

# FRANCHISE DISCLOSURE DOCUMENT

Status Solutions Network, LLC  
An Ohio Limited Liability Company  
999 Country Line Road West, Suite A  
Westerville, OH 43082  
866-846-7272

franchise@statusolutionsnetwork.com

<https://statusolutionsnetwork.com/>



**Status Solutions Network**

Connecting Communities that Care

You will operate a Status Solutions Network franchise in your territory, giving local businesses the opportunity to gain access to a unique advertising opportunity. The total investment necessary to begin operation of a Status Solutions Network franchise ranges from \$46,500 to \$67,900. This includes \$39,500 that must be paid to us.

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

You may wish to receive your franchise disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Status Solutions Network, LLC at 999 Country Line Road West, Suite A, Westerville, OH 43082 (866)-846-7272.

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

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

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

Issuance Date: April 29, 2024

## HOW TO USE THIS FRANCHISE DISCLOSURE DOCUMENT

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Status Solutions business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Status Solutions franchisee?</b>	Item 20, Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

### SOME STATES REQUIRE REGISTRATION

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use 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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

## 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 and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Ohio. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Ohio than in your own state.
- 2) **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
- 3) **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a long operating history.
- 4) **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
- 5) **Mandatory Minimal Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
- 6) **Unregistered Trademark.** The primary trademark that you will use in your business is not federally-registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addendum" (if any) to see whether your state requires other risks to be highlighted.

# Status Solutions Network, LLC Franchise Disclosure Document

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Status Solutions Network, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Status Solutions Network franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a Limited Liability Company in the State of Ohio in July of 2020. Our principal business address is 999 Country Line Road West, Suite A, Westerville, OH 43082, and our telephone number is 866-846-7272. We do business under our company name, “Status Solutions Network” and its associated design (the “Marks”). We have filed our primary service marks for registration on the Principal Register of the United States Patent and Trademark Office. We have not offered franchises previously in this or any other line of business. We only offer franchises which operate under the “Status Solutions Network” Marks. We do not operate a business of the type that is being franchised. We began offering franchises in September of 2020.

The principal business addresses of our agents for service of process are shown on Exhibit A.

### **Our Parents, Predecessors and Affiliates**

We have no parents or predecessors.

We have an affiliated company, Status Solutions, LLC, an Ohio Limited Liability Company with a principal place of business at 999 Country Line Road West, Suite A, Westerville, OH 43082. Status Solutions, LLC has not conducted a business of the type you will operate. Status Solutions, LLC has never offered franchises in this or any other line of business. Status Solutions, LLC conducts a complimentary business that provides the Situational Awareness technology platform. You will help identify venues to use the platform and offer membership and advertising to local businesses.

We may operate other Status Solutions Network concepts, including additional Status Solutions Network outlets, in the future.

### **The Franchise Offered:**

We offer franchises for the right to operate a Status Solutions Network in your territory, giving local businesses the opportunity to gain access to a unique advertising opportunity under the “Status Solutions Network” Marks, using our distinctive operating procedures and standards in a limited protected territory and from a single location (the “Franchised Business”). The Franchised Business takes connectivity one-step further by providing communities that care with a way for the community at large to support schools, living communities and other companies, organizations and businesses. To help support these stakeholders, franchisees will sell Status Solutions Network memberships. Through the purchase of a Status Solutions Network membership, local businesses gain access to a unique advertising opportunity. Members will reach a national audience through their placement in our Network Directory and a specific target audience through a technology platform used by organizations throughout their community. The distinguishing characteristics of a Status Solutions Network Franchised Business include, but are not limited to, the Status Solutions distinctive trade dress, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

### **Market and Competition:**

The market for your Status Solutions Network Franchised Business consists primarily of any local business in your territory, as well as schools, senior living facilities, hotels, retailers and other entities.

The market for advertising services is well developed. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Status Solutions Franchised Business. There are other advertising sales franchises, as well as independent businesses throughout the United States, that may offer similar products and services. Your business may also be affected by economic conditions.

**Industry Specific Regulations:**

You must comply with all local, state and federal laws and regulations that apply to the operation of your Status Solutions Network Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here. You may be required to obtain pre-entry background checks prior to entering any schools, hospitals or senior living facilities in your territory.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

**ITEM 2: BUSINESS EXPERIENCE**

**Michael MacLeod: Executive Sponsor**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Executive Sponsor	Westerville, OH	2020-Present
Status Solutions, LLC	President, Founder	Westerville, OH	2001-Present

**Stephen Waterman: Controller**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Controller	Westerville, OH	June 2022-Present
Status Solutions, LLC	Director of Finance	Westerville, OH	2017-Present

**Cassie Lamprinakos Collins: Marketing Director**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Marketing Director	Westerville, OH	2020-Present
Status Solutions, LLC	Marketing Director	Westerville, OH	2016-Present

**Amy Jeffs: Operations**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Operations	Westerville, OH	2020-Present
Status Solutions, LLC	Vice President	Westerville, OH	2006-Present

**Rachel MacLeod: Sales**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Sales	Westerville, OH	2020-Present
Status Solutions, LLC	CATIE Engagement Coordinator	Westerville, OH	2017-Present
MT Business Technologies	Account Manager	Columbus, OH	2016 - 2017
Merrill Lynch	Financial Advisor	Toledo, OH	2015 - 2016

**David Gould: Franchise Consultant for Development**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Franchise Consultant for Sales and Development	Westerville, OH	September 2019- Present
RRG Brands LLC	Director of Franchise Sales and Business Development	Columbus, OH	February 2019- January 2020
AdvantaClean	Vice President of Franchise Operations	Huntersville, AL	August 2016- December 2017
Synergy Franchise Group, LLC	Vice President of Development/Operations	Cape Coral, FL	2014-Present

**Christopher Simnick: Franchise Consultant for Development**

Employer	Title	Location	Start/End Dates
Status Solutions Network, LLC	Franchise Consultant for Sales and Development	Westerville, OH	September 2019-Present
Synergy Franchise Group, LLC	Owner/President	Schererville, IN	2005-Present

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4: BANKRUPTCY**

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

**ITEM 5: INITIAL FEES**

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Thirty-Nine Thousand Five Hundred Dollars (\$39,500.00). This payment is fully earned by us, and due in a lump sum payment when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.



From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer the following discounts:

Veteran Discount- Fifteen Percent (15%) discount resulting in an initial franchise fee of Thirty-Three Thousand Five Hundred and Seventy-Five Dollars (\$33,575.00) for honorably discharged veterans of the US Military.

### ITEM 6: OTHER FEES

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>2</sup>	15% of Gross Revenues with a minimum Royalty of \$500 per month	Monthly via ACH on the 15th for the sales ending the immediately preceding month.	Gross Revenues are defined in Note 2 below. Royalties are currently paid directly to us.
Brand Development Fund Contribution <sup>3</sup>	3% of Gross Revenues, subject to increase	Monthly via ACH on the 15th for the sales ending the immediately preceding month.	Brand Fund Contributions is paid directly to the Brand Fund.
Local Advertising Marketing and Promotional Expenditures <sup>4</sup>	3% of Gross Revenues	Monthly	Local Advertising, Marketing and Promotional expenditures are paid to third parties or us.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Interest is paid to us from the date of nonpayment or underpayment.
Late Charge	\$250 per incident plus interest charges	As incurred	If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$250 for each late submission in addition to interest charges explained below.
Transfer Fee <sup>5</sup>	\$15,000. Except for transfers to: (i) an entity owned and controlled by the franchisee for convenience purposes without changing the majority ownership in the franchisee entity; and (ii) upon Franchisee's death or disability to a spouse, parent or child, no charge.	Transfer fee is paid to us upon application to transfer	Payable to us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Non-Sufficient Funds Fee	\$250	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.
Audit Fee <sup>6</sup>	Costs and Expenses	As incurred	Payable to us.
Additional Training <sup>7</sup>	\$5,000 per person, subject to increase, plus expenses incurred.	As incurred	Payable to us.
Additional On-Site Training or Assistance <sup>7</sup>	\$500 per day for each trainer, subject to increase, plus reimbursement of trainer's expenses.	As incurred	Payable to us.
Additional Training – Franchisee Conference or Business Meeting <sup>8</sup>	\$1,000 registration fee per person, subject to increase. You pay all travel and other related expenses incurred by all trainees	As incurred	Payable to us.
Successor Agreement Fee <sup>9</sup>	50% of the then current franchise fee; subject to an \$19,750 minimum.	Upon signing a then current form franchise agreement	The Successor Agreement Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled.
Indemnification <sup>10</sup>	The amount of any claim, liability or loss we incur from your Franchised Business.	As incurred	Payable to us.
Reimbursement of Costs and Expenses <sup>11</sup>	Costs and expenses.	As Incurred	Payable to us.
Confidential Operating Manual Replacement Fee <sup>12</sup>	\$500, or our then-current fee.	As Incurred	Payable to us.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Evaluation Fee <sup>13</sup>	\$500, or our then-current fee.	As Incurred.	Payable to us.
Post-Termination or Post-Expiration Expenses <sup>14</sup>	Costs and expenses	As incurred.	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Payable to us.
Insurance	Amount paid by us for your insurance obligations	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.
Territory Data Base Fee	\$1,800 per year	Annually. Due on January 15 <sup>th</sup> for the calendar year.	Data Base fee is paid to us.
Website Fee	\$100 per month	Monthly	Website fee is paid to us. Subject to increase with reasonable notice from Franchisor.

