (b) one (1) year after the initial occurrence of any act or omission giving rise to the issue, whenever discovered. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by the Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder,**

except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the offer or sale of franchises, or any regulation or rules promulgated thereunder.

#### **29.4 Costs and Attorneys' Fees**

If You are in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between You and the Franchisor and/or the Franchisor's affiliates, and the Franchisor engages an attorney to enforce the Franchisor's rights (whether or not formal judicial proceedings are initiated), You must reimburse the Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement, including all reasonable attorneys' fees, court costs and litigation expenses. If You institute any legal action to interpret or enforce the terms of this Agreement, and Your claim in such action is denied or the action is dismissed, the Franchisor is entitled to recover the Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

### **30. PROVISION OF ADVICE AND INFORMATION BY THE FRANCHISOR**

#### **30.1 Advice Provided by the Franchisor**

Any advice and information given to You by the Franchisor in connection with the License will be given in good faith based on the Franchisor's best judgment but is not and must not be implied to be a representation, promise, term, condition, agreement, warranty or guarantee with respect to any of the matters referred to in the advice or information.

#### **30.2 No Warranty**

You acknowledge that the Franchisor makes no representation or warranty about the level of remuneration You can expect to achieve through operating the Business.

### **31. LIABILITY**

#### **31.1 LIMITATION OF LIABILITY; WAIVER OF PUNITIVE DAMAGES**

YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS) AGAINST FRANCHISOR ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT, IN THE EVENT OF A DISPUTE, YOUR RECOVERY IS LIMITED TO ACTUAL DAMAGES. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS SHALL CONTINUE IN FULL FORCE AND EFFECT, INCLUDING, WITHOUT LIMITATION, THE WAIVER OF ANY RIGHT TO CLAIM ANY CONSEQUENTIAL DAMAGES. NOTHING IN THIS SECTION OR ANY OTHER PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED TO PREVENT THE FRANCHISOR FROM CLAIMING AND OBTAINING EXPECTATION OR CONSEQUENTIAL DAMAGES, INCLUDING LOST FUTURE ROYALTIES FOR THE BALANCE OF THE TERM OF THIS AGREEMENT IF IT IS TERMINATED DUE TO YOUR DEFAULT, WHICH THE PARTIES AGREE AND ACKNOWLEDGE FRANCHISOR MAY CLAIM UNDER THIS AGREEMENT.

#### **31.2 WAIVER OF JURY TRIAL**

THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS THE SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES



OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM THE FRANCHISOR OF THE BUSINESS AND/OR ANY GOODS OR SERVICES.

### **31.3 WAIVER OF CLASS ACTIONS**

THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR GUARANTOR(S) AND THE FRANCHISOR OR ITS AFFILIATES, OFFICERS OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN THE FRANCHISOR AND ANY OTHER THIRD PARTY.

## **32. INDEMNITY**

### **32.1 Indemnification**

You, as a material part of the consideration to be rendered to the Franchisor, agree to indemnify, defend and hold the Franchisor, as well as the Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities (including without limitation, economic loss and loss of profit (direct and indirect), indirect loss or consequential loss) and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to (i) Your breach or attempted breach of, or misrepresentation under, this Agreement, (ii) Your obligations to any Regional Franchisee, Your taxes or liabilities of the Business, any negligent or willful act or omission by You, Your employees, agents, servants, contractors or others for whom You are legally responsible, or any warranty, promise or representation made by You or by any employee, agent, or other person acting on Your behalf, and (iii) any other operation, ownership, and/or management of the Business. Notwithstanding the foregoing, at the Franchisor's option, the Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from You of all expenses and fees incurred in connection with such defense. Notwithstanding the foregoing, this Section 31.1 shall not apply to any Claims to the extent such Claims are found to arise out of (i) Franchisor's breach of this Agreement, or (ii) Franchisor's intentional misconduct.

### **32.2 Rights Not Affected**

The Franchisor's rights at law and under this Agreement, including its right to be indemnified under this Section 31.2, are not affected by the Franchisor ending the License, the Franchisor accepting Your repudiation of this Agreement or any other matter, fact or thing.

## **33. GUARANTEE**

- (1) On or before the Commencement Date, You must procure and deliver to the Franchisor a properly signed and witnessed Guarantee from each person named as Guarantor under this Agreement.
- (2) You must (where You are a business entity), throughout the Term, procure and deliver to the Franchisor a properly signed and witnessed Guarantee from each and every person that becomes a director or shareholder of You at any time after the Commencement Date within seven (7) days after the relevant person becomes and/or is appointed to the relevant position.
- (3) In the event You assign Your ERA Business or interest in this Agreement as discussed in Section 25 of this Agreement, the Franchisor may require any guarantors of the assignee to execute the Franchisor's then-current form of Guarantee.

## **34. GENERAL PROVISIONS**

### **34.1 Force Majeure**

If a party is prevented from complying with one of its obligations (other than an obligation to pay money) under this Agreement by force majeure, that obligation is suspended during the time and to the extent that that party is unable to comply. If the delay caused by the force majeure event exceeds thirty (30) days, either party may terminate this Agreement at the expiration of not less than thirty (30) days' notice by certified letter with return receipt to the other party.

### **34.2 English Language**

If this Agreement is translated into another language, the English text remains the sole authentic text. A copy of the English text certified as correct by each party is sufficient evidence of the signed original. By signing this Agreement, You declare that Your knowledge of the English language is at such a level that You waive any right to allege poor knowledge of the English language in any legal issue with the Franchisor.

### **34.3 Registration of Agreement**

If this Agreement or any associated transaction is required by the law of any country to be either approved or registered in any country or with any governmental agency, You are responsible for obtaining the approval or registration, including causing the Agreement to be stamped, recorded and registered at its cost in that country. The Franchisor agrees to cooperate in the application or registration procedure. You must furnish proof of compliance with this Section 33.3 to the Franchisor when and if the Franchisor requires.

### **34.4 Choice of Law and Jurisdiction**

- (1) This Agreement and any dispute or claim arising out of, relating to or in connection with it shall be governed by, and construed in accordance with, the laws of the State of Texas, without reference to this state's conflict of laws principles.
- (2) Subject to the provisions of Section 28, all disputes and claims arising out of, relating to or in connection with this Agreement must be brought in state court of general jurisdiction closest to Dallas, Texas or, if appropriate, the United States District Court for the Northern District of Texas (unless settled by the parties after such action is initiated, to which the parties irrevocably submit). You irrevocably consent to the personal jurisdiction of the state and federal courts described in this Section 33.4. Notwithstanding the foregoing, you agree and acknowledge that the Franchisor will have the right to seek to obtain injunctive relief in Your jurisdiction.

### **34.5 Changes in Applicable Law**

The parties agree that if any applicable law is changed or introduced or any relevant authority publishes or issues any statement, rules, code or requirement which in the reasonable opinion of the Franchisor or its solicitors renders or is likely to render all or part of this Agreement unenforceable, illegal or void, the parties will immediately amend this Agreement and do all things (including executing documents) necessary or desirable to ensure that this Agreement is not unenforceable, illegal or void.

### **34.6 Taxes**

- (1) If any laws are changed or new laws are introduced or courts or any relevant authority interpret laws differently, which result in the Franchisor having to pay a tax, duty, excise, withholding tax or levy (impost) on amounts received from You under this Agreement (other than income tax), or on goods or services supplied by the Franchisor under this Agreement, You must pay to the Franchisor

an additional amount so that after the Franchisor has paid the impost, its yield under this Agreement is unchanged.

- (2) If a tax is, at the date of this Agreement or subsequently, imposed by any regulation or law of any government and requires an amount to be deducted by You from any amount payable to the Franchisor pursuant to the terms of this Agreement, then You will indemnify or reimburse the Franchisor for any amount so deducted so as to restore the amount to the amount it would have been but for that tax.

### **34.7 Amending this Agreement**

Except as otherwise provided herein, an amendment or change is only effective once it is made in writing and executed by all parties.

### **34.8 Entire Agreement**

- (1) This is the entire agreement, including all exhibits and schedules hereto, of the parties concerning the subject matter of this Agreement. There is no other agreement, understanding, warranty or representation, whether oral or written, binding the parties concerning any aspect of this Agreement. However, no claim made in this agreement is intended to disclaim the express representations made in the Disclosure Document we furnished to you.
- (2) You further acknowledge that You have received a complete copy of this Agreement for a period not less than fourteen (14) calendar days, during which time You conducted an independent investigation of the Business licensed hereunder to the extent of Your desire to do so. You recognize and acknowledge that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon Your ability as an independent businessperson. The Franchisor expressly disclaims the making of, and You acknowledge that You have not received, any warranty or guarantee, express or implied, that You will be successful in this venture or that the business will attain any level of sales volume, profits, or success. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter.

### **34.9 Similar Agreements**

Franchisor makes no warranty or representation that anything contained in this Agreement may be construed as requiring that all ERA franchise agreements issued by Franchisor, during any time period, contain terms substantially similar to those contained in this Agreement. Further, You agree and acknowledge that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements granted to other ERA franchisees in a non-uniform manner, subject to those provisions of this Agreement that require Franchisor to act toward its franchisees on a reasonably non-discriminatory basis.

### **34.10 Time is of the Essence**

You must perform the obligations strictly on time and schedules set forth hereto constitute the entire Agreement.

### **34.11 Notice**

- (1) Any notice required to be given under this Agreement must be in writing and must be given to the other party.
- (2) A notice is treated as given to a party:

- (a) if hand delivered, when delivered;
- (b) when delivered by a postal or courier service which produces a delivery receipt or similar evidence of delivery or attempted delivery;
- (c) if sent by facsimile or email communication, when the facsimile machine or email server confirms transmission.

(3) A notice given on a day that is not a Business Day is treated as given on the following Business Day.

#### **34.12 Severability**

If a provision of this Agreement (or part of it) is held to be unenforceable or invalid, then it must be interpreted as narrowly as necessary to allow it to be enforceable or valid. If a provision (or part of it) is held to be unenforceable or invalid, then the provision (or part of it) must be severed from this Agreement and the remaining provisions (and remaining part of the provision) are valid and enforceable.

#### **34.13 No Waiver**

A party may exercise its rights at any time and does not waive those, even if that party waived a breach or default of all or part of the same or other provision or delayed or omitted to exercise its rights. A waiver is only effective if it is signed by the party granting the waiver and to the extent set out in the waiver.

#### **34.14 Joint and several liabilities of a party**

If You are made up of two (2) or more persons, each person must observe this Agreement and is bound by this Agreement individually (severally) and together with each other person (jointly).

