



FRANCHISE DISCLOSURE DOCUMENT
Interim HealthCare Hospice Franchise Program

Interim HealthCare Inc., a Florida Corporation
1551 Sawgrass Corporate Parkway, Suite 230
Sunrise, FL 33323
(954) 858-6000
Steve.kwon@interimhealthcare.com
www.interimhealthcare.com

The franchisee, utilizing the trade name INTERIM HEALTHCARE HOSPICE, will operate a licensed/certified hospice business which provides end of life care and support services directly to eligible patients and their families in their place of residence, utilizing primarily licensed personnel such as physicians, registered nurses, licensed practical nurses and medical social workers; and other personnel such as bereavement, spiritual care and dietary counselors, volunteer coordinators, aides and companions. The franchisee may also provide pharmaceuticals and health care related home medical equipment, products and supplies to individuals to whom it is providing hospice services.

The total investment necessary to begin operation of an Interim HealthCare Hospice franchise ranges from \$384,750 to \$462,000. This includes \$68,000 to \$70,000 that must be paid to the franchisor or its affiliate.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Steve Kwon, Senior Vice President of Franchise Development, at Interim HealthCare Inc., 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, FL 33323 and 954-858-2782.

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

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: July 11, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	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 G.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Interim HealthCare Hospice business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be an Interim HealthCare Hospice franchisee?	Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 to continue to operate your franchise business.

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate with the franchisor in Florida than in your own state.
2. **Governing Law**. The franchise agreement states that Florida law governs each agreement, and this law may not provide the same protections and benefits as local law. You should compare these laws.
3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

**INTERIM HEALTHCARE
MICHIGAN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

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

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.**

- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.**

- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.**

- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN FIVE (5) YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, MARKETING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST SIX (6) MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.**

- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.**

- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.**
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:**
- (i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.**
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.**
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.**
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.**
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).**
- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.**

* * * *

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

*** * * ***

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

*** * * ***

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS:

**MICHIGAN DEPARTMENT OF COMMERCE,
CORPORATION AND SECURITIES BUREAU
6546 MERCANTILE WAY
P.O. BOX 30222
LANSING, MICHIGAN 48910.**

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913**

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

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Exhibits:

- A Interim HealthCare Hospice Franchise Agreement
- B Additional Disclosures Required by Certain States
- C Business Associate Agreement
- D Deposit Remittance Form
- E Agents for Service of Process
- F List of State Administrators
- G List of Franchises/Terminated Franchises
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- J Form of General Release
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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Interim HealthCare Inc. (“we” or “us” or “IHI”) is a Florida corporation, with our principal place of business at 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323. From 1967 through 2008 we provided permanent placement and temporary services of nursing and other health care personnel, non-medical support and companion care services, hospice services and health care related home medical equipment, products, and supplies. We have granted franchises to others to provide one or more of these services since 1968. We have not offered franchises in any other line of business.

The trade name under which we offer the franchises described in this Disclosure Document is: INTERIM HEALTHCARE HOSPICE®.

A list of our agents for service of process can be found in Exhibit E.

Parent

IHI is a wholly-owned subsidiary of IH Acquisition Corp. (“IHAC”). IHAC’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

IHAC is a wholly-owned subsidiary of Caring Brands International, Inc. (“CBII”). CBII’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBII is a wholly owned subsidiary of CBI U.S. Parent, Inc. (“CBIUSP”). CBIUSP’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIUSP is a wholly owned subsidiary of CBI U.S. Intermediate Co., Inc. (“CBIUSI”). CBIUSI’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIUSI is a wholly owned subsidiary of CBI U.S. Topco, Inc. (“CBIUST”). CBIUST’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIUST is a wholly owned subsidiary of CBI Parent, L.P. (“CBIP”). CBIP’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIP is a wholly owned subsidiary of CBI-Gator Acquisition, LLC (“CBIGA”). CBIGA’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIGA is a wholly owned subsidiary of CBI-Gator Holding, LLC (“CBIGH”). CBIGH’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIGH is a wholly owned subsidiary of CBI-Gator Intermediate Holding, Inc. (“CBIGIH”). CBIGIH’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

CBIGIH is a wholly owned subsidiary of CBI-Gator Parent, LLC (“CBIGP”). CBIGP’s principal business address is 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

Predecessors

IHI was incorporated on August 25, 1965, as Labor Pool Inc., of Miami, Florida. On March 3, 1966, our name was changed to The Management Pool, Inc. On July 25, 1967, our name was changed to Medical Personnel Pool, Inc. On June 23, 1992, our name was changed to Interim HealthCare Inc. More than a decade ago, we were owned by a company then known as Interim Services Inc. (“ISI”).

Affiliates

Bluebird Care Group Limited (“BCGL”), a limited entity registered in the United Kingdom and affiliated with IHI through common control by CBIP, through its wholly owned subsidiaries has conducted a business similar to our INTERIM HEALTHCARE franchise offering (described below) since 2003 and has offered franchises to operate a business similar to our INTERIM HEALTHCARE franchise offering since 2007. The businesses operated by BCGL, and its franchisees are all located within the United Kingdom and Ireland, and all operate under the name BLUEBIRD CARE. As of December 31, 2022, there were 215 Bluebird Care franchised units operating in the United Kingdom and 28 Bluebird Care franchised units operating in Ireland. BCGL’s principal business address is Charles House, Charles Street, Petersfield, Hampshire GU32 3EH.

Interim HealthCare Inc. (“Interim”) franchises the right to operate home health care and staffing agencies which provide permanent placement and temporary services of nursing and other health care personnel, non-medical support and companion care services and health care related home medical equipment, products and/or supplies under the name INTERIM HEALTHCARE. Interim or its predecessors have offered Interim Healthcare franchises since 1968. As of December 30, 2022, there were 237 franchise territories with 346 office locations and four (4) company-owned Interim Healthcare offices in operation in the United States. Interim’s principal place of business is located at 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

Just Better Care Australia Pty Limited (“JBCA”) franchises the right to operate home health care agencies which provide primarily non-medical personal support and companion care services in the home under the name JUST BETTER CARE. JBCA or its predecessors have offered

Just Better Care franchises since 2006. As of December 31, 2022, there were 44 franchised Just Better Care offices in operation in Australia. JBCA's principal place of business is located at Suite A, Level 3, 43-45 East Esplanade, Manly NSW 2095.

Caring Brands Australia Limited ("CBAL"), a limited entity registered in the United Kingdom and affiliated with IHI through common control by CBIP, through its wholly owned subsidiaries has conducted a business similar to our INTERIM HEALTHCARE franchise offering (described below) since 2005 and has offered franchises to operate a business similar to our INTERIM HEALTHCARE franchise offering since 2006. The businesses operated by CBAL, and its franchisees are all located within Australia, and all operate under the name JUST BETTER CARE. As of December 31, 2022, there were 44 Just Better Care franchised units operating in Australia. CBAL's principal business address is Charles House, Charles Street, Petersfield, Hampshire GU32 3EH.