All fees and expenses described in this Item 6 are nonrefundable and are generally uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

- 1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.
- 2) Royalty payments are paid monthly via ACH on the 15<sup>th</sup> of each month for the gross revenues for the previous month. Each Royalty payment is calculated based on the Gross Revenues of the Franchised Business. Your Royalty payment will be the greater of seven percent (15%) of your Gross Revenues or seven hundred dollars (\$500) per month.

Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised 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, as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). You are required to share fifty percent (50%) of all your Status Solutions Network memberships revenue or advertising sponsorships revenue with your network venues.

- 3) We require you to contribute three percent (3%) of your Gross Revenues to the Brand Development Fund ("Brand Fund Contribution"). Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us. We will have the right to expend the funds accumulated in the Brand Fund in our sole discretion.
- 4) We require that you spend five percent (3%) of gross sales monthly on local advertising, marketing and promotional programs ("Local Advertising"), however all advertising must be approved by us. There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion. Franchisor owned outlets have the same voting power as franchisee owned outlets.
- 5) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. The fee to transfer a Franchised Business is fifteen thousand dollars (\$15,000), to be paid upon application for transfer. We have the right to match any offer to purchase the business, and we can substitute cash for any financing agreement.
- 6) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underreported your Gross Revenues in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underreported your Gross Revenues in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel,

lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

- 7) Training for you and up to one other person is included in the franchise fee. This fee is for any people the franchisee wants the Franchisor to train over and above the number of initial trainees (before the unit opens), or if a franchisee requests that the Franchisor provide the full initial training program to a new or replacement employee at some point during the operation of the unit. For additional on-site training or assistance, we may determine in our sole discretion that you require this based upon an inspection or evaluation of your performance.
- 8) We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to five (5) days per year, a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. In addition to tuition or attendance fees, you are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.
- 9) Two successive five (5) year successor franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.
- 10) In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.
- 11) If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.
- 12) If your copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, you will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy. At the time of this writing our fee for a replacement copy is \$500.
- 13) If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. In addition, you must pay a fee of \$500, which is refundable if the supplier is approved. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier.
- 14) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is To Be Made
Initial franchise fee <sup>1</sup>	\$39,500	Lump Sum	Upon signing Franchise Agreement	Us
Computer system and software <sup>2</sup>	\$1,300 - \$2,900	Lump Sum	As Incurred	Outside suppliers
Signage	\$100 - \$2,500	Lump Sum	As Arranged	Outside suppliers
Initial Inventory/Operating Supplies	\$0 - \$500	Lump Sum	As Incurred	Outside suppliers
Business licenses and permits	\$1,000 - \$1,500	Lump Sum	As Incurred	Third parties
Professional fees <sup>3</sup>	\$1,000 - \$3,000	Lump Sum	As Incurred	Third parties
Insurance <sup>4</sup>	\$100 - \$500	Lump Sum	As Incurred	Third parties
Training expenses	\$0 - \$3,000	As Incurred	As Incurred	Third parties
Initial Launch Marketing	\$2,500	Lump Sum	As Incurred	Third parties
Additional funds <sup>5</sup>	\$1,000 - \$12,000	As Incurred	As Incurred	Third parties
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$46,500 - \$67,900</b>			

Notes:

- 1) The initial franchise fee is Thirty-Nine Thousand Five Hundred Dollars (\$39,500). Refer to Item 5 of this Disclosure Document for available discounts. The Franchise Fee is not refundable under any circumstances. We or our Affiliates do not offer any direct or indirect financing of Your Estimated Initial Investment, please refer to Item 10 for additional details.
- 2) You must obtain the following computer hardware and software for your franchised business:
  - General Purpose Desktop or laptop
  - All in one printer/copier/scanner/fax, or separate equipment providing these capabilities
  - Tablet Computer/iPad
  - Salesforce Software
  - QuickBooks Accounting Software, or comparable Accounting Software approved by the Franchisor already in use by your business.

- 3) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business.
- 4) This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.
- 5) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll and payroll taxes, additional advertising, marketing and/or promotional activities, and additional software payments. These items are by no means all-inclusive of the extent of the expense categorization. We relied upon the experience of franchised outlets to compile these estimates. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Franchised Business is located in a new or mature market and your business experience.

#### ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and requirements. We maintain written lists of approved items of equipment, inventory and supplies (by brand name and/or by standards and specifications) and a list of designated suppliers for those items in the Operations Manual. We will update these lists periodically and issue the updated lists to all franchisees. These suppliers can change with notice. We estimate that required purchases will make up less than ten percent (10%) of the purchases and leases to be made by the franchisee in establishing and while operating the business.

Currently, you must have the following hardware and software: general purpose laptop or desktop computer, all in one printer/copier/scanner/fax, high speed internet access, tablet computer/iPad, Salesforce, Quick Books Accounting Software or comparable Accounting Software approved by the Franchisor already in use by your business.

We approve suppliers after careful review of the quality of the products they provide to us and you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. In addition, you must pay a fee of \$500, which is refundable if the supplier is approved. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge for our actual costs of product testing and evaluation.

Neither we nor any affiliate of us are the sole approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business. None of our officers own any interest in any approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance, including public liability, personal injury, advertising injury, and products liability with a combined single limit of at least \$1,000,000 per occurrence and \$2,000,000 aggregate; products/operations liability of \$2,000,000; personal or advertising injury of \$1,000,000; umbrella liability coverage of \$1,000,000; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated, but not less than \$1,000,000; automobile insurance coverage of not less than \$1,000,000 per occurrence; and employer's liability coverage of not less than \$1,000,000 each accident, \$1,000,000 each employee, \$1,000,000 policy limit. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear.

We currently do not receive any other revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

## ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition	8.1	11
b. Pre-Opening Purchase/Leases	8.3, 12.1.1, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2.3, 8.3	11



Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
f. Fees	5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 12.1.7, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	8
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.2, 12.1.5, 12.1.9	Not Applicable
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11
p. Indemnification	15.4, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.4, 12.1.6	11, 15
r. Records /Reports	12.2	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	11., Attachment 4	15

## ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf. We will, if such is available, introduce you to financial sources and suppliers who may offer credit arrangements, but we will not derive income from the placement of financing. You may obtain financing from any source, at your discretion, upon such terms and conditions as you may negotiate.

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

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

### **1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a) designate the boundaries of your territory. (Franchise Agreement, Article 2, Section 10.1). You may operate the Franchised Business from a home-based office. You assume all cost, liability, expense and responsibility for equipping and outfitting the home-based office as outlined in the Operations Manual. We do not own and/or lease a site to you, and we do not assist you with any site lease or purchase negotiation or any construction or remodeling of a site. We do not provide assistance with conforming the premises to local ordinances or building codes, obtaining any permits, or constructing, remodeling, or decorating the premises, or hiring and training employees. (Franchise Agreement, Section 8.1).
- b) loan to you the Status Solutions Network Operations Manual and other manuals and training aids we designate for use in the operation of your Status Solutions Network Franchise, as they may be revised from time to time. (Franchise Agreement, Section 10.3).
- c) provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items. We do not provide assistance with conforming the premises to local ordinances or building codes, obtaining required permits, and or/constructing, remodeling, or decorating the premises (Franchise Agreement, Section 10.5).
- d) provide you and up to one other individual with initial training at our headquarters in Westerville, OH. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- e) provide a trainer at your premises for on-site training, supervision and assistance for one to two (1-2) days during the opening of your Franchised Business, if needed. (Franchise Agreement, Section 7.3).