#### **34.15 Definitions and Interpretation**

In this Agreement, the following terms have the meaning set out below, unless they are inconsistent with the context or the subject matter:

- (a) **Additional Training** means any additional and refresher training courses that Franchisor may develop in its sole discretion.
- (b) **Agreement** means the terms of this Regional Franchise Agreement, and any exhibit to it.
- (c) **Area** or **Region** means the geographic area or region specified in Section 5 of the Data Sheet.
- (d) **Area Representative** means an individual person or entity appointed by the Franchisor to whom the Franchisor has delegated some or all of its obligations under this Agreement including recruiting, training, managing and supporting ERA Businesses within the Area.
- (e) **Assignable Client** means a Client that You have contracted to perform Services for beyond the expiration of this Agreement.
- (f) **Assignable Client Contract Set** means all of the contracts You have entered into in connection with a given Assignable Client, including any Joint Venture agreements associated with the Services you provide to that Assignable Client.
- (g) **Assigned Franchisee** means another ERA Franchisee that: (i) has the required ERA Authorization Level to perform the work for an Assignable Client that You wish to assign to perform work after the natural expiration of this Agreement; (ii) otherwise satisfies the

criteria in order to be approved as an Assigned Franchisee as set forth in the ERA Manuals or otherwise; and (iii) enters into a Transition Agreement with You.

- (h) **Assignment Fee** means the fee specified in Section 13 of the Data Sheet.
- (i) **Business** means the ERA Business.
- (j) **Business and Marketing Plan** means the business and marketing plan that You must complete prior to commencing the ERA Business, in the form(s) and format(s) prescribed by the Franchisor, in accordance with Section 11.6.
- (k) **Business Day** means Monday to Friday of each week (except for New Year's Day, 4<sup>th</sup> of July, Memorial Day, Labor Day, Thanksgiving Day, and Christmas Day) in the place where an act is to be performed or a payment is to be made.
- (l) **Business Plan** means the annual business and marketing plan for the ERA Business prepared in accordance with Section 20.2.
- (m) **Centralized Billing Account** means a bank account associated with the Centralized Billing Service.
- (n) **Centralized Billing Service** means a centralized client invoicing and/or receipt collection service designated by the Franchisor in accordance with Section 6.
- (o) **Claims** includes all claims, debts, allegations, demands, actions, suits, causes of action, claims for account and proceedings of whatsoever kind or nature and howsoever and whenever arising and whether or not in respect of damages, expenses, losses or in respect of a breach of trust or of a fiduciary or other duty or obligations, whether or not arising under any statute and whether or not actual or contingent arising from or connected with a breach or alleged breach of intellectual property rights.
- (p) **Client** and **Clients** means those clients with whom You have entered into a Client Contract for the provision of Services.
- (q) **Client Contracts** means the standard form of client contracts, also known as Client Agreements, Client Engagement Letters or Consulting Engagement Letters (CEL), specified by the Franchisor.
- (r) **Client Records** means all records, files and other documents made or otherwise held in connection with the provision of Services to the Client.
- (s) **Client Revenue Report** means the report produced by the Franchisor through the Centralized Billing Service which sets out Your Gross Revenue for the relevant Month.
- (t) **Code of Professional Conduct** means the code of conduct directive to all Regional Franchisees and Area Representatives and employees functioning within the ERA System and ERA Network.
- (u) **Commencement Date** means the date specified in Section 4 of the Data Sheet.
- (v) **Competing Business** means any other business that competes with the ERA Network or is the same or similar to the ERA Business operated by You under this Agreement, including any business, Area licensed, and/or franchised business involved in cost reduction and supplier relationship management consulting. For purposes of this Agreement, a Competing Business does not include: (i) any business operated by You under an Agreement with the Franchisor; or (ii) any business operated by a publicly-traded entity in which You own less than two percent (2%) legal or beneficial interest.
- (w) **Confidential Information** means the ERA System, the ERA Management Information System (e.g. ERA EMS/CRM) and also includes other Technology & Tools, the ERA

Manuals, all technical and non-technical business and financial information or materials relating to either the Franchisor or any member of the ERA Group, any information, knowledge, know-how, techniques, and other data of the Franchisor or any member of the ERA Group which is marked “confidential,” and any information that would at law be considered secret or confidential information of the Franchisor or any member of the ERA Group, but does not include information to the extent such information at the time of first disclosure by the Franchisor to You is already in the public domain or after disclosure to You by the Franchisor becomes part of the public domain otherwise than by disclosure in breach of the terms of this Agreement, or that was obtained from a third party without breach by that third party of any obligation of confidence concerning the Confidential Information.

- (x) **Consulting Employee** means an approved individual in accordance with the ERA Manuals who: (i) mainly provides additional client acquisition activity for the Franchisee’s ERA Business; (ii) may also be engaged with client relationship or project management; and (iii) with Franchisor’s prior written consent, performs analytical work for defined expense categories within the Franchisee’s approved ERA Authorization Level. Each Consulting Employee will be required to execute a form of Sample Confidentiality and Restrictive Covenant Agreement attached to this Agreement as Exhibit 4.
- (y) **Cost** means any cost, charge, expense, outgoing payment or other expenditure of any nature and, where appropriate, includes fees and disbursements payable to contractors, consultants and lawyers.
- (z) **CPI** means Consumer Price Index with base year starting 1<sup>st</sup> of January 2019.
- (aa) **Data Sheet** means Exhibit 1 to this Agreement.
- (bb) **ERA Authorization Level** means, if and when established by the Franchisor, the approved authorized level allocated by the Franchisor to You in accordance with the Franchisor’s internal authorization level approval process.
- (cc) **ERA Business** means a cost management and supplier relationship consultancy business that provides services across a broad range of categories, using the Trademarks, ERA System, ERA Management Information System, ERA Technology & Tools and other Intellectual Property.
- (dd) **ERA Clients** means those clients with whom members of the ERA Network, whether inside or outside of the Territory, have entered into a Client Contract for the provision of Services.
- (ee) **ERA Franchise Agreement** means a franchise agreement between the Franchisor and a Regional Franchisee in connection with the operation of an ERA Business.
- (ff) **ERA Group** or ERAG means the Franchisor and its related entities, including Montgomery Investment CO S.A., who is the ultimate owner of the Intellectual Property.
- (gg) **ERA Manuals** means the confidential body of information prepared and published, either in hard copy or electronically, by the Franchisor relating to the ERA System and the conduct of an ERA Business, as may be amended from time to time by the Franchisor.
- (hh) **ERA Management Information System** means the proprietary management information system software, which is owned or licensed by the Franchisor, which gathers, stores and distributes data and information relevant to ERA Businesses, clients, prospective clients, suppliers, expense categories and industries and all information relating to the operation of the Business (including but not limited to software, programs, files, documents, and data whether printed or electronically stored, and electronic and other communications).

- (ii) **ERA Network** means the network of ERA Businesses and other ERA Area Representative Businesses.
- (jj) **ERA Products** means such products and/or services or products and/or services including future products and/or services as the Franchisor may from time to time specify, authorize and/or approve as set out in the ERA Manuals and/or notified to You.
- (kk) **ERA Prospective Clients** means those prospective clients with whom members of the ERA Network, whether inside or outside of the Territory, have been in contact with the aim to persuade such prospective clients to enter into a Client Contract in respect of the provision of Services.
- (ll) **ERA System** means the unique business format, systems, methods, procedures, policies, image, operations, standards and controls pertaining to the operation of a Business (and ERA Business) as may be specified by the Franchisor under this Agreement, the ERA Manuals or otherwise in writing.
- (mm) **ERA Threshold Accounts** means Clients or Prospective Clients that meets specified criteria, as set forth in the Manuals or otherwise in writing to You. The Franchisor reserves the right to modify the definition of ERA Threshold Accounts via the Manuals or otherwise in writing to You.
- (nn) **ERAC** means “Expense Reduction Analysts Consulting,” a California corporation and a Related Party of the Franchisor, formed for the purpose of providing expense reduction consulting services to clients with annual revenues of at least \$1,000,000,000.00 or its successors in interest.
- (oo) **ERAC Accounts** means Clients or Prospective Clients that meets specified criteria, as set forth in the Manuals or otherwise in writing to You. The Franchisor reserves the right to modify the definition of ERAC Accounts via the Manuals or otherwise in writing to You.
- (pp) **Expiration Date** means the 30<sup>th</sup> anniversary of the date the original agreement governing this franchise/license was executed.
- (qq) **Financial Year means** 1<sup>st</sup> January to 31<sup>st</sup> December.
- (rr) **First Reconciliation Period** means the period ending on the 31<sup>st</sup> December, after the first 18-month period of operations has been completed.
- (ss) **Franchisee** means the party or parties described in Section 2 of the Data Sheet.
- (tt) **Franchisor’s Discretion.** Franchisor may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor’s exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever Franchisor agrees to exercise its rights reasonably or in good faith, Franchisor will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. Franchisor’s 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 Franchisor’s decision or action is intended, in whole or significant part, to promote or benefit the System or the ERA brand generally even if the decision or action also promotes Franchisor’s financial or other individual interest. Examples of items that will promote or benefit the System or the ERA brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality,

improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and ERA Businesses.

- (uu) **FMAC (“Franchise & Marketing Advisory Council”)** means the council appointed to provide advice with franchisees’ needs and administering the marketing activities in the Territory.
- (vv) **Gross Revenue** means the aggregate of all costs, charges, moneys, income, fees and royalties received by You (or by the Franchisor where it provides the Centralized Billing Service) in connection with the Business. Gross Revenue excludes any sales, goods and services and equivalent tax.
- (ww) **Good Standing** means You: (i) are or were not in default of Your obligations under this Agreement during the last 18 months; and (ii) are in compliance with all Performance Standards or similar standards under this Agreement and the ERA Manuals.
- (xx) **Guarantor** means the party or parties described in Section 3 of the Data Sheet.
- (yy) **Guarantee** means the personal form of guarantee in the form specified by the Franchisor which, at the date of this Agreement, is in the form set out in Exhibit 2.
- (zz) **Improvements** means any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by You or Your employees or agents that are in any way related to the establishment or operation of Your ERA Business.
- (aaa) **ISMP** means the Initial Special Marketing Program that the Franchisee may elect to participate in during the Start-Up Phase, as described in Section 5.2(5).
- (bbb) **ISMP Marketing and Activity Plan** is the Franchisor’s prescribed form of marketing and activity plan in connection with the ISMP.
- (ccc) **Initial Term** means the initial term of this Agreement as specified in Section 15 of the Data Sheet.
- (ddd) **Intellectual Property** means the Trademarks, all copyright, trade mark rights, patent rights, design rights or any other intellectual property subsisting in or created during the development of the ERA System, ERA Management Information System, Technology & Tools, ERA Manuals and any advertising and promotional materials provided to You, including software, source and object codes, scripts, records, documents, specifications, plans, program listings, calculations or drawings, the Confidential Information, and any other know how necessary for or which may be used in connection with the administration, operation and marketing of the ERA Business.
- (eee) **Interest Rate** means 1% per month compound calculated from the date that the payment was due.
- (fff) **Joint Venture** means a project for a Client that requires the contribution of ERA Services by one or more members of the ERA Network.
- (ggg) **Law** includes the provisions of any statute, rule, regulation, proclamation, ordinance or by-law, present or future or otherwise.
- (hhh) **License** means the license granted to You under this Agreement to conduct an ERA Business.
- (iii) **Marketing Fund** means the marketing fund established by the Franchisor in accordance with Section 15.2 for the marketing and promotion of the ERA Network.