Interim Agency Services, Inc. was formed on November 1, 2018, and is a wholly owned subsidiary of Interim Healthcare, Inc., that offers insurance products, specifically to satisfy the insurance requirements of an INTERIM HEALTHCARE franchise, in certain states to INTERIM HEALTHCARE franchisees.

Wellspring Capital Management Affiliated Franchise Program

On October 25, 2021, Wellspring Capital Management acquired CBI Parent, L.P. from Levine Leichtman Capital Partners. Through common ownership with investment funds controlled by Wellspring Capital Management, we are affiliated with the franchise programs listed below. None of these affiliates have offered franchises in any line of business other than as listed below and none of them have conducted a business similar to the Interim Healthcare that you will operate:

- (1) CBI Parent, L.P. is the direct or indirect parent company to the following franchisors:
 - a. Interim HealthCare Inc. ("Interim") franchises the right to operate home health care and staffing agencies which provide permanent placement and temporary services of nursing and other health care personnel, non-medical support and companion care services and health care related home medical equipment, products and/or supplies under the name INTERIM HEALTHCARE. Interim or its predecessors have offered Interim Healthcare franchises since 1968. As of December 30, 2022, there were 237 franchise territories with 346 office locations and four (4) company-owned Interim Healthcare offices in operation in the United States. Interim's principal place of business is located at 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.
 - b. Bluebird Care Franchise Limited ("BCFL") franchises the right to operate home care agencies which provide primarily non-medical personal support and companion care services in the home under the name BLUEBIRD CARE. BCFL or its predecessors have offered Bluebird Care franchises since 2007. As of December 30, 2022, there were 215 Bluebird Care franchised units operating in the United Kingdom and 28

Bluebird Care franchised units operating in Ireland. BCFL's principal place of business is located at Charles House, Charles Street, Petersfield, Hampshire GU32 3EH.

- c. Just Better Care Australia Pty Limited ("JBCA") franchises the right to operate home health care agencies which provide primarily non-medical personal support and companion care services in the home under the name JUST BETTER CARE. JBCA or its predecessors have offered Just Better Care franchises since 2006. As of December 30, 2022, there were 44 franchised Just Better Care offices in operation in Australia. JBCA's principal place of business is located at Suite A, Level 3, 43-45 East Esplanade, Manly NSW 2095.
- (2) Coverall North America, Inc. ("CNA"), a Delaware corporation, franchises the right to operate commercial janitorial franchises which provide various janitorial and cleaning services under the name COVERALL. CNA has offered Coverall franchises since 1985. As of December 30, 2022, there were 5,917 total franchised businesses (including sub-franchises of Master franchises and of that number 4,507 are CNA direct franchises). There are eight (8) master franchises Coverall offices in North America and two (2) in Japan. CNA's principal place of business is located at 350 SW 12th Avenue, Deerfield Beach, Florida 33442.

Our Business

Our principal business consists of granting franchises to others to provide permanent placement and temporary services of nursing and other health care personnel, non-medical support and companion care services and health care related home medical equipment, products and/or supplies, as we determine, using our service marks, trade names, business systems and procedures. We have described these services more fully below.

Overview

Under the trade name INTERIM HEALTHCARE HOSPICE, our franchisees operate a licensed/certified hospice business which provides terminal care and support services directly to eligible patients and their families in their place of residence, utilizing primarily licensed personnel such as physicians, registered nurses, licensed practical nurses, and medical social workers; and unlicensed personnel such as bereavement and spiritual care counselors, volunteer coordinators, aides and companions. The franchisee may also provide pharmaceuticals and health care related home medical equipment, products, and supplies to individuals to whom it is providing hospice services. In many instances, Interim HealthCare Hospice franchisees must obtain one or more licenses from the state(s) in which they operate in order to provide some or all of the hospice services authorized by the Franchise Agreement.

We established the Interim HealthCare Hospice Franchise Program described above in May 2013. The Interim HealthCare Hospice Franchise Program is the subject of this Disclosure Document.

Under the trade name INTERIM HEALTHCARE, our franchisees operate a business which provides the temporary services of health care personnel such as registered nurses; licensed practical nurses; nurse assistants; medical social workers; physical, occupational and speech therapists; home health aides; personal care aides; and companions to provide health care and support services directly to individuals, and as temporary staff to other health care providers and facilities. The franchisee may also provide health care related home medical equipment, products and supplies to individuals to whom it is providing health care services, and permanent placement services in health care related occupations to other health care providers and facilities. Interim HealthCare franchisees are not authorized to provide hospice services, or to provide temporary or permanent placement services with respect to physicians, chiropractors, doctors of osteopathy, dentists or similar professions. Interim HealthCare franchises are described in a separate franchise offering, and are not covered by this Disclosure Document.

Prior to 2010, we offered separate Interim HomeStyle Services franchises (under which the franchisee was authorized to provide non-medical companionship and support services to individuals, primarily by non-licensed personnel, under the name INTERIM HOMESTYLE SERVICES), and Interim HealthCare franchises, under which the franchisee was authorized to provide: (i) health care personnel staffing services to other health care providers and facilities (under the name INTERIM HEALTHCARE STAFFING), or (ii) home care services provided to individuals, primarily by licensed personnel (under the name INTERIM HEALTHCARE), or (iii) both. Other than as stated above we do not offer franchises in any other line of business.

The Franchise Offered

The Interim HealthCare Hospice Franchise Agreement described in this Disclosure Document (the “Franchise Agreement”) authorizes you (we will refer to individuals, partnerships, limited liability companies, corporations, and the owners of partnerships, limited liability companies and corporations as “you”) to operate a business (the “Franchise Business”) in which you will provide terminal care and support services directly to eligible patients within a specified Area, from one or more offices that may be located anywhere within the Area, utilizing primarily licensed personnel such as physicians, registered nurses, licensed practical nurses and medical social workers; and unlicensed personnel such as bereavement and spiritual care counselors, volunteer coordinators, aides and companions. You may also provide pharmaceuticals and health care related home medical equipment, products and supplies to individuals to whom you are providing hospice services. Under the terms of the Franchise Agreement, you must form a business entity to operate the Franchise Business. The name of the entity cannot include the word “INTERIM,” or any other trade name owned or utilized by IHI, without our prior written consent. The entity you form may not engage in any other business activities apart from operating the Franchise Business. Under the Franchise Agreement, you may use our specified trademarks, service marks and trade names, together with our procedures and business systems. The employees who provide the hospice services authorized by the Franchise Agreement will be employed directly by you. The customers to whom you provide the services authorized by the Franchise Agreement are developed and maintained under our proprietary marks and system, and the goodwill associated with them. Upon termination or non-renewal of the Franchise Agreement, all customers, contracted providers and goodwill may, at our option, belong to us. All obligations

you incur in connection with the provision of hospice services during the term of the Franchise Agreement are your obligations. You will pay us a monthly royalty calculated as a percentage of your sales of the products and services authorized by the Franchise Agreement. You will be required to conduct the Franchise Business at your sole responsibility and risk.