### **2. Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Status Solutions Network franchised business is 60 to 90 days. Factors that may affect this time period include your ability to acquire financing or permits; have signs and equipment and completion of required training. If you have not opened your Franchised Business within ninety days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3)

### **3. Obligations After Opening**

During the operation of your franchise, we will:

- a) offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to five (5) days each year

at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).

- b) upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
- c) upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- d) from time to time, as may become available, provide you with samples or camera-ready advertising and promotional materials (Franchise Agreement, Section 10.6).
- e) conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your service to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- f) provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- g) advise on the advertised selling price for products and services for your Status Solutions Network business (Franchise Agreement, Section 12.5).
- h) approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

#### **4. Advertising**

##### **Local Advertising** (Franchise Agreement, Sections 13.2 and 13.6)

You must spend a minimum of five percent (3%) of gross sales on local advertising and we must approve all advertising materials. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Status Solutions Network franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

**System-wide Brand Development Fund** (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund three percent (3%) of monthly gross revenues, subject to increases with reasonable notice to four percent (4%) of monthly gross revenue generated by your Franchised Business.

Our accounting and marketing personnel administer the Brand Fund. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund

Company and affiliate owned Status Solutions Network outlets may, but are not required to, contribute to the brand fund.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request. We are not required to segregate the Brand Funds into separate accounts.

If we do not spend all Fund Contributions in a given year, we may rollover any excess contributions into the Fund for use during the following year.

The Brand Fund has not yet been established as of the date of this disclosure document. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

#### **Regional Advertising** (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Status Solutions outlets in a designated geographic area. Our affiliate and franchisor owned outlets are not required to contribute to a regional cooperative. Each Status Solutions outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. Membership will be defined on a geographic basis. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. We will administer the cooperative

If we establish a regional advertising fund or cooperative, you must contribute amounts we require, up to five percent (5%) of Monthly Gross Revenue. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund. There are not currently any governing documents available for your review.

#### **Advertising Council** (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and studio profitability. We reserve the right to change or dissolve the council at any time.

#### 5. **Computer Systems** (Franchise Agreement, Section 12.3)

You are required to use the hardware, software, system tools and processes as stated in the Operations Manual. Currently, you are required to have the following hardware and software.

Hardware: Desktop or laptop computer, All-In-One Printer/Copier/Fax/Scanner, High Speed Internet  
Tablet computer/iPad

Software: QuickBooks Accounting Software or comparable Accounting Software approved by the Franchisor already in use by your business, Salesforce

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We may in the future modify or establish other sales reporting systems or project design methods, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense. The current approximate cost of the required hardware and software is \$1,300 to \$2,900. The ongoing territory software fee is \$1,000 per year and the territory data base fee is \$1,200 per year. There is a \$175 website fee payable to us and a \$140-\$340 per month computer maintenance fee payable to third party providers.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. We cannot estimate the additional cost of maintaining, updating and upgrading your smart device or computer hardware and software because it will depend on the make and model of your device and computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have independent access to your sales information and customer data generated by and stored in your system. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored on the system. We own all customer data stored in your computer system.

**6. Table of Contents of Operations Manual**

The Table of Contents of our Status Solutions Network Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 143 pages.

**7. Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or the managing member (if the franchisee is a business entity) must also complete our Initial Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. We will train you virtually or at our Status Solutions Network headquarters in Westerville, Ohio or another location we specify:

**TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location of Training
Status Solutions Vision, Mission, Purpose	2 hours		Headquarters
Review case studies of venues	2 hours		Headquarters
Overview/demonstration of Situational Awareness Platform	2 hours		Headquarters
Visit showcase customer sites/venues	3 hours		Headquarters
Introduction to schools Solutions Network	1 hour		Headquarters
Ecosystem of Mutual Benefit business model	2 hours		Headquarters
Digitization and Monetization collaborative approach	1 hour		Headquarters
Positioning cause-based marketing	1 hour		Headquarters

Testimonials from local owners	3 hours		Headquarters
SSN Interactive Directory, CATIE carousel, CATIE Radio, Green Pages Directory	2 hours		Headquarters
Membership/Sponsorship offerings	2 hours		Headquarters
Working Sessions on developing targeted list	2 hours		Headquarters
Present back to group	3 hours		Headquarters
Engage Tool overview and training	2 hours		Headquarters
Business Set Up	1 hour		Headquarters
QuickBooks	1.5 hours		Headquarters
Merchant Account Setup	.5 hours		Headquarters
Franchise Reporting	1 hour		Headquarters
Equipment/Tech Set Up	3 hours		Headquarters
Traction-EOS	1 hour		Headquarters
VTO 90 Day Plan	1 hour		Headquarters
Marketing Execution	1 hour		Headquarters
Sales Planning-Exercise/Target List	2 hours		Headquarters
<b>Total</b>	<b>40 hours</b>		

Prior to opening your franchised Status Solutions Network business, you need to successfully complete our training program, which is conducted virtually or at our headquarters in Westerville, OH, or at another location we designate based on our discretion. The Status Solutions Network pre-opening training program lasts for approximately 1 week. The franchisee principal(s) must attend with up to a total of one other person as part of your initial fee.

The Operations Manual is the basis of our pre-opening training program in addition to hands on training in “classroom” and field settings.

We provide our training on an “as-needed” basis, approximately 4 to 6 times per year, typically every 8 to 12 weeks. We may change our training program at any time at our discretion. Our training program is conducted under the supervision of Michael MacLeod who has been our Executive Sponsor since 2020 and has over 30 years of experience in the launch of new solutions, markets, and distribution channels with 15 years in various sales leadership roles, including director of national accounts and president of the enterprise solutions division teaches the company history and sales.; Amy Jeffs who has overseen our operations since 2020 and has 21 years of experience in marketing, corporate communication and general business operations in B2B markets, private and public entities teaches business strategy and operations. Cassie Lamprinakos Collins, who has served as our Marketing Director since 2020 and has 7 years of experience as Director of Marketing for Status Solutions, teaches marketing, PR and communications. Training will include standards for operations, management and marketing.

During the opening of your business, we will provide an additional 1 to 2 days of on-site or virtual assistance.

If you do not complete our Pre-Opening Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to five (5) days each year, and an annual conference or national business meeting for up to three (3) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. There is no charge for the Pre-Opening Training Program, however you are responsible for the travel and living expenses of you and your attendees.

## ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) Status Solutions Network location within a territory (the "Territory"). The Protected Territory will be based on a particular area surrounded by your Status Solutions Network office. The size of the Territory will vary from franchise to franchise but will have a defined geographic radius. The Protected Territory will be delineated by county or other readily ascertainable boundaries and will be based on a variety of measures, including geographic barriers, radius of travel time and distance, and population counts. There will be certain types of trade areas, including, but not limited to, urban areas or central business districts, where the radius between locations will be significantly smaller. The Protected Territory will be described in Attachment 1 to the Franchise Agreement when you sign the Franchise Agreement. Population figures will be based upon the most recent available U.S. Census data at the time the Protected Territory is designated. The Franchise Agreement entitles you to operate from a home-based office.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Status Solutions Network outlet or grant the right to anyone else to open a Status Solutions Network outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. There is no minimum sales requirement, market penetration or other contingency that will affect your limited protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

We may, but have no obligation to, consider granting to you the right to establish additional Status Solutions Network outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Status Solutions Network outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Status Solutions Network outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to operate or franchise businesses under a different trademark that may sell similar goods or services.



We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks or other trademarks within or outside the Territory through any method of distribution other than a dedicated Status Solutions Network outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory. You may not use Alternative Distribution Channels to make sales inside or outside your Territory.


The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Status Solutions products or services.

During the term of your agreement, you may service customers from outside of your territory only if they are not located in another Franchisee’s territory.

We have a National Accounts program, where we may negotiate specific pricing and service contracts on a national basis. If you choose to opt out of servicing any customer or account in the National Accounts program, we or another franchisee may provide service to that customer within your territory.

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

**ITEM 13: TRADEMARKS**

Mark	Registration Number	Registration Date	Register
	6895929	Nov. 08, 2022	Principal

Status Solutions Network LLC is the owner of the Marks and license to others the right to use the Marks in the operation of a Status Solutions outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Status Solutions service mark, as described below (“Principal Mark”) Licensor has registered the following Mark(s) on the Principal Register of the United States Patent and Trademark Office.

Licensor has filed all required affidavits. We intend to renew the registration for the Marks at the times required by law.