- (jii) **Marketing Fund Contribution** means the amount calculated in accordance with Section 11 of the Data Sheet.
- (kkk) **MIS or ERA EMS/CRM** means the propriety ERA Management Information System software, which is owned or licensed by the Franchisor.
- (lll) **Minimum Performance Standards** means the minimum performance standards set forth in Section 10 of the Data Sheet that You are required to achieve.
- (mmm) **Minimum Royalty Fee** means the minimum Royalty Fee You are obligated to pay the Franchisor each Month, as specified in Section 8 of the Data Sheet.
- (nnn) **Month** means a calendar Month.
- (ooo) **Mutual Termination Agreement** means the Agreement allowing the Franchisee to exit the Agreement prior to the end of the Term or Renewal Term
- (ppp) **Net Cumulative Receipts** means Gross Revenue less any fees that You agree to pay in connection with any Joint Venture agreement.
- (qqq) **Payment Date**, with respect to Centralized Billing Service, means the tenth (10<sup>th</sup>) day of each calendar month, but if that day is not a Business Day, then the next Business Day.
- (rrr) **Phase-Out Compensation** means the consideration that the Assigned Franchisee is required to pay to You under a signed form of Transition Agreement that has been provided to the Franchisor.
- (sss) **Privacy Information** means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.
- (ttt) **Prospective Client** means a prospective client who has not yet entered into a Client Contract for the provision of Services.

- (uuu) **Quarter** means each period commencing on 1<sup>st</sup> of January, 1<sup>st</sup> of April, 1<sup>st</sup> of July and 1<sup>st</sup> of October.
- (vvv) **Recommended Supplier** means a supplier of products or services who has been approved by the Franchisor as a supplier to be recommended to Clients, as set out in the ERA Manuals or otherwise by communication by the Franchisor.
- (www) **Reconciliation Period** means 1<sup>st</sup> January to 31<sup>st</sup> December, unless otherwise advised.
- (xxx) **Regional Franchisee** means a licensed franchisee who establishes and operates an ERA Business within the Area under an ERA Regional Franchise Agreement.
- (yyy) **Remedial Training** means training that the Franchisor may require You and appropriate personnel to undertake in the event You and/or appropriate personnel fail to comply with certain terms of this Agreement.
- (zzz) **Renewal Term** means the period set out in Section 16 of the Data Sheet.
- (aaaa) **Royalty Fee** means the fee specified in Section 8 of the Data Sheet
- (bbbb) **Services** means approved management and procurement consultancy services offered and sold by Your Business as set out in more detail in the ERA Manuals and as Franchisor otherwise specifies in writing.
- (cccc) **Specialist Service Category** means those cost categories designated by the Franchisor in the ERA Manuals, that the Franchisor reasonably determines would be best provided by the Franchisor or other specialist consultants.
- (dddd) **Security Interest** means any interest in or right over property that secures the payment of a debt or other monetary obligation or the compliance with any other obligation.
- (eeee) **Start-Up Phase** means the first eighteen (18) months after Commencement Date.
- (ffff) **Technology & Tools** means the software and applications which ERA provides to You to help You run Your Business.
- (gggg) **Technology Fee** means the fee Franchisor reserves the right to require Franchisee to pay Franchisor or Franchisor's designated vendors in connection with required technology used in the operation of Your Business.
- (hhhh) **Term** means the term of the License and any Renewal Term granted under this Agreement and any extension or holding over.
- (iiii) **Territory** means the territory specified in Section 6 of the Data Sheet.
- (jjjj) **Third-Party Training** means a training program that is conducted by one (1) or more of the Franchisor's approved suppliers and designed to provide instruction on how to own and operate a business or other subject matter that is designed to assist You in connection with operating the Business.
- (kkkk) **Trademarks** means all of the Franchisor's authorized trademarks, logos, business names and trade names for use in the Franchisor's business which may be registered or over which the Franchisor claims common law protection.
- (llll) **Training Fee** means the then-current training fee and/or coaching fee, which will vary based on the type of training, coaching, and/or trainee.
- (mmmm) **Transition Agreement** means the agreement that You and an Assigned Franchisee may enter into to memorialize the assignment of each Assignable Client and corresponding Assignable Client Contract Set that, among other things, should describe any Phase-Out Compensation that You will be owed in connection with that Assignable Client. These

agreements may only be entered into in connection with the expiration of this Agreement.

(nnnn) **Year** means the calendar year.

(oooo) **You or Your** means the Franchisee.

In this Agreement:

(pppp) a reference to the singular includes the plural and the plural includes the singular; a person includes a body corporate; a party includes the party's executors, administrators, successors and permitted assigns;

(qqqq) a reference to money is to US Dollars, unless otherwise stated;

(rrrr) "including" and similar expressions are not words of limitation;

(ssss) headings are for convenience only and do not form part of this Agreement or affect its interpretation;

(tttt) a provision of this Agreement must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of the Agreement or the inclusion of the provision in the Agreement;

(uuuu) if an act must be done on a specified day that is not a Business Day, it must be done instead on the next Business Day; and

(vvvv) references to termination shall include expiry.



**EXHIBIT 1 – DATA SHEET**

**Section 1. DATE OF THIS AGREEMENT**

**Section 2. FRANCHISEE DETAILS**

Name:

Company # (if applicable):

Company place of registration:

Address:

Telephone:

Facsimile:

**Section 3. GUARANTOR(S)**

Name(s):

Address(es):

Telephone Number(s):

**Section 4. COMMENCEMENT DATE**

*The remainder of this page is left intentionally blank. Exhibit 1 – Data Sheet to continue on the following page.*

**Section 5. AREA**

## **Section 6. TERRITORY**

United States of America

## **Section 7. INITIAL FEES**

Initial Franchise Fee: Fifty-Nine Thousand Nine-Hundred US Dollars (\$59,900.00)

Payment Terms: Payable by the Franchisee on signature in immediately available U.S. funds.

## **Section 8. ROYALTY FEE**

Amount: The Royalty Fee shall be equal to the greater of: (i) 15% of Net Cumulative Receipts for the immediately preceding calendar month; or (ii) One Thousand Dollars (\$1,000.00) per month for the first thirty-six (36) months after Commencement Date, and One-Thousand Two-Hundred Fifty Dollars (\$1,250.00) per month thereafter during the remaining periods of the Initial Term of this Agreement (the "Minimum Royalty Fees"). The Minimum Royalty Fees may be adjusted annually by any increase in published in the Consumer Price Index ("CPI" - All Urban Consumers, U.S. city average, All items, 1982-1984=100) from the 1<sup>st</sup> of January of each Year, with the base beginning January 1, 2019.

Royalty Fee Payment Terms: The Royalty Fee shall be paid in accordance with the terms discussed in Sections 5 and 6 of this Agreement.

Minimum Royalty Fee Payment Terms: payable to the Franchisor in advance by direct debit within eight (8) days of each Month during the term.

Monthly Reconciliation (aka "Smoothing"): each month, or in any other frequency the Franchisor designates in writing, the Franchisor will calculate Your Net Cumulative Receipts to date for the calendar year ("YTD"), in order to determine whether You must pay the 15% of Net Cumulative Receipts, or the Minimum Royalty Fee, for the immediately preceding calendar month.

## **Section 9. TECHNOLOGY FEE**

Amount: Franchisor's then-current fee (which is \$1,000 as of the date this Agreement is executed). Franchisor may adjust the Technology Fee annually by any increase in published in the CPI from the 1<sup>st</sup> of January of each Year, with the base beginning January 1, 2019.

Payment Terms: payable to the Franchisor each quarterly (or in any other frequency or method specified by Franchisor), on the date specified by Franchisor in the Manual or otherwise in writing, by EFT, ACH or direct debit.

## **Section 10. MINIMUM PERFORMANCE STANDARDS**

During each of the ten (10) consecutive twelve (12) month periods following the Commencement Date, You must acquire at least one (1) new Client and engage the same under a Client Contract. In addition, in the first 24-month period following Your Commencement Date, Your Net Cumulative Receipts must be in excess of \$60,000. In the third (3<sup>rd</sup>) Year following Your Commencement Date, Your Net Cumulative Receipts must be in excess of \$80,000. In the fourth (4<sup>th</sup>) and each subsequent Year following Your Commencement Date, Your Net Cumulative Receipts must be in excess of \$100,000.

## **Section 11. MARKETING FUND CONTRIBUTION**

Amount: You must pay 3% of Your Net Cumulative Receipts for the immediately preceding Month.

Payment Terms: payable to the Franchisor each month by direct debit within eight (8) days of each Month during the term.

**Section 12. TRAINING FEE**

Amount: The Franchisor will not charge the applicable Training Fee to provide You or Your Designated Principal with required initial training. If You send any other person approved by the Franchisor to training, You must pay the applicable Training Fee. You are responsible for paying for Your and Your Employees' Costs in attending any training, including travel and accommodation.

Payment Terms: payable fourteen (14) days before entering the Foundational Training Program.

**Section 13. ASSIGNMENT FEE**

Amount: The Assignment Fee shall be equal to Five-Thousand US Dollars (\$5,000) or 10% of the total purchase price, whichever is the greater, and will be paid by the Franchisee (assignor) to the Franchisor, regardless of the terms of assignment or transfer. Franchisor may adjust the Assignment Fee annually by any increase in published in the CPI from the 1<sup>st</sup> of January of each Year, with the base beginning January 1, 2019.

Payment Terms: payable at the time You assign or sell any of Your interest in the License or the Business.

**Section 14. RENEWAL FEE**

Amount: Five-Thousand US Dollars (\$5,000) for renewing this Regional Franchise Agreement. Franchisor may adjust the Renewal Fee annually by any increase in published in the CPI from the 1<sup>st</sup> of January of each Year, with the base beginning January 1, 2019.

Payment Terms: payable when You execute a Franchise Agreement in connection with Your renewal.

**Section 15. INITIAL TERM**

Ten (10) years

**Section 16. RENEWAL TERM**

If the Franchisee meets the renewal conditions and is otherwise eligible to renew once the Initial Term of this Franchise Agreement has expired, the Franchisee will have the option of selecting a Renewal Term of five (5) or ten (10) years, provided that Renewal Term would not extend beyond the Expiration Date set forth in the Franchise Agreement.

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## EXHIBIT 2 – FORM OF PERSONAL GUARANTEE

This Form of Personal Guarantee (“Guarantee”) is made this \_\_\_\_ day of \_\_\_\_\_ 20\_\_

**BETWEEN** Expense Reduction Analysts, Inc.  
16415 Addison Road, Addison Tower, Suite 410, Addison, TX 75001

**(Franchisor)**

**AND** [insert name]  
**(Guarantor)**

### RECITALS:

- A. The Guarantor is a director and / or a shareholder of the Franchisee.
- B. The Franchisee and the Franchisor have entered into an Regional Franchise Agreement (**the Agreement**) under which the Franchisor has granted to the Franchisee a license to establish and operate a Regional ERA Business on the terms set out in the Agreement.
- C. The Guarantor requested that the Franchisor enter into the Agreement and in consideration of the Franchisor agreeing with such request, the Guarantor has agreed to guarantee the Franchisor in respect of the performance and obligations of the Franchisee under the Agreement, on the terms set out in this Guarantee.
- D. The Guarantor has read and understood the Agreement.