The market for the services you provide is developed and continues to evolve. You may compete with local and national companies which provide hospice services and related equipment, products and supplies. Although we currently have no operating company-owned outlets, in the future you may compete with company-owned outlets which provide the same services and products you are authorized to provide (see Item 12).

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your operations, including health, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment, and sexual harassment laws. Some states may require you to obtain a license to provide hospice services. You will be required to employ a licensed physician or doctor of osteopathy to provide medical oversight of the hospice business. In addition, some states may require one or more of the following: a local business license; a hospice license and a Certificate of Need. In the event that you elect to provide health care services to Medicare/Medicaid recipients, you will also need to obtain Medicare certification from the federal government.

You will need to comply with various federal, state and local laws that govern health care and health care providers, and you will need to obtain the various licenses, permits, and certificates required to provide the services which you are authorized to provide under the Franchise Agreement prior to commencing operation of the Franchise Business. These requirements vary from state to state. We do not provide assistance in determining which specific state laws apply to the Franchise Business. It is solely your responsibility to investigate these laws, and you alone are responsible for compliance despite any advice or information that we may give you. The following is a general description of laws and licenses that may be applicable to you and your business.

Health Insurance Portability and Accountability Act

You must comply with rules and regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). HIPAA is a federal law which provides for the protection of individually identifiable health information that is transmitted or maintained in any form or medium. HIPAA rules and regulations affect the day-to-day business operations of all organizations that provide medical care and maintain personal health information, including the Franchise Business.

Licensure

Many states impose licensing requirements on individual physicians and on certain types of health care providers and facilities. Many states require regulatory approval, including licenses to render care. Many states also require a Certificate of Need before establishing certain types of health care facilities or offering services, such as providing hospice services. To the extent they are applicable to the services which you are authorized to provide under the Franchise Agreement, you will need to comply with these state licensing laws. It may take twelve months or longer to obtain a license and/or accreditation required to provide the services you are authorized to provide under the Franchise Agreement, depending on the state(s) in which the services will be provided.

Corporate Practice of Medicine

The laws of many states prohibit business corporations from engaging in the practice of medicine. These laws vary from state to state and are enforced by the state courts and regulatory authorities with broad discretion. If prohibited by law, you may be unable to: (i) employ providers to provide health care services; (ii) represent to the public that you offer health care services; and (iii) control in any way the provision of health care services by providers. Because the laws governing the corporate practice of medicine vary from state to state, any expansion of the operations of the Franchise Business to a state, or to residents of a state, with strict corporate practice of medicine laws may require you to modify your operations.

Fee-Splitting Prohibitions

The laws of some states prohibit health care providers from splitting professional fees, i.e., sharing a portion of a professional fee earned by a health care provider for the provision of a health care service with a person, company, partnership or other entity that does not also provide the same type of health care services. These statutes are sometimes quite broad and as a result prohibit otherwise legitimate business arrangements. Many states also prohibit compensation arrangements when the amount received in payment for furnishing space, facilities, equipment or personnel services is based upon a percentage of, or is dependent upon, the income or receipts of the licensed professional. Other states only prohibit fee splitting arrangements that are based on referrals. Penalties for violating these fee-splitting statutes or regulations may include revocation, suspension or probation of a health care professional's license, or other disciplinary action, as well as monetary penalties. Alleged violations of the fee-splitting laws have also been used successfully by health care professionals to declare a contract to be void as against public policy.

State Anti-Kickback and Self-Referral Laws

Many states have enacted laws which prohibit payment for referrals and other types of "kickback" arrangements. These state laws typically apply to all patients regardless of their insurance coverage.

Several states have also enacted laws which prohibit physician self-referrals regardless of the patient's source of payment. Subject to certain limited exceptions, many states prohibit

referrals for health care services provided by or through licensed health care workers to an entity outside the health care worker's office or a group practice in which the health care worker (or a relative) is an investor, unless the health care worker directly provides health services within the entity and will be personally involved with the provision of care to the referred patient.

State Regulation of Insurance

Laws in all states regulate the business of insurance. Many states also regulate the establishment and operation of networks of health care providers. Many state insurance commissioners have interpreted their states' insurance statutes to prohibit entities from entering into risk-based managed care contracts unless there is an entity licensed to engage in the business of insurance in the chain of contracts. An entity not licensed to practice insurance contracting directly with a self-insured employer may be deemed to be engaged in the unlicensed business of insurance. You must obtain all required or appropriate licenses to the extent you contract to provide hospice services on a risk basis, such as based upon a capitation method.

Federal Medicare and Medicaid Related Regulation

There are a number of federal laws prohibiting certain activities and arrangements relating to services or items which are reimbursable by Medicare or Medicaid. The False Claims Act imposes civil liability on persons or corporations which make false or fraudulent claims for payment to the government. A violation of the False Claims Act may result in liability for severe monetary penalties and exclusion from the Medicare and Medicaid programs.

In addition, certain provisions of the Social Security Act, commonly referred to as the "Anti-Kickback Amendment," prohibit the offer, payment, solicitation, or receipt of any form of remuneration either in return for the referral of Medicare or state health program patients or patient care opportunities, or in return for the recommendation, arrangement, purchase, lease or order of items or services that are covered by Medicare or state health programs. The Anti-Kickback Amendment is broad in scope and has been broadly interpreted by courts in many jurisdictions. Read literally, the statute places at risk many otherwise legitimate business arrangements, potentially subjecting such arrangements to lengthy, expensive investigations and prosecutions initiated by federal and state governmental officials. In particular, the Office of the Inspector General of the U.S. Department of Health and Human Services has expressed concern that provider ownership in entities in a position to receive referrals of business reimbursable by Medicare or Medicaid from such health care providers may violate the Anti-Kickback Amendment.

Physicians and certain other health care providers who own a franchise will be subject to physician self-referral laws for services covered by Medicare and Medicaid programs by Congress in the Omnibus Budget Reconciliation Act of 1993. These prohibitions, commonly known as "Stark II," amended prior physician self-referral legislation known as "Stark I" (which applied only to clinical laboratory referrals) by dramatically enlarging the list of services and investment interests to which the referral prohibitions apply. Effective January 1, 1995, and subject to certain exemptions, Stark II prohibits a physician or a member of that physician's immediate family from referring Medicare or Medicaid patients to any entity providing "designated health services" in

which the physician has an ownership or investment interest, or with which the physician has entered into a compensation arrangement, including the physician's own group practice unless the practice satisfies the "group practice" exception. The designated health services include the provision of clinical laboratory services, radiology and other diagnostic services (including ultrasound services), radiation therapy services, physical and occupational therapy services, home medical equipment, parenteral and enteral nutrients, certain equipment and supplies, prosthetics, orthotics, outpatient prescription drugs, home health services and inpatient and outpatient hospital services. The penalties for violating Stark II include a prohibition on Medicaid and Medicare reimbursement and civil penalties of as much as \$15,000 for each violative referral, and \$100,000 for participation in a "circumvention scheme." The Stark laws do not currently apply to Hospice, but they, or similar legislation, may be made applicable to Hospice at some point in the future.