We also license you the following Principal Mark:



With regard to this Mark only, we do not have a federal registration for this principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use

the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

#### ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on our proprietary recipes, certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

If you develop any new concept, process, product, service, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all requested

information related to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Successor Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 5).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

#### ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement does not require that you personally supervise your Franchised Business. You may appoint a Manager, but you must remain actively involved in overseeing the business. Your manager must successfully complete our Initial Training Program and all other training courses we require. Your manager is not required to have an equity interest in the franchisee entity. In addition they must meet the minimum background check requirements that will allow them entrance into venues including schools, hospitals and senior living communities.

Your manager and any other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 5. All owners, partners and spouses of the Franchisee must sign the Personal Guaranty and Non-Disclosure/Non-Competition Agreement.

#### ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all services that are part of the System, and all services and products that we incorporate into the System in the future. You may only offer services and products that we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location, unless approved by the Franchisor after careful review. You cannot engage in any other business that competes with your Franchised Business, with our affiliates, or us or with Status Solutions Network outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. See Item 12 for restrictions on sales within and outside the Territory. You may only service customers located outside of your territory if they are not located in another Franchisee's territory.

## ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten years
b.	Renewal or extension of the Term	Sections 5.1 and 5.4	If you are in good standing as defined below, you can renew for two (2) additional terms of five (5) years, unless we have determined, in our sole discretion, to withdraw from your Territory
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a Successor Agreement Fee equal to fifty percent (50%) of the then current franchise fee subject to an \$19,750 minimum; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training.  You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.

	Provision	Section in Franchise Agreement	Summary
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not open the Franchised Business within required time frames; falsify any report to us; cease operations for 30 days or more; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</p>
i.	Franchisee’s obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Status Solutions Network franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy

	Provision	Section in Franchise Agreement	Summary
			for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, software accounts, and social media accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 2 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; payment of a transfer fee of \$15,000 or no payment for a transfer to a spouse, parent or child upon death or permanent disability or a transfer to an entity that is controlled and owned by the current Franchisee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your, equipment, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.

	Provision	Section in Franchise Agreement	Summary
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Status Solutions Network outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing advertising business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Status Solutions Network outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former Status Solutions Network outlet location or any other Status Solutions Network outlet location (franchised or company owned), do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 22.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement are not enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation only at our headquarters located in Westerville, OH.
v.	Choice of forum	Section 20.3	Litigation takes place in Ohio. (subject to applicable state law)
w.	Choice of law	Section 20.3	Ohio law applies. (subject to applicable state law)

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

### ITEM 18: PUBLIC FIGURES

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

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing outlet, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Cassie Lamprinakos Collins at 999 Country Line Road West, Suite A, Westerville, OH 43082, 866-846-7272, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
System-wide Outlet Summary  
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	1	+1
	2023	1	2	+1
Company – Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	1	+1
	2023	1	2	+1

**Table No. 2**

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2021 to 2023

State	Year	Number of Transfers
	2021	0
	2022	0



	2023	0
Total	2021	0
	2022	0
	2023	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Georgia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2

**Table No. 4**  
Status of Company Owned Outlets  
For Years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
N/A	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year

Ohio	1	1	0
Texas	2	2	0
Alabama	1	1	0
Virginia	0	0	1
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>

No franchisee has signed confidentiality clauses during the last three years.

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

Exhibit E lists the location of each Status Solutions Network franchisee in our System. We do not have any trademark specific franchisee associations.

No franchisees have ceased to do business under the franchise agreement, or had an outlet terminated, canceled or not renewed within the last fiscal year, or ceased to communicate with us within 10 weeks of the issuance date.

### ITEM 21: FINANCIAL STATEMENTS

Attached to Exhibit C is the Company's audited financial statements for the periods December 31, 2021, December 31, 2022 and December 31, 2023, and the related notes to the financial statements.

Our fiscal year end is December 31.

### ITEM 22: CONTRACTS

A copy of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B -- The Franchise Agreement and all attachments to it.
- Exhibit F -- Franchisee Acknowledgement Statement, as permitted by state law. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Michael MacLeod at 999 Country Line Road West, Suite A, Westerville, OH 43082.

## EXHIBIT A

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Agency	Agent for Service of Process
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance- Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733

State	State Agency	Agent for Service of Process
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**

**FRANCHISE AGREEMENT**

STATUS SOLUTIONS NETWORK, LLC

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**LIST OF ATTACHMENTS**

- ATTACHMENT 1: TERRITORY
- ATTACHMENT 2: RELEASE
- ATTACHMENT 3: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISE
- ATTACHMENT 4: GUARANTY
- ATTACHMENT 5: CONFIDENTIALITY AND NON-COMPETE AGREEMENT
- ATTACHMENT 6: INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT
- ATTACHMENT 7: TRADEMARKS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is being entered into this day of \_\_\_\_\_, (the "Effective Date") by and between Status Solutions Network, LLC, an Ohio Limited Liability Company with its principal place of business at 999 County Line Road West, Suite A, Westerville, OH 43082 (herein "Franchisor) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_'s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ ("Principal(s)"). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a unique and distinctive advertising business which features, among other things, proprietary technology platforms for advertising used by organizations throughout a franchisees territory, using Franchisor's designs, and using Franchisor's confidential operations manual ("Manual") of business practices and policies, and Franchisor's distinctive trade dress, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the "System"). Training will occur at Franchisor's headquarters and/or other affiliated outlet, currently located in Westerville, OH, and will be provided consistent with Franchisor's training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks Status Solutions Network service mark, as set forth in Attachment 7, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

- 1. **RECITATIONS.** The Recitations set out above form part of this Agreement.
2. **GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate an Status Solutions Network franchise (the "Franchised Business"), using only the Marks licensed



hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 1 attached hereto and incorporated herein (the "Territory").

### **3. TERRITORY**

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, a Status Solutions outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Status Solutions franchises bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other advertising concepts under the Marks or other trademarks, including licensing Franchisor's designs for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Status Solutions Network location, such as the Internet ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisor also reserves the right to acquire, be acquired by or merge with another company. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

**4. TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

**5. RENEWAL OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Renewal Franchise Agreement") for up to two (2) additional terms equal to five (5) years each. The term of each such Successor Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a Successor Agreement Fee equal to fifty percent (50%) of the then current franchise fee; subject to a minimum of nineteen thousand seven hundred and fifty dollars (\$19,750). ("Successor Agreement Fee").

- 5.1 Form and Manner of Successor Agreement . If Franchisee desires to exercise Franchisee's option to enter into a Renewal Franchise Agreement, it shall be done in the following manner:
- 5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).
  - 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.
  - 5.1.3 The Successor Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
  - 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required, pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Renewal Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
  - 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Successor Agreement . Franchisee's right to enter into a Successor Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
  - 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.
  - 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
  - 5.2.4 Franchisee shall have completed any required updates to the Franchised Business office in order to meet system standards.
  - 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Status Solutions Network, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their

corporate and/or individual capacities, in the form attached hereto as Attachment 2. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business and trade dress to conform to the plans and specifications being used for new franchised businesses on the renewal date.

5.2.7 Franchisee shall pay the required Successor Agreement Fee and sign the Renewal Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Status Solutions Network franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate renewal term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to renew this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## 6. FEES/REVENUE SHARING

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Thirty-Nine Thousand and Five-Hundred Dollars (\$39,500.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to the greater of fifteen percent (15%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets (the "Royalty Fee"). This is subject to a minimum monthly royalty of \$500 per month. The term "Gross Revenue" includes all revenues and income from any source derived or received by Franchisee

from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). Franchisee is required to share fifty percent (50%) of all your Status Solutions Network membership or advertising sponsorship revenue with your network venues as outlined in the Operations Manual. At Franchisor's option, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.3 Website Fee. Franchisee agrees to pay Franchisor, monthly throughout the Term of the Agreement, the then-current software fee. Currently this fee is \$100 per month.

6.1.4 Gross Revenue Reports. Franchisee shall, on the tenth (10<sup>th</sup>) day following the close of each calendar month, furnish Franchisor with a report showing Franchisee's Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the "Gross Revenue Report"). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish a point-of-sale system ("POS System") that Franchisor may require Franchisee to use in the operation of the Franchised Business. At Franchisor's option, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.5 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee, the Website Fee and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement. You are required to use a 3<sup>rd</sup> Party accounts receivable firm to collect and distribute your payable balances from hospitals and other health care facilities. With reasonable notice, we may require the 3<sup>rd</sup> Party receivable firm to withhold your Royalty payments on behalf of us, your Brand Fund payments on behalf of the Brand Fund and send the net to you. There is a fee for this service (a percentage of billings collected) that is paid to the 3<sup>rd</sup> Party.