**NOW, in consideration of the Franchisor entering into the Agreement with the Franchisee, the Guarantor hereby covenants and agrees as follows:**

#### 1. Definitions and Interpretation

All terms defined in the Agreement, when used in this Guarantee, unless the context clearly otherwise requires, will have the same meanings when used in this Guarantee.

#### 2. Consideration

- (1) The Guarantor has requested the Franchisor to enter into the Agreement with the Franchisee and the Franchisor does so in consideration of this guarantee.
- (2) The Guarantor acknowledges that it has been given a copy of the Agreement and has had full opportunity to consider its provisions before entering into this guarantee.

#### 3. Guarantee

The Guarantor guarantees to the Franchisor prompt performance of all of the obligations of the Franchisee contained or implied in the Agreement. If the obligation is to pay money, the Franchisor may immediately recover the money from the Guarantor as a liquidated debt without first commencing proceedings or enforcing any other right against the Franchisee or any other person.

#### 4. Indemnity

If the Franchisee is not bound by some or all of its obligations under the Agreement, the Guarantor agrees, by way of indemnity and principal obligation, to pay to the Franchisor the amount which would have been payable by the Guarantor to the Franchisor under the guarantee in Section 3 had the Franchisee been bound.

## **5. Continuing security**

This Guarantee is a continuing security, and is not discharged or prejudicially affected by any settlement of accounts, but remains in full force until a final release is given by the Franchisor.

## **6. Matters not affecting Guarantor's liability**

The Guarantor's liability under Sections 3 and 4 is not affected by:

- (1) the granting of time, forbearance or other concession by the Franchisor to the Franchisee or the Guarantor;
- (2) any delay or failure by the Franchisor to take action against the Franchisee or the Guarantor;
- (3) an absolute or partial release of the Franchisee or any Guarantor or a compromise with the Franchisee or the Guarantor;
- (4) a variation, novation, renewal or assignment of the Agreement by the Franchisor, whether or not this increases the liability of the Franchisee or the liability of the Guarantor under the Agreement;
- (5) the termination of the Agreement;
- (6) the fact that the Agreement is wholly or partially void, voidable or unenforceable;
- (7) the non-execution of the Agreement by 1 or more of the persons named as Guarantor or the unenforceability of the guarantee or indemnity against 1 or more of the Guarantors; or
- (8) the exercise or purported exercise by the Franchisor of its rights under the Agreement.

## **7. Payment later avoided**

The Guarantor's liability is not discharged by a payment to the Franchisor which is later avoided by law. If that happens, the Franchisor, the Franchisee and the Guarantor will be restored to their respective rights and obligations as if the payment had not been made.

## **8. Indemnity on disclaimer**

If a liquidator or trustee in bankruptcy disclaims this Agreement, the Guarantor indemnifies the Franchisor against any resulting loss.

## **9. Guarantor not to prove in liquidation or bankruptcy**

Until the Franchisor has received all money payable to it by the Franchisee:

- (1) the Guarantor must not prove or claim in any liquidation, bankruptcy, composition, arrangement or assignment for the benefit of creditors of the Franchisee; and
- (2) the Guarantor must hold any claim it has and any dividend it receives on trust for the Franchisor.

## **10. Guarantor not to claim benefits or enforce rights**

Until the Guarantor's liability under the Agreement is discharged the Guarantor may not, without the consent of the Franchisor:

- (1) claim the benefit or seek the transfer (in whole or in part) of any other guarantee, indemnity or security held or taken by the Franchisor;
- (2) make a claim or enforce a right against the Franchisee or any other guarantor or against the estate or any of the property of any of them (except for the benefit of the Franchisor);
- (3) raise a set-off or counterclaim available to it or the Franchisee against the Franchisor in reduction of its liability under this guarantee.

**11. Costs and expenses**

- (1) The Guarantor agrees to pay or reimburse the Franchisor on demand for:
  - (a) its costs, charges and expenses of making, enforcing and doing anything in connection with this guarantee, including all costs actually payable by the Franchisor to its legal representatives (whether under a costs agreement or otherwise); and
  - (b) all taxes (except income tax) which are payable in connection with this guarantee or any payment, receipt or other transaction contemplated by it.
- (2) Money paid to the Franchisor by the Guarantor must be applied first against payment of costs, charges and expenses under this Section 11 and then against other obligations under this guarantee.

**12. Guarantee to continue on assignment of rights**

If the Franchisor assigns its rights under this Agreement, the benefit of the guarantee under this Guarantee extends to the assignee and continues concurrently for the benefit of the Franchisor regardless of the assignment unless the Franchisor releases the Guarantor in writing.

**13. General**

- (1) This Guarantee shall be governed by, and construed in accordance with, the laws of the State of Texas, without reference to this state’s conflict of laws principles. All disputes and claims arising out of, relating to or in connection with this Guarantee shall be subject to the jurisdiction state court of general jurisdiction closest to Dallas, Texas or, if appropriate, the United States District Court for the Northern District of Texas (unless settled by the parties after such action is initiated, to which the parties irrevocably submit).
- (2) Any provision of, or the application of any provision of this Guarantee, which is prohibited in any jurisdiction, is, in that jurisdiction, ineffective only to the extent of that prohibition. Any provision of or the application of any provision of, this Guarantee which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.
- (3) A variation of any term of this Guarantee must be in writing and signed by the parties.

In witness whereof the parties have executed this Guarantee on the date first before written.

**PERSONAL GUARANTORS**

\_\_\_\_\_  
[Insert Name of Guarantor]

\_\_\_\_\_  
[Insert Name of Guarantor]

**EXHIBIT 3 - EFT AUTHORIZATION FORM**

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

ABA#: \_\_\_\_\_

Acct. No.: \_\_\_\_\_

Acct. Name: \_\_\_\_\_

If Renewing Franchisee, please check here if bank information has changed from what

we currently have on file:

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Expense Reduction Analysts, Inc. (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the regional franchise agreement dated \_\_\_\_\_ (the “Regional Franchise Agreement”) for the franchised business located at: \_\_\_\_\_ (the “Franchised Business”): (i) all Royalty Fees; (ii) Marketing Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Regional Franchise Agreement. The Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Regional Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Regional Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as the Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by the Franchisor. **[Franchisee Name]** shall provide the Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:  
FRANCHISEE**

**[INSERT FRANCHISEE NAME]**

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

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

Its: \_\_\_\_\_

**FRANCHISOR APPROVAL  
EXPENSE REDUCTION ANALYSTS, INC.**

By: \_\_\_\_\_  
Charles A. Smith, CEO, North America

**EXHIBIT 4 – SAMPLE CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT  
SUBJECT TO REVIEW BY YOUR LOCAL EMPLOYMENT COUNSEL**

*(for trained Practice Model Consultants, officers, directors, contractors, general partners, members, individual owner and managers of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Expense Reduction Analysts, Inc. (the “Franchisor”) to: (i) establish and operate a franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Franchisor’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Franchisor’s unique and distinctive format and system relating to the establishment and operation of Franchised Business businesses (the “System”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “Premises”), which covers the following area \_\_\_\_\_ (the “Area”).

1. The Franchisor possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: the Franchisor’s proprietary and confidential Manuals and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manuals”); the Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other Franchised Businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of Franchised Business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).
2. Any other information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.
3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Franchisor and the Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manuals, and other general assistance during the term of this Agreement.
4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.
5. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Franchisor, upon request, or upon conclusion of the use for which the information or material may have been furnished.
7. Except as otherwise approved in writing by the Franchisor, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) is involved in cost reduction and supplier relationship management consulting similar to the Franchised Business and/or that features, offers and/or sells products and services similar to the those offered and sold by the Franchised Business and/or other Expense Reduction Analysts' franchises (a "Competing Business"); or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more Competing Businesses. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose. All parties acknowledge and agree that there is no intent to prohibit me from obtaining employment or engagement with another franchisee of Franchisor.

*7.1 Post-Term Restrictive Covenant for Consulting Employee of Franchised Business or Manager, Officers, Directors of the Franchisee.* In the event I am a manager of the Franchised Business, or an officer, director, manager or partner of the Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with the Franchisee for any reason: (i) at the Premises; (ii) within the Area; or (iii) within a 50-mile radius of (a) the perimeter of the Area, or (b) any other Area granted by the Franchisor to any other Franchised Business at the time my employment with the Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of the Franchisee for any competitive business purpose, during this two (2) year period following the termination or expiration of my employment or independent contractor relationship with the Franchisee. All parties acknowledge and agree that there is no intent to prohibit me from obtaining employment or engagement with another franchisee of Franchisor.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which the Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
9. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.
10. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Franchisor may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Franchisor all the costs

it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Franchisor, any claim I have against the Franchisee or the Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.
12. The Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.
13. Any failure by the Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.
14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF **[INSERT STATE WHERE FRANCHISEE IS LOCATED]** AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO THE PREMISES OF THE FRANCHISED BUSINESS OR, IF APPROPRIATE, THE FEDERAL COURT CLOSED TO SUCH PREMISES. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY **TEXAS** OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.
15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which the Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.
16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.
17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

For notices to the Franchisor, the notice shall be addressed to:

Expense Reduction Analysts, Inc.  
Attn: Charles A. Smith, CEO, North America  
16415 Addison Road  
Addison Tower, Suite 410  
Addison, Texas 75001

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

**IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.**

**UNDERSIGNED**

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

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

**ACKNOWLEDGED BY FRANCHISEE**

[FRANCHISEE NAME]

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

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



**EXHIBIT 3 - EFT AUTHORIZATION FORM**

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

ABA# : \_\_\_\_\_

Acct. No.: \_\_\_\_\_

Acct. Name: \_\_\_\_\_

If Renewing Franchisee, please check here if bank information has changed from what

we currently have on file:

Effective as of the date of the signature below, **[Franchisee Name]** (the “Franchisee”) hereby authorizes Expense Reduction Analysts, Inc. (the “Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the following payments that are due and owing Franchisor or its affiliates under the regional franchise agreement dated \_\_\_\_\_ (the “Regional Franchise Agreement”) for the franchised business located at: \_\_\_\_\_ (the “Franchised Business”): (i) all Royalty Fees; (ii) Marketing Fund Contributions; (iii) any amounts due and owing the Franchisor or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Franchisor or its affiliates; and (iv) all other fees and amounts due and owing to Franchisor or its affiliates under the Regional Franchise Agreement. The Franchisee acknowledges each of the fees described above may be collected by the Franchisor (or its designee) as set forth in the Regional Franchise Agreement.

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Regional Franchise Agreement.