We strongly urge you to consult with competent local counsel, including health care legal advisors, regarding all of the laws and regulations described above, and others that may be applicable to you and your jurisdiction.

ITEM 2 **BUSINESS EXPERIENCE**

The following is a list of directors, trustees, general partners, principal officers, and any other individuals who will have management responsibility relating to the sale or operation of our business concerning the franchises described in this Disclosure Document. The principal occupation and business experience of each during the last five years, including the names and location of prior employers, are indicated below. Unless otherwise indicated, the location of the employer is Sunrise, Florida.

President and Chief Executive Officer: Paul Mastrapa

Mr. Mastrapa was named President and Chief Executive Officer in June 2023 and holds this position in Sunrise, Florida. Mr. Mastrapa also serves as a Healthcare Services Advisor, Board Member and Investor with PFM Healthcare Consulting and has held this position since March 2021. From September 2018 until March 2021, Mr. Mastrapa was Chief Executive Officer of Help at Home, LLC in the Chicago, IL area.

Chief Financial Officer: Derik Reynecke

Mr. Reynecke was appointed Chief Financial Officer in December 2022. From June 2022 to December 2022, Mr. Reynecke served as Chief Financial Officer for Care Advantage Inc. Prior to that, from January 2017 to April 2022, Mr. Reynecke served on the executive leadership team of Aveanna Healthcare as Senior Vice President Corporate Development and M&A Integrations. From May 2014 to December 2017, Mr. Reynecke served as Chief Financial Officer for CentricsIT. Mr. Reynecke started his career with Deloitte in 1998 and has provided services in various financial and operational capacities during his career.

Vice President Finance and Accounting: Keith Walsh

Mr. Walsh has held the role of Vice President, Finance and Accounting since October 2004 located in Sunrise, Florida.

General Counsel & Chief Compliance Officer: Patricia M. McGillan

Ms. McGillan was appointed General Counsel and Chief Compliance Officer in May 2022. From May 2019 to May 2022, Ms. McGillan served as the Chief Compliance Officer for Guardian Healthcare, Inc, a skilled nursing and post-acute service provider, located in Brockway, Pennsylvania. From January 2018-May 2019, Ms. McGillan was the principal of her own healthcare consulting firm. Prior to this role, she was employed with Kindred Healthcare, a healthcare provider company located in Louisville, Kentucky. From March 2016-December 2017, she was the Chief Counsel for the Nursing Center Division. From August 2002 to March 2016, Ms. McGillan was the Vice President, Patient Safety and Regulatory Compliance.

Chief People and Brand Officer: Steve Schildwachter

Mr. Schildwachter was appointed our SVP, Brand, in October 2022 and promoted to Chief People and Brand Officer in April 2023. Previously he was Chief Operating Officer of Franchise Performance Group from April 2021 to September 2022, Fractional Chief Marketing Officer for Restaurant.com from January 2021 to September 2021, Chief Marketing Officer for Museum of the Bible from July 2019 to December 2020, and Chief Brand Officer for BrightStar Care from July 2015 to July 2019.

Senior Vice President, Sales: Michael Moran

Mr. Moran is the Senior Vice President, Sales, beginning April 2023. Prior to this change, Mr. Moran has held roles at the Senior Vice President and Vice President level in Sales Development and Operations since July 2010. Mr. Moran started with Interim HealthCare in November 2009 as a Regional Consultant.

Senior Vice President of Franchise Development: Steve Kwon

Mr. Kwon was appointed Senior Vice President, Franchise Development in February 2021. From November 2016 to January 2021 Mr. Kwon served as Sr. Vice President of Franchising for Strategic Franchising Inc., and of its affiliates Caring Transitions, True Blue, The Growth Coach, Fresh Coat Painters, and Pet Wants located in Cincinnati, Ohio. Mr. Kwon also previously served as the owner of SK Franchising Inc., a franchise consulting firm in Irvine, California from September 2014 to December 2016. From February 2011 to September 2014, Mr. Kwon was the Executive Vice President of Franchising (U.S./CAN & International) for Mathnasium, LLC in Los Angeles, California.

Vice President, Operations: Kathy Garza

Ms. Garza has held the role of Vice President of Operations since April 2023. Previously, Ms. Garza has served as Regional Vice President of Franchisee Relations from October 2019 to March 2023. From November 1995-June 2019, Ms. Garza worked at IntrepidUSA Healthcare Services in various roles, including Administrator, Executive Director, and Regional Director of Operations.

Senior Vice President of Home Health and Hospice: Angie Rhoads

Ms. Rhoads has held the role of Senior Vice President of Home Health and Hospice since May 2020. She assumed primary support responsibility for startups (new Franchisees) and Expansion (for existing Franchisees adding service lines, such as Medicare home health care or hospice) in April 2021 with a title change in April 2023 to SVP, Startups and Expansions. She was VP of Hospice Services from April 2019 to May 2020. Prior to that time, she was Director of the Center for Integrative Care for Bayada Healthcare in Pennsauken, New Jersey from April 2017 to April 2019.

Chief Information Officer: Jim Glueck

Mr. Glueck has held the role of Chief Information Officer since March 2020 in Sunrise, Florida. Mr. Glueck served in a consulting role for us from April 2019 to February 2020 in Sunrise, Florida. Mr. From March 2019 to October 2019, Mr. Glueck served as COO of Bay-Infotech Inc. in Livermore, California. Mr. Glueck purchased a “Hammer and Nails Men’s Grooming” franchise in 2018, located in San Jose CA, where he serves as the President. Mr. Glueck also previously served as Group Vice President of Professional Services, Global Customers for MetricStream Inc. in Palo Alto, California from November 2016 to March 2019.

ITEM 3
LITIGATION

Litigation Involving Franchisor

Pending Litigation

Community Care Companions, Inc., Mark Gatién, and Alexander J. Caro v. Interim Healthcare, Inc. (United States District Court for the Eastern District of New York, Case No. 19cv4870 (DRH) (ARL)). Plaintiffs, existing home care operators operating under their existing entity, Community Care Companions, Inc., acquired several New York underperforming franchises after an extensive period of due diligence. Plaintiffs breached the franchise agreements, in several aspects, including by failing to license the acquired entities in the Interim name, instead converting the agencies to Community Care locations.

The Plaintiffs filed suit on August 27, 2019, as amended on October 17, 2019, and April 27, 2020, alleging breach of contract, breach of fiduciary duty, and violations of New York General Business Law seeking damages in excess of \$30,000,000. The court granted Interim's Motion to Dismiss the First Amended Complaint. Plaintiffs filed a Second Amended Complaint. On March 5, 2021, Interim filed its Answer, together with counterclaims against Plaintiff and a Third-Party Complaint against Plaintiff's two principals. The court granted a Motion for Partial Summary Judgment and dismissed eight (8) of 12 causes of action. Interim vigorously denies the allegations.