6.2. Late Fee. If the Royalty Fee, Software Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Two Hundred and Fifty Dollars (\$250.00) per incident plus interest. This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund

Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

- 6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6. Territory Data Base Fee. Franchisee shall pay yearly throughout the term of the Agreement, the Territory Data Base Fee. Currently this fee is \$1,800 per year.
- 6.7. Revenue Sharing. Franchisee shall throughout the term of the Agreement, be required to share fifty percent (50%) of all revenue generated by the sale of Status Solutions Network Memberships and advertising sponsorship revenue with your network venues as outlined in the Operations Manual.

## **7. TRAINING.**

- 7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program") at least two (2) weeks (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Training Program consists of a course conducted at the Franchisor's headquarters in Westerville, OH. Franchisor reserves the right to designate an alternate location for the course component of the Initial Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) people to take the Initial Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Franchisee has satisfactorily completed the Initial Training Program. If the Initial Training Program is not satisfactorily completed by the franchisee, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that Franchisee and Franchisee's Principal(s) cannot satisfactorily complete the Initial Training Program, Franchisor may terminate this Agreement.

- 7.3. Opening Assistance. During the opening of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site or virtual opening training, supervision, and assistance to Franchisee for one to two (1-2) day(s) at no charge to Franchisee if needed.
- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training for up to five (5) days per year, at a location designated by Franchisor.

(ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## 8. FRANCHISED LOCATION REQUIREMENTS

- 8.1 Site Requirements. Franchisee is hereby permitted to operate the Franchised Business from a home-based office and may operate the Franchised Business from any site in the Territory without first obtaining Franchisor's consent. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the home-based office or other site as outlined in the Operations Manual.
- 8.2. Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within ninety (90) days after Franchisee has signed the Franchise Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business begins operations shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Training Program, as further set forth in Article 7, (ii) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement shall be deemed a material event of default under this Agreement.

## 9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED OFFICE AND SYSTEM

- 9.1. Maintenance of Franchised Office Franchisee shall equip and maintain the Franchised Office location to the standards of trade dress and condition required by Franchisor. Standards are specified in the Operations Manual. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs, replacement or updating of the office or signage as Franchisor may direct.
- 9.2. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.
- 9.4. Trade Dress Modifications.
- 9.4.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new office designs, new color schemes, new or modified marks, and new signage (collectively, "Trade Dress Modifications").
- 9.4.2. As a condition to renew this Agreement, Franchisee shall refurbish the Franchised Business office at Franchisee's sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section

14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3. Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6. Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

## 10. **FRANCHISOR'S OBLIGATIONS**

Franchisor and/or its designated representative will provide the services described below:

10.1. Territory Selection. Territory selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the office location in accordance with Section 8.1.2.

10.2. Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

10.3. Inspection. Inspection of the Franchised Business and evaluations of the services sold and services rendered therein whenever reasonably determined by Franchisor.

10.3. Pre-Opening Requirements. Provide a written list of equipment, fixtures, signage, supplies and/or products that will be required and/or recommended to open the Franchised Business for business.

10.6. Advertising Materials. Provide samples or camera-ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.



- 10.7. List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.
- 10.8. Training. The training programs specified in Article 7 herein.
- 10.9. On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.
- 10.10. Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

## **11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

- 11.1. Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2. Corporate Representations. If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
- 11.2.1. Franchisee is duly organized and validly existing under the state law of its formation;
- 11.2.2. Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;
- 11.2.3. Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;
- 11.2.4. The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;
- 11.2.5. Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, un-liquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and
- 11.3. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 5 hereof. Franchisee and their spouse shall be jointly and severally liable for the obligations under the Guaranty.

#### 11.4. Franchisee's Employees and Managers.

11.4.1. You are not required to personally supervise the operation of the Franchised Business and you may appoint a manager of the Franchised Business location with Franchisor's consent. Franchisee accepts full responsibility for and shall be fully liable to Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

11.4.1.1. Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

11.4.1.2. Not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.1.3. Satisfy the training requirements set forth in Article 7.

11.4.1.4. Meet minimum background check requirements that allow them entrance into schools, hospitals and senior living communities.

11.4.2. Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employee's working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or scheduled work, rate of pay, benefits, work assigned, discipline, response to grievances and complaints, or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, pay-checks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

11.4.3. Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

- 11.5. Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits; certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.
- 11.6. Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business office location or vehicle, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees or anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7. Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8. Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9. Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## 12. FRANCHISEE'S OPERATIONS

12.1. Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1. Use only those fixtures, trade dress, equipment, supplies, and signage that conform to Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;

12.1.2. Maintain and operate the Franchised Business office in attractive condition and good repair, using Franchisee's best efforts to maintain it in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.3. Procure the necessary licenses or permits; and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

12.1.4. Maintain sufficient inventories of supplies, as prescribed by Franchisor;

12.1.5. Conduct sales in accordance with Franchisor's standards and specification;

12.1.6. Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation Franchisee shall use its best efforts to insure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to customers of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.7. Permit Franchisor or its agents, to inspect the Franchised Business office and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.8. Prominently display signs in and upon the Franchised Business office using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the

Franchised Business office or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.9. Conduct all advertising programs in a manner consistent with Franchisor's standards and specification, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor.

Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any Gross Revenue Report understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor,

be considered an incurable default and thereby subject to termination as provided herein.

### 12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by the Status Solutions Network System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to

Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7. In addition to the requirements of Section 6, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.

12.4. Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business office and Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5. Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at

any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

12.8 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

### 13. **ADVERTISING, PROMOTIONS AND RELATED FEES**

13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

#### 13.2. Local Advertising.

13.2.1. Franchisee shall spend a minimum of three percent (3%) of gross monthly revenues on local advertising, and we must approve all advertising materials. Franchisor reserves the right to collect some or all of Franchisee's Local Advertising expenditure and implement Local Advertising on Franchisee's behalf.

13.2.2. Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.



### 13.3. Brand Development Fund.

- 13.3.1. Franchisor has established a national Brand Development Fund (the “Brand Fund”) on behalf of the System for national advertising and marketing. Franchisee is required to contribute an amount equal to three percent (3%) of the Gross Revenue generated monthly by Franchisee’s Franchised Business to the Brand Development Fund (“Brand Fund Contribution”). Franchisor reserves the right, in Franchisor’s sole discretion and at any time, to increase the amount of the Brand Fund Contribution. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.
- 13.3.2. Franchisor shall direct the brand fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Status Solutions Network outlets operated by Franchisor or Franchisor’s affiliates.
- 13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).
- 13.3.5. The Brand Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor’s benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund’s operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for

Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required Brand Fund Contributions.

13.5. Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Status Solutions Network brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14. INTELLECTUAL PROPERTY

### 14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that we or our successor ("Licensor") is the record owner of the Marks and licenses the Marks to franchisees

of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, project designs, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

- 14.1.2. As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.
- 14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.
- 14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4. Validity. Franchisee shall not contest the validity of, or Franchisor or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor or Licensor's interest in, the Intellectual Property.
- 14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.
- 14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Status Solutions Network" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Status Solutions Network, LLC".

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Status Solutions Network franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing

Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

- 14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## 15. INSURANCE AND INDEMNIFICATION

- 15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds and certificate holders, as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Commercial general liability insurance, including contractual liability, public liability, personal injury, in the amount of at least one million dollars (\$1,000,000) per occurrence, general aggregate of two million dollars (\$2,000,000), products/operations liability of two million dollars (\$2,000,000), personal or advertising injury, one million dollars (\$1,000,000) umbrella liability coverage, one million dollars (\$1,000,000);

15.1.2. Workplace Injury. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated, but not less than one million dollars (\$1,000,000);

15.1.3. Automobile. Coverage for all owned, leased, non-owned and hired vehicles used in the Franchised Business in an amount of not less than one million dollars (\$1,000,000) per occurrence. Such insurance shall include under-insured and uninsured motorist coverage as required by state law.

15.1.4. Employer's Liability. Not less than one million dollars (\$1,000,000) each accident; one million dollars (\$1,000,000) each employee; one million dollars (\$1,000,000) policy limit.

- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverage. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken

such action and the cost thereof.