Such withdrawals shall occur on a weekly basis, or on such other schedule as the Franchisor shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by the Franchisor. **[Franchisee Name]** shall provide the Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:  
FRANCHISEE**

**[INSERT FRANCHISEE NAME]**

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

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

Its: \_\_\_\_\_

**FRANCHISOR APPROVAL  
EXPENSE REDUCTION ANALYSTS, INC.**

By: \_\_\_\_\_  
Charles A. Smith, CEO, North America

**EXHIBIT 4 – SAMPLE CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT  
SUBJECT TO REVIEW BY YOUR LOCAL EMPLOYMENT COUNSEL**

*(for trained Practice Model Consultants, officers, directors, contractors, general partners, members, individual owner and managers of Franchisee)*

In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of \_\_\_\_\_ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from Expense Reduction Analysts, Inc. (the “Franchisor”) to: (i) establish and operate a franchised business (the “Franchised Business”); and (ii) use in the operation of the Franchised Business the Franchisor’s trade names, trademarks and service marks (collectively, the “Proprietary Marks”) and the Franchisor’s unique and distinctive format and system relating to the establishment and operation of Franchised Business businesses (the “System”), as they may be changed, improved and further developed from time to time in the Franchisor’s sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “Premises”), which covers the following area \_\_\_\_\_ (the “Area”).

1. The Franchisor possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: the Franchisor’s proprietary and confidential Manuals and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the “Manuals”); the Franchisor’s proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other Franchised Businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of Franchised Business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the “Confidential Information”).
2. Any other information, knowledge, know-how, and techniques which the Franchisor specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.
3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Franchisor and the Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manuals, and other general assistance during the term of this Agreement.
4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information, in whole or in part, for any use outside the System would constitute an unfair method of competition.
5. The Confidential Information is proprietary, involves trade secrets of the Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Franchisor as confidential. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. I will surrender any material containing some or all of the Confidential Information to the Franchisor, upon request, or upon conclusion of the use for which the information or material may have been furnished.
7. Except as otherwise approved in writing by the Franchisor, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) is involved in cost reduction and supplier relationship management consulting similar to the Franchised Business and/or that features, offers and/or sells products and services similar to the those offered and sold by the Franchised Business and/or other Expense Reduction Analysts' franchises (a "Competing Business"); or (iii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more Competing Businesses. I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose. All parties acknowledge and agree that there is no intent to prohibit me from obtaining employment or engagement with another franchisee of Franchisor.

*7.1 Post-Term Restrictive Covenant for Consulting Employee of Franchised Business or Manager, Officers, Directors of the Franchisee.* In the event I am a manager of the Franchised Business, or an officer, director, manager or partner of the Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two (2) years after the expiration or termination of my employment with the Franchisee for any reason: (i) at the Premises; (ii) within the Area; or (iii) within a 50-mile radius of (a) the perimeter of the Area, or (b) any other Area granted by the Franchisor to any other Franchised Business at the time my employment with the Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of the Franchisee for any competitive business purpose, during this two (2) year period following the termination or expiration of my employment or independent contractor relationship with the Franchisee. All parties acknowledge and agree that there is no intent to prohibit me from obtaining employment or engagement with another franchisee of Franchisor.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which the Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
9. I understand and acknowledge that the Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.
10. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Franchisor may apply for the issuance of a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security. I agree to pay the Franchisee and the Franchisor all the costs

it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Franchisor, any claim I have against the Franchisee or the Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. I shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.
12. The Franchisee shall make all commercially reasonable efforts to ensure that I act as required by this Agreement.
13. Any failure by the Franchisor to object to or take action with respect to any breach of this Agreement by me shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by me.
14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF **[INSERT STATE WHERE FRANCHISEE IS LOCATED]** AND MYSELF HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURT CLOSEST TO THE PREMISES OF THE FRANCHISED BUSINESS OR, IF APPROPRIATE, THE FEDERAL COURT CLOSED TO SUCH PREMISES. I HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. I HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ME IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY **TEXAS** OR FEDERAL LAW. I FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE ONE OF THE COURTS DESCRIBED ABOVE IN THIS SECTION; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.
15. The parties acknowledge and agree that each of the covenants contained in this Agreement are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which the Franchisor is a part, I expressly agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.
16. This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement. This Agreement may be modified only by a duly authorized writing executed by all parties.
17. All notices and demands required to be given must be in writing and sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile or electronic mail, (provided that the sender confirms the facsimile or electronic mail, by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective party at the following address unless and until a different address has been designated by written notice.

For notices to the Franchisor, the notice shall be addressed to:

Expense Reduction Analysts, Inc.  
Attn: Charles A. Smith, CEO, North America  
16415 Addison Road  
Addison Tower, Suite 410  
Addison, Texas 75001

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile or electronic mail shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be affected by giving fifteen (15) days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year’s Day, Martin Luther King Day, Presidents’ Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

18. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and inure to the benefit of its respective parent, successor and assigns.

**IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.**

**UNDERSIGNED**

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

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

**ACKNOWLEDGED BY FRANCHISEE**

[FRANCHISEE NAME]

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

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

**EXHIBIT 5 – CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND DOMAIN NAMES**

1. \_\_\_\_\_, doing business as Expense Reduction Analysts (the “Assignor”), in exchange for valuable consideration provided by Expense Reduction Analysts, Inc. (the “Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, any domain names that franchisee is using in breach of section 17.1, as well as any listings associated therewith, utilized by Assignor in the operation of its Expense Reduction Analysts franchised business located at \_\_\_\_\_ (collectively, the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): \_\_\_\_\_

Facsimile Number(s): \_\_\_\_\_

Domain Name(s) (used by Franchisee in breach of section 17.1 of the Franchise Agreement): \_\_\_\_\_

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company or domain name registrar to effectuate this agreement and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

**ASSIGNOR**

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

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

**ASSIGNEE**

**EXPENSE REDUCTION ANALYSTS, INC.**

BY: \_\_\_\_\_  
Charles A. Smith, CEO, North America

**EXHIBIT D**

**LIST OF FRANCHISEES**  
**THROUGH DECEMBER 31, 2022**

**FRANCHISEES**  
**AS OF DECEMBER 31, 2022**  
 ROSTER OF REGIONAL FRANCHISEES

<u>REGIONAL FRANCHISEES</u>	<u>ADDRESS</u>	<u>NAME</u>	<u>PHONE</u>
<b><u>ARIZONA</u></b>			
Southwest Cost Reduction Specialists, LLC *Also in NM & West TX	6211 San Mateo Blvd NE, Suite 120 Albuquerque, NM 87109	Patrick J. Garr Jeffrey Travis Cantrell	505-710-9499
LJ Pizzo Enterprises, Inc. *Also in NM & West TX	726 Summer Top Circle St. Louis, MO 63206	Linda J. Pizzo	314-610-1647
Brown Enterprises Southwest LLC *Southern, CA	1934 E. Camelback Road, Suite 120-529 Phoenix, AZ 85016	Gregory A. Brown Gina Brown	858-538-0462
<b><u>CALIFORNIA</u></b>			
Optimal Rate Solutions, Inc. *Southern, CA	6965 El Camino Real 105-587, Carlsbad, CA 92009	Andrea Gardenhire Thomas J. Frank	888-408-8020 760-815-1783
Three Star Holdings, Inc. *Southern, CA	9921 Carmel Mountain Road, #135 San Diego, CA 92129	Gregory A. Brown Gina Brown	858-538-0462
Cornerstone Analysts, Inc. *Southern, CA	9 Woodhaven Lane Irvine, CA 92620	Stephen Jardon	714-368-0020
Tygar & Associates LLC *South LA & N. Orange	4733 Torrance Blvd., #122 Torrance, CA 90503	Marylou Garcia	310-791-5570
Profit Recovery Strategies, Inc. (S.La) *South LA & N. Orange	2609 Via Rivera Palos Verdes Estates, CA 90274	John Kunich	310-890-4313
KAL Distributing dba KAN Consulting *North Los Angeles	23679 Calabasas Road, Ste. 247 Calabasas, CA 91302	Brian Lorber	818-222-0552
Profit Recovery Strategies, Inc. (N. La) *North Los Angeles	2609 Via Rivera Palos Verdes Estates, CA 90274	John Kunich	310-890-4313
ClearView Advisors Inc. *S.F. Bay Area	177 Park Avenue, Suite 200 San Jose, CA 95113	Michael J. Plesha	408-839-4917
RD Property And Investments, LLC *South LA & N. Orange	100 Loma Avenue, #204 Long Beach, CA 90803	Raymond D. Jansma Deborah Jansma	570-560-4641
<u>CM Tan Corporation</u> *South LA & N. Orange	1363 Shakespeare Drive Riverside, CA 92506	Christina M. Tan	310-990-6235
<b><u>COLORADO</u></b>			
Cost Improvement Services, LLC *Also in UT & NV	500 N. Rainbow Road, Suite 300 A Las Vegas, NV 89107	Barry Bowles Brian M. Morton	888-314-3331



<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
Metro Consulting LLC *Also in NV & UT	8181 Arista Place, Suite 100 Broomfield, CO 80021	John Jordan Mark Drummond Patricia O'Conner	303-506-1101
Mountain Desert Analysts, Inc. *Also in NV & UT	1540 S 8th Street, #38908 Colorado Springs, CO 80905	Victoria Bartz	719-685-2343
Massey Draw Advisory	6851 Lynch Lane Castle Rock, CO 80108	William B. Tugman	720-373-7907
<b><u>CONNECTICUT</u></b>			
Westport Expense Management Group, LLC *Also in RI, NY & MA	7 North Ridge Road Westport, CT 06880	Arthur Buckman	203-255-7744
Dave Lehman *Also in RI, NY & MA	8 Deming Road Litchfield, CT 06759	Dave Lehman	203-257-3278
SARAC Enterprises, LLC *Also in RI, NY & MA	1979 Post Road Fairfield, CT 06824	David P. Finkel	203-227-4575
Haske Consulting LLC *Also in RI, NY & MA	60 Newtown Road PMB 84 Danbury, CT 06810	Linda Haske	203-300-9988
The Beckster Scientific Analysis, Inc. *Also in RI, NY & MA	23 Louis Rd Middlefield, CT 06455	Rebecca R. Kalinowski Brianna S. McFarland	860-349-2346
Kirby Consulting Corporation *Also in RI, NY & MA	36 Orchard Avenue Rye, NY 10580	John Timothy Kirby	914-305-1397
Joel Potter, LLC *Also in RI, NY & MA	193 Attlebury Hill Road Stanfordville, NY 12581	Joel F. Potter	917-409-0143
Mine Hill Ventures, LLC *Also in RI, NY & MA	500 Mine Hill Road Fairfield, CT 06824	Kenneth S. Nelson	203-259-5756
T. Broadbent & Company *Also in RI, NY & MA	126 Morningside Drive S Westport, CT 06880	Thomas Broadbent	203-254-0850
The Rock Cut Group, LLC *Also in RI, NY & MA	8 Noah Place, Suite 4 Newburgh, NY 12550	Kenneth Bento	800-656-7270 x103
Onslow Advisors, LLC *Also in RI, NY & MA	6 Thomasina Lane, Darien, CT 06820	Raoul Schuddeboom	914-703-7177
NJK Consultants, LLC *Also in RI, NY & MA	9 Philips Lane Rye, NY 10508	Kenneth J. Nixon, III	917-679-4994
<b><u>FLORIDA</u></b>			
JASH, LLC *South FL	5721 SW 95th Court Miami, FL 33173	J.D. Heiden	786-552-4268