The remaining causes of action include breach of contract, breach of covenant of good faith and fair dealing under New York business statutes, fraud, and unjust enrichment. Such causes of action arise from, among other things, Plaintiff's breach of the non-compete related restrictive covenants, rebranding and trade name related obligations, and royalty payment obligations contained in the Franchise Agreements entered by the parties in October 2017. To date, Plaintiffs avoided making royalty payments. Interim intends on seeking payment through this litigation. To date, Plaintiff has failed and refused to rectify its non-compete, rebranding, and trade name breaches, and has similarly failed and refused to make any royalty payments. Interim's counterclaims and Third-Party Complaint therefore seeks, among other things, a cessation of and damages for Plaintiff's non-compete, trade name, and rebranding breaches of the Franchise Agreements, and payment of the past due and continually accruing royalties. A discovery schedule has been established with projected completion in 2023.

Falcon Healthcare, Inc., Brownwood Hospice LP, Great Plains Hospice LP, Waco Hospice LP, Permian Basin Hospice LP, Granbury Hospice LP, Bayou Homecare LP, Levelland Hospice LP, San Angelo Hospice LP, Falcon Panhandle Hospice LP, Plainview Hospice LP, Falcon South Plains Hospice LP, Falcon Holdings LTD, Interim Healthcare of West Texas, LLC, Central Texas Homecare, LLC, and New Mexico Healthcare Services, LLC (collectively, "Plaintiff") v. James Bullard and Interim Healthcare, Inc. (237th District Court, Lubbock County, Texas, Cause No. DC-2022-CV-0087). On January 20, 2022, Plaintiff filed a Petition and Request for Temporary Restraining Order and Permanent Injunctive Relief against James Bullard and Interim Healthcare, Inc. (the "Petition"). The Petition seeks, among other things, declaratory relief, a temporary restraining order and injunctive relief as well as damages in connection with claims for trespass, misappropriation / theft of trade secrets, tortious interference with contract, conversion, civil conspiracy and aiding and abetting against James Bullard and Interim Healthcare, Inc. The matter went to trial in September 2022 and a letter ruling issued that found Falcon had not breached the franchise agreements, that Interim had breached the agreements. The court has not issued a final decision pending the outcome of a trial on the issue of damages to be completed in 2023. Interim vigorously refutes the trial court findings and intends to appeal a final ruling.

Suit to Enforce In-Term Non-Compete

Interim HealthCare, Inc. v. J. Brandon Durbin, James Bullard, Jennifer Bullard, Falcon Healthcare, Inc., Interim Healthcare of West Texas, LLC, Capital Homecare LP, Central Texas Homecare, LLC and New Mexico Healthcare Services, LLC, No. 0:21-cv-62561-BB.

Suit to Collect Royalty Payments and Enforce Post-Termination Non-Compete

Interim HealthCare, Inc. v. ANA Healthcare, LLC, DF Healthcare Partners, LLC, Anthony Adinolfi and Christian Nickerson, No. 0:20-cv-62506-KMM, (S.D. of FL). Successful action to enforce non-compete and collect royalties for a terminated franchise.

Litigation Involving our Affiliate Coverall North America, Inc.

Concluded Litigation

United States of America v. Coverall North America, Inc. (Civil Action No. 94 C 1178). On March 18, 1994, a Consent Decree was entered in the United States District Court for the Northern District of Illinois. In voluntarily entering into the Consent Decree, Coverall North America, Inc. did not admit any liability for the alleged violations. The United States, on behalf of the Federal Trade Commission, alleged that Coverall North America, Inc. did not (i) make proper disclosures regarding its janitorial franchisees, (ii) should have included an earnings' claim disclosure in connection with the offer of customer contracts as part of the franchise package purchased by janitorial franchisees, and (iii) in some circumstances, did not wait the full ten (10) business days between furnishing an Offering Circular and executing a Franchise Agreement. Without admitting liability, Coverall North America, Inc. agreed to pay a civil penalty of \$100,000 and to be enjoined from not complying with the FTC's franchise disclosure rule. Coverall North America, Inc. includes certain information in Item 19 as agreed with the FTC.

Other than the actions described above, 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**

The initial franchise fee is \$60,000 ("Initial Franchise Fee"). You must pay us the entire initial franchise fee when you sign the Franchise Agreement. The initial franchisee fee, less the sum of \$35,000, will be refunded to you if you fail to complete our initial training program to our satisfaction, and as a result of such failure we elect to terminate the Franchise Agreement. Otherwise, no portion of the initial franchise fee is refundable after you sign the Franchise Agreement. All franchise fees are payable in lump sum, except as provided below.

You can reserve a specific territory for up to 30 days by paying a \$10,000 deposit and executing the Deposit Remittance Form attached to this Disclosure Document as Exhibit D. The deposit is fully earned and non-refundable upon receipt, in consideration of our reservation and removal of your territory from the market for 30 days and will be applied to your Initial Franchise Fee.

We offer a one-time discount of \$5,000 on the initial franchise fee to honorably discharged veterans of the United States Armed Forces. The \$5,000 discount is only available on the initial franchise fee for the first franchise purchased by a veteran.

We may discount the Initial Franchise Fee for new franchisees who purchase multiple franchise markets simultaneously. Furthermore, after you purchase your first franchise, you may be eligible for a \$10,000 discount on the Initial Franchise Fee for the second and each additional franchise that you purchase. To be eligible for this discount, you must pay the entire Initial Franchise Fee at the time you sign the franchise agreement for the additional franchise and must be in good standing. We may cancel or modify this discount policy at any time and the decision to sell multiple franchises is at Interim's discretion. The decision to grant additional territories is Interim's decision alone.

In addition to the Initial Franchise Fee, if we agree to expand the Area after the Franchise Agreement has been signed, you may be required to pay a fee of \$500 for each additional 1,000 people added to your Area due to the expansion, as more fully explained in Item 12 below.

Occasionally we may establish various franchise expansion programs, which are generally available only to existing franchise owners. These programs are intended to provide incentives for existing franchise owners to establish additional offices within their existing franchise territories, expand their existing franchise territories, acquire existing franchise operations from other franchise owners or expand into additional franchise territories. Under these programs, which are established and maintained at our sole discretion, initial franchise fees for additional franchise territories may be reduced, rebated or waived entirely, provided that the new franchise meets certain sales or other performance criteria. We do not currently offer any "standard" reduced-franchise fee incentives for new franchise owners.

We may also reduce or waive the initial franchise fee when the owner of an existing business that provides services similar to those authorized under the Interim HealthCare Hospice Franchise Program agrees to convert that business to an Interim HealthCare Hospice franchise.

Before opening for business, you must purchase certain insurance coverage required by the Franchise Agreement. You may, but are not required to, purchase a portion of such insurance under master policies administered by us. (See Item 8 for a description of master policies available to our franchisees). If you elect to purchase this insurance through our master policies, we estimate that pre-opening costs for these items will range from \$8,000 to \$10,000 per franchise. We are under no obligation to make master policies available to our franchisees in the future.