- 15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements, as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.
- 15.6. Indemnification TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS STATUS SOLUTIONS NETWORK, LLC, STATUS SOLUTIONS, LLC, AND ANY OF THESE COMPANIES' PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "STATUS SOLUTIONS INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S STATUS SOLUTIONS FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE STATUS SOLUTIONS INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE STATUS SOLUTIONS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE STATUS SOLUTIONS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE STATUS SOLUTIONS INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE STATUS SOLUTIONS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE STATUS SOLUTIONS INDEMNITEES.

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## 16. TRANSFERS

### 16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Status Solutions Network franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the advertising business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without

Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3. The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;



- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.
- 16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee of fifteen thousand dollars (\$15,000); provided however, (i) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity and (ii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal, as the case may be, the transfer fee is waived.
- 16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.
- 16.6. Franchisor 's Right of First Refusal.
- 16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.
- 16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.
- 16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at no less than Franchisor's actual cost, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions.

Notwithstanding the foregoing, in the event Franchisee obtains a loan (an "SBA Loan") from a lender (the "Lender") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"), Franchisee shall be permitted to grant Lender and/or SBA a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Loan, and Franchisor agrees to subordinate its

interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the Lender and/or SBA as the case may be.

## 17. DEFAULTS

- 17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.
- 17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:
- 17.2.1. fails to equip and make operational your Franchised Business office, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.
  - 17.2.2. falsifies any report required to be furnished Franchisor hereunder;
  - 17.2.3. ceases to operate the Franchised Business for a period of thirty (30) days or more;
  - 17.2.5. fails to restore the Franchised Business office to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business office is rendered inoperable by any casualty;
  - 17.2.6. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
  - 17.2.7. defaults under any lease, sublease, or purchase agreement for the real property on which the Franchised Business office is located;

- 17.2.8. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.9. fails to comply with the covenants in Article 15;
- 17.2.10. permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.11. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.12. has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.13. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.14. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.15. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.16. creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;
- 17.2.17. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.18. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.19. fails to comply with the non-competition covenants in Section 19.5;
- 17.2.20. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
- 17.2.21. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
- 17.2.22. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23. terminates this Agreement without cause.

17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 17.2.20.

17.3.3. fails to pay when due any amounts due to Franchisee's network members on account of the revenue sharing requirement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21

17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2. enter upon the Franchised Business office and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Revenue generated by the Franchised Business during Franchisor's operation thereof as compensation

therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

- 17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

## 18. POST-TERMINATION

- 18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
- 18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Status Solutions Network owner, franchisee or licensee;
  - 18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
  - 18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
  - 18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;
  - 18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

- 18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and
- 18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19.
- 18.1.8. in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) thirty-six (36) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2. Right to Purchase.

- 18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the

remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## **19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS**

### **19.1. Operations Manual.**

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) is provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and



any other manual and materials created or approved for use in the operation of the Franchised Business.

- 19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all time remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.
- 19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.
- 19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is Five Hundred Dollars (\$500.00).
- 19.2. Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical

information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5. Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary

reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any business similar to the System; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment; or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Status Solutions Network franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any competing business within twenty-five (25) miles of the Territory or any Status Solutions Network location; or (iii) seek to employ any person who is at that time employed by Franchisor or otherwise induce such person to leave his or her employment or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Status Solutions Network franchisees.

19.6. Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective

immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

- 19.8. Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10. Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons that will have access to Franchisor's confidential and proprietary information

## **20. DISPUTE RESOLUTION**

- 20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2. Mediation. At Franchisor's or Franchisee's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation, except claims relating to the Lanham Act of 1946 or Federal law. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators selected as recommended by the American Arbitration Association. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.
- 20.3. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Ohio. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Ohio. Franchisee and its Principals, except where specifically prohibited

by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Ohio. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

- 20.4. Mutual benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.5. Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.6. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.7. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## 21. GENERAL

- 21.1. Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of

Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

- 21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except the representations made to Franchisee in Franchisor's Franchise Disclosure Document. Nothing in the agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.

- 21.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Ohio, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.
- 21.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 21.11. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

***Signature Page to Follow***

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

Status Solutions Network, LLC

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

Michael MacLeod, Executive Sponsor

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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



**ATTACHMENT 1**

**TERRITORY DESCRIPTION AND  
FRANCHISED BUSINESS LOCATION**

\*\*TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A STATUS SOLUTIONS PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE NON-EXCLUSIVE SITE SEARCH AREA OF \_\_\_\_\_.

Territory (insert map and/or define by zip codes):

Radius = \_\_\_\_ miles

Franchised Business Office Address:

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**ATTACHMENT 2**  
**GENERAL RELEASE**

This release (the "Release") is given this day of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_'s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Status Solutions Network, LLC ("Franchisor") and Franchisor's parents, subsidiaries, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of \_\_\_\_\_ by:

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

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

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

**ATTACHMENT 3**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE**

**Name**

**Percentage of Ownership**

## ATTACHMENT 4

### GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on \_\_\_\_\_, to Status Solutions Network, LLC, an Ohio Limited Liability Company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchise Agreement") with \_\_\_\_\_, a(n) \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

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

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

## ATTACHMENT 5

### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), a franchisee of Status Solutions Network, LLC an Ohio Limited Liability Company ("Franchisor"), and \_\_\_\_\_, an individual ("Covenantor") in connection with a Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_\_ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the **registered** trademark "Status Solutions Network" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of Franchised Business outlets;

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Status Solutions Network operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

#### 1. Confidentiality Agreement.

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

## **2. Covenants Not to Compete.**

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Status Solutions Network system or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any competing business substantially similar to the System

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the Status Solutions Network System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational or supervisory capacity in any competing business within the within twenty-five (25) miles of Franchisee's Territory or any Status Solutions Network location,

c. The parties acknowledge and agree that each of the covenants contained herein 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 Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, 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 Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

## **3. General.**

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to 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.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT REFERENCE TO OHIO CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF OHIO. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY OHIO OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN OHIO; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Only a duly authorized writing executed by all parties may modify this Agreement.

**i.** All notices and demands required hereunder shall be in writing, and shall be delivered personally, or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:



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

If directed to Covenantor:

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

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

\_\_\_\_\_

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

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

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

COVENANTOR:

\_\_\_\_\_

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

## ATTACHMENT 6

### **INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between Status Solutions Network, LLC an Ohio limited liability company (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee”).

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Status Solutions Network business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, software accounts, and use telephone listings linked to the Status Solutions Network brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Ohio, without regard to the application of Ohio conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Status Solutions Network, LLC

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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


PRINCIPAL:

\_\_\_\_\_

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

**ATTACHMENT 7**

Service Marks –

Mark	Registration Number	Registration Date	Register
	90104877 (Serial Number)	August 10, 2020 (Filing Date)	Principal

**EXHIBIT C**

**FINANCIAL STATEMENTS**

**STATUS SOLUTIONS NETWORK, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**



## INDEPENDENT AUDITORS' REPORT

To the Members of Status Solutions Network, LLC

### Opinion

We have audited the accompanying financial statements of Status Solutions Network, LLC (the "Company"), which comprise the balance sheets as of December 31, 2023, and the related statements of operations and members' deficit and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

### **Report on 2022 Financial Statements**

The financial statements of the Company as of December 31, 2022, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated March 30, 2023.



Westerville, Ohio  
April 25, 2024

# **STATUS SOLUTIONS NETWORK, LLC**

## **BALANCE SHEETS DECEMBER 31, 2023 AND 2022**

### **ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Assets:</b>		
Cash	93,998	49,652
Franchise fees receivable	34,500	-
Total current assets	<u>128,498</u>	<u>49,652</u>
<b>Total Assets</b>	<u>\$ 128,498</u>	<u>\$ 49,652</u>

### **LIABILITIES AND MEMBERS' EQUITY**

<b>Current Liabilities:</b>		
Accounts payable	246,165	198,772
Total current and total liabilities	<u>246,165</u>	<u>198,772</u>
<b>Members' Equity</b>	<u>(117,667)</u>	<u>(149,120)</u>
<b>Total Liabilities and Members' Equity</b>	<u>\$ 128,498</u>	<u>\$ (298,240)</u>

See Notes to Financial Statements.

## STATUS SOLUTIONS NETWORK, LLC

### STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Income:</b>		
Franchise fees	\$ 79,000	\$ -
<b>Operating Expenses:</b>		
Legal and professional fees	47,393	73,821
Other	154	-
Total operating expenses	<u>47,547</u>	<u>73,821</u>
<b>Other Income (Expenses):</b>		
In-kind contributions	18,000	-
In-kind expenses	<u>(18,000)</u>	<u>-</u>
Total other income (expenses)	<u>-</u>	<u>-</u>
<b>Net Loss</b>	31,453	(73,821)
<b>Members' Deficit - Beginning of Year</b>	<u>(149,120)</u>	<u>(75,299)</u>
<b>Members' Deficit - End of Year</b>	<u>\$ (117,667)</u>	<u>\$ (149,120)</u>

See Notes to Financial Statements.