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
SCG Enterprises LLC *South FL	10305 Lyons Ave Lithia, FL 33547	Sonia C. Gamache Robert G. Gamache	813-846-6655
MBA Enterprises, LLC *South FL	12651 N Dale Mabry Hwy #272225 Tampa, FL 33618	Terence E. Bitter Shelagh L. Bitter	813-748-1913
TTP, LLC *North FL and also in AL	280 Wekiva Springs Road Suite 2030 Longwood, FL 327791	Thomas Stefanos Tina Phillips	321-430-1447 352-209-3851
RBA Partners, LLC *North FL and AL	9907 8th Street, #466  Gotha, FL 34734	James M. Agnew, Sr., Mark and Joan Rehl	321-663-1135 678-296-5010
Sebago Advisors, Inc. *North FL and also in AL	1301 1st South, Suite 505 Jacksonville Beach, FL 32250	Timothy Mason Hawes	904-595-6062
Troon Business Services, LLC *North FL and also in AL	292 Randle Ave Oak Hill, FL 32759	Paul R. Barry	407-808-5907
Stephen and Kerry Bunker	9996 Cherry Hills Avenue Circle, Bradenton, FL 34202	Steve and Kerry Bunker	215-325-1819
Colasacco Enterprises, Inc. *South FL	6545 Stonehurst Circle Lake Worth, FL 33467	John Colasacco	516-551-6409
FinOpt Services Inc. *South FL	900 Biscayne Boulevard #5207 Miami, FL 33132	William E. Knowles	718-781-5563
<u>Renovo Management, LLC</u> *North FL and also in AL	41 Crossroads Plaza, Box 159 West Hartford, CT 06117	John Lauchnor	800-656-7270
<u>Tyler D. Harrop</u> *South FL	9521 122nd Way Seminole, FL 33772	Tyler D. Harrop	818-681-0555
<u>Capital Unleashed LLC</u> *South FL	2438 Baywood Drive West Dunedin, FL 34698	Thomas M. Jauch	727-518-4776
<b><u>GEORGIA</u></b>			
Masston Profits LLC	133 Main Street LaGrange, GA 30240	James M. Massengale Zachary Taylor	706-594-5241 706-333-0173
RGT Impacts Inc.	100 Brookside Drive Roswell, GA 30076	Robert G. Trice	678-644-4653
McKinney 10:13 Consulting, LLC	4167 Waters Edge Lane Appling, GA 30802	James J. McKinney, IV	706-495-1624
KCM Advisory Group, Inc.	9645 Autry Falls Drive Johns Creek, GA 30022	Kevin C. Mairs	862-812-1228
Alapaha Consulting LLC	89 Greenville Street Newnan, GA 33263	J. Wesley Howard	404-307-4807

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
<b><u>ILLINOIS</u></b>			
Brightstar Consulting Corporation *Northern IL	1122 Johnson Avenue Naperville, IL 60540	Martin Leiter	630-416-7086
Cost Reduction Professional Services, Inc. *Northern IL	552 South Route 59 #1285 Naperville, IL 60564 24133 Hampshire Lane Plainfield, IL 60585	Walt Mauder Bruno Pytel	630-219-1810 630-904-5910
Shermer Valley Inc. *Northern IL	444 North Michigan Avenue Suite 1200 Chicago, IL 60611	Paul J. Zaleski	847-525-4230
ERA-ILIN, LLC *Northern IL	444 North Michigan Avenue Suite 1200 Chicago, IL 60611	Eric Flasck	773-832-4230
EMB Associates, LLC *Northern IL	2401 N. Janssen Avenue, Unit 401 Chicago, IL 60614	Steven B. Baker Kathleen Hoch	630-283-1827
CP Companies, Inc. *Northern IL	1525 Country Lane Deerfield, IL 60015	Mark D. Sternberg	847-875-3663
Acorn Consulting Inc.	62 Acorn Lane Highland Park, IL 60035	David J. Bierman	310-606-0028
<b><u>INDIANA</u></b>			
Stapleton Incorporated *Also in Southern IL	7515 Kilbarron Circle Indianapolis, IN 46217	William Stapleton	317-885-9660
<b><u>IOWA</u></b>			
JRK Investments LLC *Also in MN, WI, NE, ND, SD and Upper MI Peninsula	260 33rd Ave SW., Suite B Cedar Rapids, IA 52404	James C. Schmitt Gina Schmitt	319-393-1824
Trotter & Robinson LLC *Also in MN, WI, NE, ND, SD and Upper MI Peninsula	260 33rd Ave SW., Suite B Cedar Rapids, IA 52404	Michael J. Trotter	319-393-1824
OGO Associates, LLC *Also in MN, WI, NE, ND, SD and Upper MI Peninsula	2040 Little Creek Lane Iowa City, Iowa 52246	John Fraser	319-621-1043
Hauser-Schmitt Associates, LLC *Also in MN, WI, NE, ND, SD and Upper MI Peninsula	2595 Hackberry Drive Hastings, MN 55033	Marlys Schmitt	651-403-2651

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
<b><u>KENTUCKY</u></b>			
The Smith Group Consulting, Inc. *Also in TN	614 Darnay Place Louisville, KY 40245	Larry R. Smith	502-208-0863 x701
CostCredible LLC *Also in TN	316 Shawnee Drive Louisville, KY 40212 245	Paula J. Kaeser	270-401-5462
<u>Winston Consulting, Inc.</u> *Also in TN	241 Gillette Drive Franklin, TN 37069	Kelly E. Eikum	708-908-0535
<b><u>MARYLAND</u></b>			
144 Investors, LLC *Also for MD and Northern VA counties	2201 Wisconsin Avenue NW Suite 320 Washington, DC 200079922	George Wolfand	301-467-4832
The Reid Austin Group, LLC *Also for MD and Northern VA counties	822 Guilford Avenue Baltimore, MD 212022	Denis Michael Reid	410-207-3421
Kreyn Technology, Inc. *Also for MD and Northern VA counties	29 Frederick Road, #778 Funkstown, MD 21734	Alex Kreyn	817-564-6823
SPV LLC *Also for MD and Northern VA counties	2201 Wisconsin Avenue NW Suite 320 Washington, DC 200079922	George Wolfand David Anderson	202-965-3263 410-489-9252
Anderson TrueNorth, LLC *Also for MD and Northern VA counties	3000 State Route 97 #214 Glenwood, MD 21738	David Anderson	410-489-9252
Clarity Consulting Services, LLC *Also for MD and Northern VA counties	47646 Mid Surrey Square Sterling, VA 20165	Stephanie Scarola	703-421-1593
Solutions 4 Business, Inc. *Also for MD and Northern VA counties	2802 Quail Creek Ct Ellicott City, MD 21042	John J. Amato	410-465-3842
Wolk Consulting Group, LLC *Also for Northern VA counties	10665 Canterbury Road Fairfax Station, VA 22039	Michael E. Wolk	703-966-6943
<b><u>MASSACHUSETTES</u></b>			
Expense Control, Inc. *Also in CT, RI & N. NYC Suburbs	73 Beaver Road Ware, MA 01082	David Dylewicz	413-303-0842
Chris Gortzig *Also in CT, RI & N. NYC Suburbs	385 Central Street Milford, MA 01757	Chris Gortzig	508-498-5780
Grantland Consulting Inc. *Also in CT, RI & N. NYC Suburbs	29 Grantland Road Wellesley, MA 02481	Alexander Weatherall	413-303-0842
Atlas Profit Partners, LLC *Also in CT, RI & N. NYC Suburbs	61 Wing Boulevard East East Sandwich, MA 02537	Brandi J. Schumacher	952-465-4522

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
<b><u>MICHIGAN</u></b>			
Phoenix Rising Enterprises Corp. *Lower Peninsula	2153 Wealthy St SE, Suite 265 East Grand Rapids, MI 49506	Buck D. Hickman	972-971-8704
RLC Maurer & Associates LLC *Lower Peninsula	7289 Jericho Road Stevensville, MI 49127	Ronald J. Maurer	269-277-1323
<b><u>MISSISSIPPI</u></b>			
Alpha Consult, LLC *Also AL and LA	945 Savannah Place Gulfport, MS 39507	Klaus Jeschke	228-324-2874
J L Schendel Corp. *Also LA	6302 Riverbend Lakes Drive Baton Rouge, LA 70820	Jarrold L. Schendel	337-250-8050
<b><u>MISSOURI</u></b>			
Cattron Enterprises, Inc. *Also in KS	9635 High Drive Leawood, KS 66206	Steven W. Cattron	816-679-3278
Brookside Business Ventures, Inc. *Also in KS	8409 Greenbrier Drive Overland Park, KS 66212	Charles G. Warren Stacy Warren	816-668-8440 816-668-8497
J.E. Hall Consulting, LLC *Also in KS	571 Huntley Heights Drive Ballwin, MO 63021	John E. Hall	636-527-9776
Sanborn Financial Services, Inc. *Also in KS	445 Bluff Meadow Drive Ellisville, MO 63021	Greg Sanborn	636-346-4846
XpenseIQ Inc. *Also in KS	15596 S. Gallery Street Olathe, KS 66062	Steven C. Wilkinson	913-526-7106
<b><u>NEW HAMPSHIRE</u></b>			
Expense Consultants, Inc. *Also VT, ME and Upstate NY	174 Naticook Road Merrimack, NH 03054	Rudolph J. Bazelmans	603-669-1900 x104
<b><u>NEW JERSEY</u></b>			
Bartners Partners LLC	18 Coral Place Long Branch NJ 07740	Craig Bartner	732-915-8546
Krulewski Consulting, Inc.	215 Morning Glory Drive Monroe Twp, NJ 08831	John Krulewski	609-336-7478
Net Growth Advisors Inc.	31 Berta Place Basking Ridge, NJ 07920	John J. Carpenter Lauren E. Carpenter	908-803-2885 (J) 908-612-6540 (L)
MH Value Consult, LLC	6 Edgewood Avenue Lawrenceville, NJ 08648	Mathias K. Hemberger	609-721-2617