ITEM 6
OTHER FEES

Type of Fee	Amount	Date Due	Remarks
Monthly Royalty	5.25% of all sales.	The second Friday of each calendar month, for sales which occurred in the previous calendar month.	See Notes 1, 2, 3 and 4.
National Marketing Fee	1% of all sales.	The second Friday of each calendar month, for sales which occurred in the previous calendar month.	See Note 1.
Technology Fee	Once implemented, the then-current technology fee, which shall not be more than \$485 per month (the “Technology Fee”).	Invoiced monthly	Paid to us or our approved supplier.
Local Advertising	At least 1% of previous calendar year sales.	During calendar year.	You must spend, each calendar year, at least 1% of your total sales of the previous calendar year on local advertising.
Software Fees for EMR System	20% - 25% discount from the market rate/variable	Monthly	Paid directly to vendor
Indemnification	Will vary under circumstances.	Upon demand.	You must reimburse us for all losses and expenses resulting from certain of your acts or omissions.
Transfer Fee	One-third of then-current initial franchise fee	Upon transfer.	We have the right to condition any proposed sale or transfer upon your payment of a transfer fee equal to one-third of our standard initial franchise fee at the time of the

Type of Fee	Amount	Date Due	Remarks
			transfer, as well as various other transfer conditions set forth in the Franchise Agreement.
Renewal Fee	\$5,000	Upon renewal	You must pay a renewal fee equal to \$5,000 and satisfy various other conditions set forth in the Franchise Agreement to exercise your option to renew your Franchise Agreement.
Non-Compliance Fee	2% of all sales	On demand, following your failure to cure a default	If you are in default of your Franchise Agreement and you fail to timely cure the default, we may, at our option, charge a Non-Compliance Fee in the amount of 2% of your total sales, payable to us in the same manner as the Monthly Royalty. The Non-Compliance Fee will continue until the default is cured.
Sales Quota Deficiency	Will vary.	Within thirty days after we provide you written notice.	See Notes 3 and 4.
Annual Conference	Then-current fee	At time of conference	We may hold an annual conference and require you to attend the conference and to pay our then-current registration fee. All expenses, including transportation and lodging, meals, and salaries during the event, are your sole responsibility.

Notes:

1. Except as otherwise stated above, we impose and collect all fees. All fees are nonrefundable. Fees are uniformly imposed, except as referenced in Item 5 or below.

No royalties will be due on the first \$200,000 of sales by the Franchise Business. This royalty waiver on the first \$200,000 in sales is a one-time, non-recurring waiver. On all sales after the first \$200,000, and for the entire term of the franchise, you must pay us a monthly royalty equal to 5.25% of all your sales.

You must pay us a monthly national marketing fee equal to 1% of all sales. The National Marketing Fee will be used to manage, staff, administrate, purchase, rent, or otherwise acquire marketing services, technology, creative product, media space, or time for such marketing and promotional purposes, not limited to any medium.

You must pay us a late payment fee in the amount of \$25 for each payment due to us which is not received by us within five days after the date such payment is due. In addition to the late payment fee, any payment which is not received by us within 30 days after the date such payment is due, shall accrue interest from the date such payment is due until the date such payment is received by us, at the lesser of (i) one and one-half percent per month, or (ii) the maximum interest rate allowed by applicable law.

All amounts which you owe to us for monthly royalties, goods or services purchased from us or for any other reason, must be paid via electronic funds transfer (“EFT”). You must execute an EFT authorization in a form acceptable to your bank and to us, and such other documents as may be requested by us, the purpose of which will be to enable us to collect any amounts payable by you to us from your designated account via EFT. You must make deposits into the designated account sufficient to cover all amounts which you owe to us.

We will grant you a credit for monthly royalties which you have paid on sales which are ultimately deemed to be uncollectible, provided that you timely provide us with all required information and documentation regarding such uncollectible accounts as required by the Franchise Agreement. You must submit monthly royalty reports to us throughout the term of the Franchise Agreement, and any extension of the Franchise Agreement. Occasionally we implement incentive or other programs which may reduce the amount of your monthly royalty payment. We may change these programs at any time in our sole discretion.

2. As used in this Disclosure Document, “sales” means the U.S. Dollar equivalent of all billings (whether collected or not) to customers for the services and products you provide, including liquidated damages that customers pay in connection with the hiring of employees that you provide, but excluding sales taxes or other taxes which you may be required by law to collect from customers.
3. You are not required to pay these fees on sales which occur during the period ending 90 days after the earlier of: (a) the date by which you must open the office described in Section

8.1 of the Franchise Agreement; or (b) the date on which you actually open the office, whichever occurs first.

4. We will determine the “Market Quota” applicable to the franchise. The annual sales quota of your franchise will be calculated as a percentage of the Market Quota.

The Market Quota will be determined on a case-by-case basis prior to execution of the Franchise Agreement, and will be based on such factors as the age demographics of the Area, the number of physicians practicing within the Area, estimated payor source reimbursement rates, the number of competitors providing like services within the Area, the approximate number of hospital beds contained in the Area, and the number of health care facilities located within the Area.

Your sales quotas shall be as follows:

First Calendar Year beginning after the Opening Date:	10% of the Market Quota
Second Calendar Year beginning after the Opening Date:	20% of the Market Quota
Third Calendar Year beginning after the Opening Date:	30% of the Market Quota
Fourth Calendar Year beginning after the Opening Date:	40% of the Market Quota
Fifth Calendar Year beginning after the Opening Date:	50% of the Market Quota
Sixth Calendar Year beginning after the Opening Date:	60% of the Market Quota
Seventh Calendar Year beginning after the Opening Date:	70% of the Market Quota
Eighth Calendar Year beginning after the Opening Date:	80% of the Market Quota
Ninth Calendar Year beginning after the Opening Date:	90% of the Market Quota
Tenth Calendar Year beginning after the Opening Date:	100% of the Market Quota

If the Franchise Agreement provides that the Franchise Business must be established prior to September 1st, we may establish prorated sales quotas for the first partial calendar year of your operation of the Franchise Business.

The annual sales quotas must be attained or surpassed during each calendar year. If you do not attain your sales quota in any calendar year, you must pay us an amount equal to the product of the amount by which your actual sales during the calendar year fell short of your sales quota for the same calendar year, multiplied by a fraction. The numerator of the fraction will equal the amount of royalties payable to us based on your actual sales during the calendar year, and the denominator of the fraction will equal your actual sales during the same calendar year. Payment is due within thirty days after we mail you written notice of the amount due, and your failure to pay the amount due in a timely manner constitutes a default under the Franchise Agreement.