# **STATUS SOLUTIONS NETWORK, LLC**

## **STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities:</b>		
Net loss	\$ 31,453	\$ (73,821)
Adjustments to reconcile net loss to net cash provided by (used by) operations:		
(Increase) decrease in:		
Franchise fees receivable	(34,500)	-
Increase (decrease) in:		
Accounts payable	47,393	73,655
Net cash provided by (used by) operating activities	<u>44,346</u>	<u>(166)</u>
 <b>Net Increase (Decrease) in Cash</b>	 44,346	 (166)
 <b>Cash - Beginning of Year</b>	 <u>49,652</u>	 <u>49,818</u>
 <b>Cash - End of Year</b>	 <u>\$ 93,998</u>	 <u>\$ 49,652</u>
 <b>Supplemental Cash Flows Information:</b>		
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>
Cash paid for interest	\$ <u>-</u>	\$ <u>-</u>

**See Notes to Financial Statements.**

# **STATUS SOLUTIONS NETWORK, LLC**

## **Notes to Financial Statements December 31, 2023 and 2022**

### **Note 1 - Organization**

Status Solutions Network, LLC (the Company) is a franchisor based in Westerville, Ohio. The Company has developed and established an advertising business which features, among other things, proprietary technology platforms for advertising, designs, and operational guidance and training. The Company enters into franchise agreements with third parties to grant franchisees the license to operate under the developed platform in certain territories and subject to the terms and conditions in the franchise agreement.

During 2023, the Company had two franchised units opened and operating. There were no franchises operating during 2022.

The members' liability is limited in accordance with the State of Ohio's Limited Liability Company Act. The members of the Company shall not be personally liable for the debt obligations or liabilities of the Company, whether arising in contract, tort, or otherwise, unless the individual has signed a specific personal guarantee.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Accounting Principles***

The financial statements of the Company have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### ***Cash, Cash Equivalents***

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2023 and 2022, respectively. The Company maintains cash balances, at various financial institutions, which may exceed federally insured amounts at times; however, management regularly monitors the financial stability of these financial institutions and believes that SPF is not exposed to any significant credit risk.

#### ***Revenue Recognition***

The Financial Accounting Standards Board ("FASB") issued codification Topic 606, Revenue from Contracts with Customers (ASC 606). Under ASC 606, the franchisor must determine if the pre-opening activities contain any distinct goods or services, known as performance obligations, and then allocate the initial franchise fees to those performance obligations using the stand-alone selling price of the goods or services.

The Company's revenues consist of fees from franchisees such as initial franchise fees, royalties, and other fees. The Company charges an initial franchise fee for the sale of any franchise. These fees are recorded as revenue once the sale is finalized since they are deemed as earned and not refundable upon execution of the agreement. Royalties are recognized as revenue in accordance with ASC 606 and are sales based, however, no profits were generated by franchises during 2023 and 2022, and accordingly no royalty revenue has been recognized.

# **STATUS SOLUTIONS NETWORK, LLC**

## **Notes to Financial Statements (Continued) December 31, 2023 and 2022**

### **Note 2 - Summary of Significant Accounting Policies (Continued)**

#### *Use of Estimates*

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

#### *Income Taxes*

The Company is a limited liability company that has elected to be taxed as an S corporation. Under these provisions, net taxable income is taxed directly to the members individually and not the Company. Accordingly, the accompanying financial statements do not include any provision for federal or state income taxes.

### **Note 3 - Consulting Agreement**

In accordance with an agreement with a third party, Synergy Franchise Group Consulting (SFG), the Company will pay for consulting services rendered. The agreement is on a month-to-month basis, but at times establishes arrangements for extended periods. If any contractual periods would be terminated by SFG without cause, the compensation for consulting will be limited to services rendered. However, if the contract is terminated due to a breach by the Company, the Company will pay the consultant the remainder of the contractual obligation. The Company expenses the consulting payments as services are rendered. As of December 31, 2023 and 2022, there were no consulting services under contractual periods extending more than one month.

### **Note 4 - Related Party Transactions**

The Company has accounts payable to a related party through common ownership, Status Solutions, LLC, which consists of \$246,165 and \$198,772 as of December 31, 2023 and 2022, respectively. The balance owed represents a reimbursement of consulting services paid to SFG and other vendors for marketing and an online opportunity mapping service for future franchisees on the Company's behalf. Status Solutions, LLC has also provided administrative services for the Company and currently no allocation of expense is being performed for these services.

### **Note 5 - Subsequent Events**

Subsequent events are defined as events or transactions that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through April 24, 2024, the date on which the financial statements were available to be issued and found nothing to be disclosed.

# **STATUS SOLUTIONS NETWORK, LLC**

## **Notes to Financial Statements (Continued) December 31, 2023 and 2022**

### **Note 6 - In-Kind Contributions**

The Company recognizes in-kind contributions of space and services. In-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria are not recognized. In-kind contributions of space are recorded at fair market value.

In-kind contributions of services and space totaled \$18,000 for the year ending December 31, 2023. Since the Company was not in full operation during 2022, no in-kind contributions were recognized.



# **STATUS SOLUTIONS NETWORK, LLC**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

*CPAs / ADVISORS*



# STATUS SOLUTIONS NETWORK, LLC

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Blue & Co., LLC / 720 East Pete Rose Way, Suite 100 / Cincinnati, OH 45202  
main 513.241.4507 fax 513.241.5637 email blue@blueandco.com

## REPORT OF INDEPENDENT AUDITORS

To the Members  
Status Solutions Network, LLC  
Westerville, Ohio

### Opinion

We have audited the accompanying financial statements of Status Solutions Network, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## REPORT OF INDEPENDENT AUDITORS-Continued

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

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

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

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

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

*Blue & Co., LLC*

Cincinnati, Ohio  
March 30, 2023

# STATUS SOLUTIONS NETWORK, LLC

## BALANCE SHEETS DECEMBER 31, 2022 AND 2021

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	<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>			
Cash		\$ 49,652	\$ 49,818
Total current assets		<u>49,652</u>	<u>49,818</u>
Total assets		<u>\$ 49,652</u>	<u>\$ 49,818</u>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>			
<b>Current liabilities:</b>			
Accounts payable		\$ 198,772	\$ 125,117
Total current liabilities		<u>198,772</u>	<u>125,117</u>
Total liabilities		198,772	125,117
<b>Members' deficit</b>		<u>(149,120)</u>	<u>(75,299)</u>
Total liabilities and members' equity (deficit)		<u>\$ 49,652</u>	<u>\$ 49,818</u>

---

*See accompanying notes to the financial statements*

## STATUS SOLUTIONS NETWORK, LLC

### STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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	<u>2022</u>	<u>2021</u>
<b>Expenses:</b>		
General and administrative expenses	\$ <u>73,821</u>	\$ <u>89,299</u>
<b>Net loss</b>	(73,821)	(89,299)
<b>Members' equity (deficit), beginning of year</b>	<u>(75,299)</u>	<u>14,000</u>
<b>Members' deficit, end of year</b>	<u>\$ (149,120)</u>	<u>\$ (75,299)</u>

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*See accompanying notes to the financial statements*

## STATUS SOLUTIONS NETWORK, LLC

### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (73,821)	\$ (89,299)
Changes in operating assets and liabilities:		
Accounts payable	<u>73,655</u>	<u>89,117</u>
Net cash used in operating activities	<u>(166)</u>	<u>(182)</u>
Net change in cash	(166)	(182)
Cash, beginning of year	<u>49,818</u>	<u>50,000</u>
Cash, end of year	<u>\$ 49,652</u>	<u>\$ 49,818</u>

---

*See accompanying notes to the financial statements*

# STATUS SOLUTIONS NETWORK, LLC

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Status Solutions Network, LLC (the Company) is a franchisor based in Westerville, Ohio. The Company has developed and established an advertising business which features, among other things, proprietary technology platforms for advertising, designs, and operational guidance and training. The Company intends to enter into franchise agreements with third-parties to grant franchisees the license to operate a under the developed platform in certain territories and subject to the terms and conditions in the franchise agreement.