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
ABJ LLC	2 Silvers Lane Plainsboro, NJ 08536	Vipul Jain	954-559-5393
<b><u>NEW YORK</u></b>			
Mullan Enterprises, Inc. *NYC - Manhattan and Staten Island also in CT, RI, & MA	127 W 79th Street #17PHA New York, NY 10024	Sheila Mullan	917-841-4537
RJG Associates LLC *Long Island and the Bronx	6 Sparrow Court Glen Cove, NY 11542	Rodney J. Ganis	516-280-3999
TAG Ventures Inc. *Also Western PA	10 Hawthorne Woods Court Skaneateles, NY 13152	Gary J. Grant	315-685-0194
AJL Consulting Services, LLC *Long Island and the Bronx	45 E 26th Street, Apt 5F Brooklyn, NY 11210	Angela J. Lewinson	347-893-0739
BJJA Enterprises, Inc. *Long Island and the Bronx	3039 Harding Street Oceanside, NY 11572	Andrew G. Auerfeld	516-375-2218
<b><u>NORTH CAROLINA</u></b>			
Profit Research, Inc. *Western NC also in SC	6300 Creedmoor Road Suite 170 #137 Raleigh, NC 27612	Robert Barth	919-606-3080
Etat-V, LLC *Western NC also in SC	10318 Tallent Lane Huntersville, NC 28078	Edward E. Vahan	888-723-4777 x106
DGC Enterprises, Inc. *Western NC also in SC	8601 Crestview Dr Waxhaw, NC 28173	Charles and Sheila Rumble	888-723-4777 Ext. 115
<u>Kirkwood Advisory Services, LLC</u> *Western NC also in SC	1611 Saint Francis Road Greensboro, NC 27408	Robert C. Johnson	336-601-3704
<u>Houseman Consulting Limited</u> *Western NC also in SC	100 Waxhaw Pkwy, Suite 1193 Waxhaw, NC 28173	Jason D. Houseman	716-989-7708
<u>Sea Angel Management LLC</u> *Western NC also in SC	4808 Patton Ridge Court Raleigh, NC 27612	Christopher S. Angel	919-389-9762
<b><u>OHIO</u></b>			
Hering Inc.	3639 Elmbrook Drive Broadview Heights, OH 44147	Gary Hering	440-526-4232
Konkussion Incorporated	5638 Winterberry Court Riverside, OH 45431	James D. Sayer	937-830-1362

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
<b><u>PENNSYLVANIA</u></b>			
Noar Ventures LLC *Eastern PA - also in DE	104 Colwick Road Cherry Hill, NJ 08002-1210	Scott R. Noar, Ph.D. Patricia G. Noar	856-295-1315
EJF Consulting, Inc. *Eastern PA - also in DE	236 Lamplighter Lane Huntington Valley, PA 19006	Edward J. Flanagan	215-792-6364
Robert C. Lusk *Western PA	108 Ashley Hill Drive Wexford, PA 15090	Robert C. Lusk	412-600-9691
Nittany Quaker Inc. *Western PA	110 Mattier Drive Pittsburgh, PA 15238	Christopher Pentrack Christopher Cynkar	713-931-3440
Rainin Consulting Services Inc. *Eastern PA - also in DE	239 E 11th Avenue Conshohocken, PA 19428	Robert A. Molony	610-686-8015
JIL Solutions LLC *Western PA	129 Scott Ridge Road Harmony, PA 16037	Jada I. Lehman	724-900-5960
Vistum Consulting Inc. *Eastern PA - also in DE	866 Bourbon Lane West Grove, PA 19390	Jeffrey C. Heavener	484-459-2383
Vision Consulting Group LLC *Western PA	502 W 7th Street, Suite 100 Erie, PA 16502	Justin B. Yeskey	724-771-5771
MKR Solutions, Inc. *Eastern PA - also in DE	210 Red Maple Court Chalfont, PA 18914	Michael K. Roberts	484-888-2682
<b><u>TEXAS</u></b>			
Bradley Uhr *Northeast TX	8117 Preston Road, Suite 300 Dallas, TX 75225	Bradley Uhr	214-890-7778
Forrest James *Central and Southeast TX	19240 Redland Rd, Suite 100 San Antonio, TX 78259	Forrest James	210-313-0145
Emerald Circle Consulting Group, LLC *Central and Southeast TX	11622 Aucuba Lane Houston, TX 77095	Mark Graber	713-851-6606
ESL Ventures, LLC *Central and Southeast TX	6235 Edenbrook Drive Sugar Land, TX 77479	Edward S. Leitch	713-429-1876
D R Mack Partners of Texas, Inc. *Central and Southeast TX	13614 Arcott Bend Drive Cypress, TX 77377	Dennis R. Mackay	281-970-1411
KHD Ventures, LLC *Central and Southeast TX	5606 Indigo Street Houston, TX 77096	Johannes Stronck	713-271-3299
Crystal Cove Associates, Inc. *Central and Southeast TX	10503 Crystal Cove Drive Magnolia, TX 77354	Raymond Vander Veur	281-259-8418

<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
Jeffrey G. Reynolds *Northeast TX	8117 Preston Road, Suite 300 Dallas, Texas 75225	Jeffrey G. Reynolds	214-430-6847
LJM Solutions, LLC *Northeast TX	5801 Gallant Fox Lane Plano, TX 75093	Lewis J. Migliore	585-704-0483
Fox Hat, LLC *Northeast TX	6319 Vanderbilt Avenue Dallas, TX 75214	Todd P. McGlauchlin	469-601-3477
DT Sims Solutions, LLC *Northeast TX	3400 N. Central Expressway, Suite #110-249 Richardson, TX 75080	Darryl A. Sims	214-764-3507
AG Entrepreneurs, LLC *Central and Southeast TX	6007 Floyd Street Houston, TX 77007	Angelica Prieto Gerardo Gutierrez	713-931-3440
Holdtight Industries LLC *Central and Southeast TX	2 Clearbend Place The Woodlands, TX 77384	Eric M. Holdt	281-203-7383
Hummingbird Solutions LLC *Northeast TX	539 W Commerce Street Suite 466 Dallas, TX 75208	Jessica Leisner	469-469-8822
Stanford Consulting Corp. *Northeast TX	8177 Preston Road, Suite 300 Dallas, TX 75225 14	Roy L. Stanford, Jr.	469-412-1812
Dennis P. Coburn *Central and Southeast TX	13710 Lake Vista Drive Tomball, TX 77377	Dennis P. Coburn	281-381-8614
William C. Wu *Central and Southeast TX	4501 Beech Street Bellaire, TX 77401	William C. Wu	832-423-3880
MH Business Consultants LLC *Central and Southeast TX	2602 Big Vine Court Missouri City, TX 77459	Mark R. Hay	832-744-9735
<b><u>VIRGINIA</u></b>			
Robert J. Katzman *Also WV and Eastern NC	3003 Water Creek Court, Suite 1B Midlothian, VA 23112	Robert J. Katzman	804-221-2379
<b><u>WASHINGTON</u></b>			
Double Diamond Ventures LLC *Also for ID, WY, OR, MT and AK	26013 NE 25th Street Redmond, WA 98053	David L. Thorpe Pritesh P. Patel	425-836-8417
NET3, LLC *Also for ID, WY, OR, MT and AK	7241 185th Ave NE, #2171 Redmond, WA 98052	Bruce J. Follansbee	425-629-3731
DSK Enterprises, LLC *Also for ID, WY, OR, MT and AK	3324 NE Oregon St Portland, OR 97232	Dileep Kulkarni	971-266-3850
CTI Analytics Inc. *Also for ID, WY, OR, MT and AK	2325 E Girard Place Spokane, WA 99223	Omar B. Sabouni	516-359-8329



<b><u>REGIONAL FRANCHISEES</u></b>	<b><u>ADDRESS</u></b>	<b><u>NAME</u></b>	<b><u>PHONE</u></b>
Business of Life LLC *Also for ID, WY, OR, MT and AK	29750 NE Benjamin Road Newburg, OR 97132	Douglas J. Utberg	503-317-8040

**TERMINATED, SUSPENDED, CANCELLED  
AND TRANSFERRED FRANCHISEES  
AS OF DECEMBER 31, 2021**

**Terminated Regional Franchisees**

<u>Entity Name</u>	<u>Franchisee Name</u>	<u>City, State</u>	<u>Phone Number</u>
Nauset Advisors LLC	Patrick J. Joyce	Orleans, MA	413-523-3539
D&D H Venture Partners, Inc.	David J. Halibozek	Palm Coast, FL	386-225-4440
Gratia Enterprises, Inc.	James G. Ghormley	Dallas, TX	817-527-1345
Krulewski Consulting, Inc.	John Krulewski	Monroe Twp, NJ	609-336-7478
Schiele Enterprise LLC	Steven J. Crawley	San Jose, CA	408-761-5755
Vedak & Associates, LLC	Adityakiran Shashishekhar Vedak aka Kiran Vedak	Racine, WI	262-639-1495
Rocky Mountain Cost Strategies, LLC	Sandra L. Chockla	Loveland, CO	970-232-4860
Thaler Consulting, LLC	Russell P. Thaler	Ridgefield, CT	203-244-5458

**Suspended Franchisees**

<u>Entity Name</u>	<u>Franchisee Name</u>	<u>City, State</u>	<u>Phone Number</u>
JPG Penn Investments LLC dba SolutionSpark Cost Management N/A	Peter A. Sackleh	North Richland Hills, TX	817-484-4846
Beyond Savings Impact Inc.	Alecia M. Belt	Fort Mill, SC	803-242-6376
	James M. Blickendorf	Cicero, IN	847-987-3636
	Joni L. Blickendorf		
Brayton James & Associates Kapitalem Consulting, LLC TKB Inc.	Eric F. Jackson	Austin, TX	512-494-4848
	Michael J. Mieczkowski	Lawrenceville, NJ	732-887-9185
	Timothy H. Burnham	Nashville, TN	615-987-1618
	Karla A. Burnham		
RE Garrison Consulting New Light Business Solutions, Inc.	Ronald E. Garrison	San Diego, CA	408-234-9654
	Marshall A. Chapman, Jr.	Dallas, TX	817-330-9655

**Non-Renewal Franchisee**

<u>Entity Name</u>	<u>Franchisee Name</u>	<u>City, State</u>	<u>Phone Number</u>
B Davidson Group, LLC	Bradly L. Davidson	Acworth, GA	678-388-9257

**Transferred Regional Franchisees**  
**none**

**Ceased Operations-Other Reasons Franchisees due to Death**

<b><u>Entity Name</u></b>	<b><u>Franchisee Name</u></b>	<b><u>City, State</u></b>	<b><u>Phone Number</u></b>
The McMullan Group LLC	Kevin C. McMullan	Wilton, CT	

**EXHIBIT E**  
**STATE ADDENDA**

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF CALIFORNIA**

The following applies to franchises and franchisees subject to California statutes and regulations. The Item number corresponds to those in the main body.

Neither the franchisor, nor any person or franchise broker identified in Item 2 of this 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 the person from membership in the association or exchange.

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

California Business and Professions Code §§ 20034 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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.).

The Franchise Agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a Franchise Agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The highest interest rate allowed by law for Late Payments in the State of California is 10% annually.

The Franchise Agreement requires application of the law of Texas and a forum of Dallas, Texas. These provisions may not be enforceable under California law.

Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Profession 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.

OUR WEBSITE ADDRESS IS [HTTP://WWW.EXPENSEREDUCTION.COM](http://www.expensereduction.com). 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.DFPI.CA.GOV](http://www.dfpi.ca.gov).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF EACH PROPOSED AGREEMENT RELATING TO THE GRANT OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF ILLINOIS**

The following applies to franchises and franchisees subject to Illinois statutes and regulations.