5. We may agree to reduce, waive or “phase-in” these fees when the owner of an existing business which provides services similar to those authorized under the Interim HealthCare Hospice Franchise Program agrees to convert that business to an Interim HealthCare Hospice franchise.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

This following chart estimates your initial investment for an Interim HealthCare **Hospice** Franchise Business with a single office location. Please review these charts together with the notes that follow.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (notes 1, 14)	\$60,000	Lump Sum	Upon Execution of Franchise Agreement	Us
Real Property (notes 2, 13)	\$1,000 to \$2,500	Monthly	As Arranged	Lessor directly, or us as sub-lessor
Leasehold Improvements, Furniture, Fixtures (notes 3, 13, 14)	\$2,000 to \$5,000	As Arranged	As Incurred	Contractor, Suppliers
Equipment (notes 4, 13, 14)	\$2,500 to \$3,500	As Arranged	Before Opening	Suppliers
Opening Marketing (notes 5, 14)	\$3,000 to \$4,500	As Arranged	Before Opening	Suppliers
Training Expenses (note 6)	\$0 to \$2,500	As Arranged	As Arranged	Suppliers
Start-up Supplies (notes 7, 13, 14)	\$1,000 to \$1,500	As Arranged	As Incurred	Suppliers
Insurance (notes 8, 13)	\$8,000 to \$10,000	As Arranged	As Incurred	Us or Insurers
Utility Deposits (notes 9, 13)	\$150 to \$500	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees (note 10)	\$1,500 to \$5,000	As Arranged	As Incurred	Professionals
Business License (notes 11, 14)	\$1,000 to \$4,000	As Arranged	As Incurred	Government Agency
Regulatory Fees (note 15)	\$1,000 to \$2,000	As Arranged	As Incurred	Government Agency

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Accreditation Fees (note 16)	\$4,100 to \$7,500	As Arranged	As Incurred	Suppliers
Vehicle Wrap Marketing Program (note 17)	\$2,500 to \$5,000	As arranged	Before Opening	Suppliers
Additional Funds (note 12) (9-12 months)	\$297,000 to \$348,500	Varies	Varies	Varies
TOTAL	\$384,750 to \$462,000			

Notes:

Except as otherwise described below, all expenses are non-refundable.

1. Please see Item 5 of this Disclosure Document for a description of the initial franchise fee. We do not provide direct or indirect financing to franchisees for the initial franchise fee or any other items. The amount of the initial franchise fee may occasionally be reduced or waived under expansion programs offered to existing franchise owners who wish to establish additional franchises. We may also discount the initial franchise fees for new franchisees who purchase multiple franchise markets simultaneously. There are currently no “standard” reduced franchise fee incentives offered.
2. You do not have to purchase real estate for the Franchise Business. We assume you will operate the Franchise Business from an office building of any size in either a downtown or suburban area. The cost of leasing space will vary depending primarily upon the location. You will initially need approximately 1,000 square feet of space for the Franchise Business. You may also be required to pay security deposits and one or more month’s rent in advance.
3. You may lease or purchase office furniture and fixtures. The cost will vary depending on the location and quality.
4. You will need to purchase or lease certain items of equipment including telephones and a telephone system. If you are required to utilize an Approved Software System, you will need to purchase a computer system which meets the minimum system requirements of the Approved Software System, as well as a high-speed connection to the internet necessary to access the Approved Software System. You will need to purchase any upgrades or replacement computer equipment necessary to operate the Franchise Business.

5. You must advertise for recruitment and client generation. Where possible, these advertisements should be placed prior to the opening of the Franchise Business.
6. We require that you and the Hospice Administrator who will be employed in the Franchise Business attend our initial training program, which may be conducted in person or virtually at our discretion. You will incur expenses associated with our initial training program (see Item 11 for additional details regarding our initial training program). For this training program, we provide instructors and instructional materials. You must pay for transportation, lodging, food, and wages for you and your employee(s). The cost will depend on the distance you must travel to the training location and the type of accommodation you choose. If you are required to utilize an Approved Software System, and you require training beyond the initial training provided by the software provider at no charge (if any), you will also incur expenses associated with such training.
7. You will need to purchase an initial supply of the printed materials needed for the operation of the Franchise Business as well as other general office supplies.
8. You must obtain and maintain the types and initial minimum amounts of insurance described in the Franchise Agreement. The amount in the table above represents estimated pre-opening expenses. In rare circumstances, you may need to pay the entire annual premium initially.
9. You may need to provide deposits for utilities. The amount of the deposits will vary depending upon the location of the Franchise Business and the practices of the utility companies. These deposits may be refundable.
10. You may need to consult with an attorney, accountant, and other consultants. You will need to obtain accreditation from an approved accrediting body such as the Community Health Accreditation Program.
11. See Item 1 for a description of licenses you may need to obtain.
12. You will need to support on-going expenses, such as monthly royalties, software fees, advertising expenses, office and care giver payroll and utilities, to the extent these costs are not covered by sales revenue. The amounts listed above contemplate that the office will be staffed by you (at no salary), and required core staff to include, on a full or part-time basis, an Administrator, a Medical Director, a Registered Nurse, a Medical Social Worker, a Home Health Aide, a Bereavement Coordinator, a Volunteer Coordinator, a Counselor and an Administrative Assistant. New businesses often generate negative cash flow. We estimate that the amount stated will be sufficient to cover on-going expenses for the initial phase of the business, which we calculate to be nine to twelve months. This is only an estimate, however, and there is no assurance that you will not need additional funds during or after this initial phase. Local market conditions will affect the amount of additional funds you need. When preparing these figures, we relied on forty-eight years of experience in franchising, fifteen years of experience in licensing, and experience with

company-owned home health care and staffing outlets which we operated prior to 2009 as well as the experience of our franchisees.

13. The amounts listed in the table above contemplate the establishment of a single Franchise Business office within the Area. Under the Franchise Agreement, you are only required to operate a single office in your Area (except in certain cases involving the expansion of the Area after the Franchise Agreement has been signed). You may, but are not required to, open additional office(s) within the Area at any time, at your expense.
14. We may reduce or waive the initial franchise fee when the owner of an existing business which provides services similar to those authorized under the Interim HealthCare Hospice Franchise Program agrees to convert that business to an Interim HealthCare Hospice franchise. Certain other costs listed above may be wholly or partially inapplicable in such conversions, since the franchise business will not be a “start-up” operation and will have incurred those costs prior to the date of conversion.
15. The cost to obtain a hospice license (where required) will vary depending on state licensure regulations, and the process of obtaining a license, Medicare certification and accreditation may require an extended period of time to complete. We recommend you or your advisors contact your state’s Department of Health to determine the cost, time and process required to obtain a hospice license and Medicare certification prior to signing a franchise agreement.
16. You will need to be accredited by an accrediting body or a deeming authority in order to participate in Medicare/Medicaid and other programs through the Centers for Medicare and Medicaid Services.
17. You must participate in our Vehicle Wrap Marketing Program throughout the term of the Franchise Agreement. Our Vehicle Wrap Marketing Program consists of the application of a vehicle “wrap” which prominently displays the INTERIM HEALTHCARE trade name and promotes the services authorized by the Franchise Agreement. You will need to lease or purchase a vehicle which has been approved by us for use in our Vehicle Wrap Marketing Program. However, you may use your own vehicle if that vehicle meets our standards and specifications. For purposes of the estimates provided in the table above, we assume that you lease the vehicle. If leased, we estimate that lease payments will be \$200 to \$300 per month. You may be required to make a deposit in connection with the vehicle lease.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Under the terms of the Franchise Agreement, you may be required to use an Approved Software System, an Approved Customer Relationship Management (CRM) System and an Approved Quality Assessment Performance Improvement (QAPI) Data Management and Reporting System in connection with the operation of the Franchise Business. We will provide

you with a list of our Approved Software Systems, Approved CRM Systems, if any, and Approved QAPI Data Management and Reporting Systems upon request, and additional information is included in Item 11. You must use an Approved Software System in connection with the operation of the Franchised Business. Currently, Axxess is the only Approved Software System for new franchisees.