The members' liability is limited in accordance with the State of Ohio's Limited Liability Company Act. The members of the Company shall not be personally liable for the debts obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, unless the individual has signed a specific personal guarantee.

The Company was formed July 2, 2020 and has not commenced principal operations. The Company's primary activities have been directed toward developing franchise agreements and establishing the related organizational structure and platform under which the Company and future franchisees will be managed. The Company has entered into two franchise agreements during 2022, but has effectively waived all fees under the agreements other than the franchise fee that is to be repaid through a profits interest with the franchisee. No profits were generated by these franchisees during 2022 and no revenue recognized. The Company's primary risk and uncertainty prior to commencement of principal operations relates to receiving additional financial support from the members and procurement of additional franchisees.

#### Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). These accounting policies conform to GAAP and have been consistently applied in the preparation of the financial statements.

#### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



# STATUS SOLUTIONS NETWORK, LLC

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Revenue Recognition

Revenues will consist of royalties and fees from franchisees. Franchise rights are granted through franchise agreements that set out the terms of the agreement with the franchisee. The franchise agreements require that the franchisee remit royalties to the Company as a percentage of the applicable sales, subject to certain minimum monthly royalties, in exchange for the license of the intellectual property associated with the Company's brand. The franchise agreements also typically require certain, less significant, franchisee fees such as fees paid upon signing of a franchise agreement, fees paid to renew the term of the franchise right, and fees paid in the event the franchise agreement is transferred to another franchisee. Brand development, advertising, training and certain other fees may be assessed to the franchisees under the terms of the franchise agreement.

The Company is in the process of developing its revenue recognition policy related to royalties, franchise and other fees. Though the Company did enter into two franchise agreements during 2022, receipt of consideration for licensing under the franchise agreement was contingent on the new franchisees generating profit. As all related fees under the agreement were effectively waived and no profit generated, it is not probable that the consideration will be collected and as such the Company has not recognized any revenue under these agreements.

### Income Taxes

The Company is a limited liability company that has elected to be taxed as an S corporation. Under these provisions, net taxable income is taxed directly to the members individually and not the Company. Accordingly, the accompanying financial statements do not include any provision for federal or state income taxes.

If it is probable that an uncertain tax position will result in a material liability and the amount of the liability can be estimated, then the estimated liability is accrued. At December 31, 2022 and 2021, management has concluded there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The Company has filed its federal and state income tax returns for periods through December 31, 2021 and is subject to routine audits by taxing jurisdictions. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

# STATUS SOLUTIONS NETWORK, LLC

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were issued.

### Subsequent Events

The Company has evaluated subsequent events for accounting and disclosure requirements through March 30, 2023, the date the accompanying financial statements were available to be issued.

## **2. CONSULTING AGREEMENT**

In accordance with an agreement with a third party, Synergy Franchise Group Consulting (SFG), the Company will pay for consulting services rendered. The agreement is on a month-to-month basis, but at times establishes arrangements for extended periods. If any contractual period would be terminated by SFG without cause, the compensation for consulting will be limited to services rendered. However, if the contract is terminated due to a breach by the Company, the Company will pay the consultant the remainder of the contractual obligation. The Company expenses the consulting payments as services are rendered. At December 31, 2022 and 2021, there were no consulting services under contractual periods extending more than one month.

## **3. RELATED PARTY TRANSACTION**

The Company has accounts payable to a related party through common ownership, Status Solutions, LLC, at December 31, 2022 and 2021 of \$198,772 and \$125,117, respectively. The balance owed represents a reimbursement of consulting services paid to SFG and other vendors for marketing and an online opportunity mapping service for future franchisees on the Company's behalf. Status Solutions, LLC has also provided administrative services for the Company and currently no allocation of expense is being performed for these services.

## **4. MANAGEMENT'S PLANS FOR FUTURE OPERATIONS**

The Company has entered into two franchise agreements during 2022 and one additional agreement through the date the financial statements were available to be issued, however, under the two agreements entered into during 2022, essentially all fees under the agreement were waived and no revenue has been recognized. To date, the Company has been funded by member contributions and advances of working capital from Status Solutions, LLC. At December 31, 2022, the Company has negative working capital and a members' deficit of \$149,120.

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## **STATUS SOLUTIONS NETWORK, LLC**

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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Management has obtained confirmation from the members of their intent and ability to provide additional contributions to settle the obligations of the Company, and to support the ongoing operation of the Company over the next year. Management also believes the franchise agreements entered into through the date the financial statements were available to be issued will begin to generate positive cash flow for the Company to pay its own operational expenses during 2023 and through procurement of additional franchisees during 2023, also begin to repay the amounts owed to a related party (Note 3). As such, the Company believes it will have sufficient cash to meet its funding requirements over the next year.

## EXHIBIT D

### STATUS SOLUTIONS NETWORK FRANCHISE OPERATIONS MANUAL

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## EXHIBIT E

### LIST OF FRANCHISEES (As of December 31, 2023)

Name	Address	Phone Number
Jim Henry	300 Colonial Center Parkway, 100N Roswell, GA 30076	(678) 330-8998
Todd Jackson	252 Boone Trail Seville, OH 44273	(614)562-9532

### LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM (As of December 31, 2023)

None

### LIST OF FRANCHISEES SIGNED, NOT OPEN (As of December 31, 2023)

Name	Address	Phone Number
Jason Carter	141 South College Street, P.O. Box 519 Roby, Texas 79543	(325) 776-2222 x 007
Kelly and Gary Chumley	545 Buchanan Road Albertville, AL 35950	(256) 226-2610
Thomas Baker	4810 N Bentwood Drive San Angelo, TX 76904	(325) 374-3386
Ray Reno	4017 Bluebird Drive Powell, Ohio 43065	(614)917-7654

**EXHIBIT F**

**FRANCHISEE ACKNOWLEDGMENT STATEMENT**

**\*The Acknowledgement Statement does not apply to Maryland franchisees. Do not sign this Acknowledgement Statement if you are a resident of Maryland or the business is to be opened in**

## **STATUS SOLUTIONS FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Status Solutions Network, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE STATUS SOLUTIONS NETWORK, LLC'S AND ANY OF STATUS SOLUTIONS NETWORK, LLC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

(Print Name)

\_\_\_\_\_  
(Print Name, Title)

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

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

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



**EXHIBIT G**  
**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law is void.

Item 5 is supplemented to state that the we will defer collection of the Initial Franchise Fees until we have satisfied our pre-opening obligations to you, and you have commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

**AMENDMENT TO THE STATUS SOLUTIONS FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached Status Solutions Franchise Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:  
  
"Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."
2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:  
  
"Illinois law governs the terms of this Franchise Agreement."
3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:  
  
"Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."
4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:  
  
"To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control."
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.
6. Section 6.1.1 of the Franchise Agreement is hereby amended to state that Franchisor shall defer collection of the Initial Franchise Fee until Franchisor has satisfied its pre-opening obligations to Franchisee, and Franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

STATUS SOLUTIONS NETWORK, LLC

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE  
INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

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**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Maryland Franchise Law”). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Status Solutions Network franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.
2. Item 17 is amended to state:
  - (a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
  - (b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.
  - (c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).
  - (d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
3. Item 5 is supplemented to state:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**THE REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

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**AMENDMENT TO THE STATUS SOLUTIONS NETWORK FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Status Solutions Network Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee’s assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 5 or Section 16.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.
2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:  
  
“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*)”
3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:  
  
“Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.”
4. To the extent of any inconsistencies, Section 20.6 of the Franchise Agreement is hereby amended to further state:  
  
“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”
5. 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.
6. Section 6.1.1 of the Franchise Agreement is hereby supplemented with the following: “Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
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, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Status Solutions Network LLC

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

\_\_\_\_\_  
Michael MacLeod, Executive Sponsor  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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



**VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Item 5 is hereby supplemented to include the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Virginia	Pending
Wisconsin	November 7, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# EXHIBIT H

## RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Status Solutions Network, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Status Solutions Network, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Michael MacLeod 999 Country Line Road West, Suite A Westerville, OH 43082 866-846-7272		
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Issuance Date: April 29, 2024

I received a Disclosure Document dated April 29, 2024 that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments
- EXHIBIT C: Financial Statements of Status Solutions Network, LLC
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: Franchisee Acknowledgement Statement
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed receipt to **Status Solutions Network, LLC**,  
999 Country Line Road West, Suite A  
Westerville, OH 43082

# EXHIBIT H

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(If other than date signed)

DATE: \_\_\_\_\_

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

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

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

**KEEP FOR YOUR RECORDS**