Many states have statutes concerning the relationship between franchisor and franchisee. These statutes deal with such matters as renewal and termination of franchises. Provisions of this sort will prevail over inconsistent terms in a franchise agreement. Illinois has such a statute (815 ILCS 705/1-705/44).

The Franchise Agreement includes a choice of law clause designating another state's law as the governing law. Under Illinois law, a Franchise Agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Item 17 w. is amended to state "none" under the heading for "Section in Franchise Agreement" and "none" under the heading for "Summary." The Franchise Agreement is amended to omit § 33.4(1).

The Franchise Agreement requires you to sign a release of claims as a condition of Transfer or renewal of the area Franchise. Under the law of Illinois, any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise disclosure law of Illinois is void. Accordingly, insofar as the Franchise Agreement requires you to waive your rights under the Illinois franchise law, these requirements are deleted from the Franchise Agreement. This provision will not prevent the franchisor from requiring you to sign a release of claims as part of a negotiated settlement of a dispute.

The conditions under which your franchise can be terminated and your rights upon renewal may be affected by Illinois law, 815 ILCS 705/1 to 705/44.

SIGNATURES ON FOLLOWING PAGE

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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



**ADDENDUM TO**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**FOR THE STATE OF MARYLAND**

Item 17

The general release required as a condition to renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

With respect to this Item's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

All 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.

**AMENDMENT TO**  
**THE FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

THIS AMENDMENT TO FRANCHISE AGREEMENT (this “**Amendment**”) dated \_\_\_\_\_, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Agreement**”) dated \_\_\_\_\_, by and between EXPENSE REDUCTION ANALYSTS, INC., a California corporation (“**ERA**”), and \_\_\_\_\_ (“**Franchisee**”). Where and to the extent that any of the provisions of this Amendment are contrary to, in conflict with or inconsistent Maryland Franchise Registration and Disclosure Law, with any provision contained in the Agreement, the provisions contained in this Amendment shall control. Defined terms contained in the Agreement shall have the identical meanings in this Amendment.

1. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
2. All 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.
3. Section 3.3(7) of the Agreement is amended by the addition of the following language to the original language that appears therein:

“The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”
4. Section 25.3(6) of the Agreement is amended by the addition of the following language to the original language that appears therein:

“The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure.”
5. Section 33.4 of the Agreement is amended by the addition of the following language to the original language that appears therein:

“This section shall not in any way abrogate or reduce any of your rights as provided for in Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, including the right to submit matters to the jurisdiction of the Courts of Maryland.”
6. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
7. In the event of any conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall prevail.

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Amendment.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**(SIGNATURE PAGE FOLLOWS)**

**IN WITNESS WHEREOF**, the parties have executed this Amendment on the date first shown above.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF MINNESOTA**

The following applies to franchises and franchisees subject to Minnesota statutes and regulations. The Item number corresponds to those in the main body of the Disclosure Document.

The Franchise Agreement requires litigation for disputes not settled by negotiation or mediation. The litigation will occur in a state other than Minnesota, with costs being borne equally by both parties. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Franchise Agreement requires application of the laws of a state other than Minnesota. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this Section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota requiring waiver of a jury trial, or requiring the franchisee to consent to liquated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

The Franchise Agreement requires you to sign a release of claims as a condition of renewing or Transferring a franchise. Minn. Rule 2860.4400(D) prohibits us from requiring you assent to a general release. Therefore, any release we require you to sign will exclude claims arising under the Minnesota Franchise Law.

The Agreement provides for shortened statutes of limitations. Under Minnesota law, any claims arising under §80C may be brought within three years after the cause of action accrues. Therefore, in Minnesota the agreements are amended to provide for a three-year period within which to bring any Minnesota claims.

**Injunctive Relief**

Minn. Rule 2860.4400J prohibits us from requiring a franchisee to consent to a franchisor obtaining injunctive relief. We may seek injunctive relief. In addition, a court will determine if a bond is required.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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



**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. The following is added to the end of Item 19:

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

FRANCHISOR DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND FRANCHISOR CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

**(SIGNATURE PAGE FOLLOWS)**

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF NORTH DAKOTA**

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

Item 17 (c) is revised to omit any requirement that a general release be signed as a condition of renewal.

Item 17 (r) is amended to add the following: "To the extent that covenants not to compete apply to periods after the term of the franchise, contrary to Section 9-08-06, N.D.C.C, they are generally considered unenforceable in the State of North Dakota."

Item 17 (u) of the Disclosure Document and Section 28.2 of the Franchise Agreement are amended to state that the site of any mediation or arbitration is agreeable to all parties.

Item 17 (v) (choice of forum) of the Disclosure Document and Section 33.4(1) of the Franchise Agreement are amended to add the following: "Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

Item 17 (w) (choice of law) and Section 33.4(2) of the Franchise Agreement are amended to add the following: "Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

The Franchise Agreement is revised to omit any requirement that a general release be signed as a condition of renewal.

Section 27.6 of the Franchise Agreement is amended to add the following:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota".

Section 28.3 of the Franchise Agreement is amended to add the following:

"In the State of North Dakota, the statute of limitations under North Dakota Law will apply".

“Any provision in the Franchise Agreement requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.”

“In North Dakota, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the North Dakota Franchise Investment Law, such as the right to jury trial, may not be enforceable.”

“Provisions of the Franchise Agreement requiring a franchisee to consent to liquidated damages or termination penalties, requiring a franchisee to consent to a limitation of claims or requiring a franchisee pay all of Franchisor’s costs and expenses incurred in enforcing the agreement may not be enforceable under North Dakota law.”

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**OHIO ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

**EXPENSE REDUCTION ANALYSTS, INC**

\_\_\_\_\_, 2023

**READ THIS DISCLOSURE DOCUMENT CAREFULLY**

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

In the State of Ohio only, this Disclosure Document is further amended as follows:  
The following is added to Item 19:

**CAUTION**

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

**OHIO  
NOTICE OF CANCELLATION**

*[Insert Date Agreement Signed by FRANCHISEE]*

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Expense Reduction Analysts, Inc.'s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to Expense Reduction Analysts, Inc., at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of Expense Reduction Analysts, Inc., regarding the return shipment of the goods at Expense Reduction Analysts, Inc.'s expense and risk. If you do make the goods available to Expense Reduction Analysts, Inc., and Expense Reduction Analysts, Inc., does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to Expense Reduction Analysts, Inc., or if you agree to return them to Expense Reduction Analysts, Inc., and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Expense Reduction Analysts, Inc., at 16415 Addison Road, Addison Tower, Suite 410, Addison, Texas 75001 or send an e-mail to Expense Reduction Analysts, Inc., at [recruiting@expensereduction.com](mailto:recruiting@expensereduction.com), not later than midnight of *[Insert date that is five business days after the date above]*.

I hereby cancel this transaction.

FRANCHISEE:

By:  
Name:  
Title:  
Date:



**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF RHODE ISLAND**

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

To the extent required by § 19-28.1-14 of the Rhode Island Franchise Investment Act, the Agreements will be governed by the laws of the State of Rhode Island.

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE STATE OF SOUTH DAKOTA**

The following applies to franchises and franchisees subject to South Dakota statutes and regulations. The Item number corresponds to those in the main body of the Disclosure Document.

The Franchise Agreement includes a covenant not to compete after termination of the franchise. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law.

Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make management service fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

**(SIGNATURE PAGE FOLLOWS)**

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
NAME OF FRANCHISEE ENTITY

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

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

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

**ADDENDUM TO**  
**EXPENSE REDUCTION ANALYSTS, INC.**  
**REGIONAL FRANCHISE DISCLOSURE DOCUMENT**  
**AND FRANCHISE AGREEMENT**  
**FOR THE COMMONWEALTH OF VIRGINIA**

The following applies to franchises and franchisees subject to Virginia statutes and regulations. The Item number corresponds to those in the main body. In Virginia, the Disclosure Document is amended as follows:

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

Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

**WASHINGTON ADDENDUM TO**  
**THE FRANCHISE, FRANCHISE AGREEMENT, QUESTIONNAIRE COMPLIANCE CERTIFICATION,**  
**AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's annual earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii)

soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ [Date]

**FRANCHISEE (IF AN INDIVIDUAL)**

**EXPENSE REDUCTION ANALYSTS, INC.**

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Print Name

Name: Charles A. Smith

Title: CEO, North America

**OR (IF FRANCHISEE IS A BUSINESS ENTITY)**

\_\_\_\_\_  
**NAME OF FRANCHISEE ENTITY**

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

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

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

This addendum may also be used as a rider to the Franchise Disclosure Document.

**EXHIBIT F**

**STATE EFFECTIVE PAGE**

### STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Florida, Hawaii, Indiana, Illinois, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	pending
Hawaii	pending
Illinois	pending
Indiana	pending
Maryland	pending
Michigan	pending
Minnesota	pending
New York	pending
North Dakota	pending
Rhode Island	pending
South Dakota	pending
Virginia	pending
Washington	pending
Wisconsin	pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



**EXHIBIT G**  
**RECEIPTS**

## RECEIPT (Your copy)

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

If Expense Reduction Analysts, Inc. offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Expense Reduction Analysts, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your State Administrator listed in Exhibit A to this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed in Exhibit A.

The Issue Date of this Disclosure Document is: April 19 2023.

I have received a Franchise Disclosure Document dated April 19, 2023. The Disclosure Document includes the following exhibits:

- |  |                          |
|--|--------------------------|
| A: List of State Agencies and Administrators | D: List of Franchisees   |
| B: Financial Statements                      | E: State Addenda         |
| C: Franchise Agreement and Exhibits          | F: State Effective Dates |
|  | G: Receipts              |

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows: Larry Smith – Ph: +1 502 608 9805, John Amato – Ph: +1 303 775 6631, Jonathan Anderson – Ph: 1-4187-297-7364-, Lisa Almehsen – Ph: 1-865-227-5356, or

\_\_\_\_\_  
If an individual:

If a Partnership, Corporation or Limited Liability Corporation:

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

Name of Entity: \_\_\_\_\_

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

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

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

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

Telephone Number: \_\_\_\_\_

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

**PLEASE SIGN THIS COPY OF THE RECEIPT, DATE WILL BE DOCUMENTED UPON SIGNING, AND RETAIN FOR YOUR RECORDS.**

**RECEIPT (Our Copy)**

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

If Expense Reduction Analysts, Inc. offers you a franchise, it must provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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If an individual:

If a Partnership, Corporation or Limited Liability Corporation:

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

Name of Entity: \_\_\_\_\_

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

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

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

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

Telephone Number: \_\_\_\_\_

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

**PLEASE SIGN ELECTRONICALLY THIS COPY OF THE RECEIPT, DATE WILL BE POPULATED UPON SIGNING AND AUTOMATICALLY RETURNED TO: Expense Reduction Analysts, Inc., Addison Tower, 16415 Addison Road, Suite 410 in Addison, Texas 75001. Attn: Charles A. Smith, CEO, North America.**