Other than as described above or in Item 6, you do not have to purchase any goods or services from us or from suppliers we designate or approve.

We may make certain forms, brochures, and promotional materials available for purchase by you, but you will not be required to purchase any such products from us. Our affiliate, Interim Agency Services, Inc. is an approved supplier of certain insurance products, however there is no requirement that you purchase any insurance products through our affiliate. No other affiliate is an approved supplier of any goods or services.

If you lease the premises for the office, the lease must specifically provide that it will be assignable to us, at our sole discretion, upon termination of the Franchise Agreement for any reason. If you lease the premises in accordance with our specifications, we estimate lease expense will represent approximately 10% to 20% of your total purchases and leases in establishing the Franchise Business, and 10% to 20% of your total purchases and leases in the continuing operation of the Franchise Business.

We will maintain an internet presence (including, but not limited to, the web and social media) for the purpose of promoting the services authorized by the Franchise Agreement and providing additional information to potential and existing clients and employees of the Franchise Business. You will be entitled to include our internet address in marketing and promotional items such as business cards, brochures, letterhead, etc. You may not establish an internet website or social media page utilizing any of our trade names or service marks, or any variation or derivation of such trade names or service marks, for any purpose. You may not establish your own internet website or social media presence for use in connection with the Franchise Business without our prior written consent. You must grant us full administrative access to any social media in which you engage in connection with the Franchise Business, and we maintain the right to approve, disapprove or modify any activity or presence on the internet by you which has a potential to impact the INTERIM HEALTHCARE HOSPICE brand. Periodically, we will issue policies regarding social media or website management which will require your adherence. You may not provide access to any proprietary material owned by us to any third party, for any purpose, without our prior written consent.

Although you may purchase them from any supplier, you must purchase all business forms, marketing, brochures, promotional material and similar materials in accordance with our specifications, which we may revise from time-to-time. If you do not purchase these items from us, we must approve them before you use the materials. We will notify you within thirty days of the date you submit materials for review if we do not approve them. If we do not notify you within such 30-day period, the materials are deemed approved. We will provide you with certain manuals which describe our specifications for the proper use of the trade names and service marks in marketing materials. We estimate that the purchase of these materials in accordance with our

specifications will represent approximately 0% to 1% of your total purchases and leases in establishing the Franchise Business, and 1% to 3% of your total purchases and leases in the continuing operation of the Franchise Business.

You must purchase from financially responsible insurance companies, and continually maintain certain insurance coverage for the operation of the Franchise Business. The required coverage is usually available from a number of sources, which are not subject to our approval. IHI currently administers its own corporate insurance program, and certain insurance coverage is made available to our franchises under corporate policies which we secure and maintain. Premiums and other charges associated with these corporate insurance policies are allocated to participating franchised offices. Some portion of the allocations paid by participating franchised offices may be held in an account used to pay claims within a deductible or self-insured retention associated with one or more of the corporate insurance policies. Any such claims would be paid on a “first adjudicated” basis until the account is exhausted. During our last fiscal year ended December 30, 2022, insurance related expenses incurred on behalf of franchisees (excluding internal administrative expenses) exceeded the premiums charged to franchisees. We may add to, revise, or otherwise modify any of the insurance requirements, including the applicable minimum limits set forth in the Franchise Agreement at any time in our sole discretion, and you must comply with such modified insurance requirements.

A separate surety bond may be required for each Medicaid provider number. Medicaid surety bonds will be enforced by the state Medicaid agencies. Our Risk Management Department will assist you in obtaining Medicaid surety bonds, if necessary. However, we do not guarantee that we can obtain a bond for every franchised office. We do not assume any liability, nor will we provide any required financial guarantees, under these bonds. Currently, the Centers for Medicaid and Medicare Services do not require that a surety bond be obtained in connection with hospice certification or a provider number. Some jurisdictions may require you to obtain a bond in order to secure your license.

We do not receive payment from any designated supplier based on purchases by our franchisees. We have negotiated purchase arrangements, including price terms, with suppliers for the benefit of our franchisees. We do not provide material benefits to franchisees based on their use of designated or approved sources. We may periodically assist our franchisees in organizing purchasing cooperatives.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	§8.1 of Franchise Agreement	Items 7, 8 and 11
b. Pre-opening purchases/leases	§§8.7 and 8.8 of Franchise Agreement	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	§8.1 of Franchise Agreement	Items 5, 7 and 11
d. Initial and ongoing training	§§7.1, 8.12 and 8.13 of Franchise Agreement	Items 7 and 11
e. Opening	§8.1 of Franchise Agreement	Item 11
f. Fees	§§11.1, 11.2, 11.3, 12.2 and 15.3 of Franchise Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manuals	§§7.1, 8.4 and 8.5 of Franchise Agreement	Items 8, 11 and 14
h. Trademarks and proprietary information	§§1, 3, 4, 8.4, 16.1 and 16.3 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	§1 of Franchise Agreement	Items 8 and 16

Obligation	Section in Agreement	Item in Disclosure Document
j. Warranty and customer service requirements	§8.1 and 8.2 of Franchise Agreement	Item 16
k. Territorial development and sales quotas	§§12.1, 12.2, 12.3 of Franchise Agreement	Items 6, 12 and 17
l. Ongoing product/service purchases	§§8.7, 8.14, 8.15 and 8.16 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	§8.1 of Franchise Agreement	Item 7
n. Insurance	§§7.1 and 8.8 of Franchise Agreement	Items 5, 7 and 8
o. Advertising	§§7.1 and 8.9 of Franchise Agreement	Items 5, 6, 7, 8 and 11
p. Indemnification	§9 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	§6.2 of Franchise Agreement	Item 15
r. Records and reports	§§8.10 and 8.11 of Franchise Agreement	Item 6
s. Inspections and audits	§8.11 of Franchise Agreement	None
t. Transfer	§§14, 19.2 and 19.3 of Franchise Agreement	Item 17
u. Renewal	§13 of Franchise Agreement	Item 17
v. Post-termination obligations	§§8.6, 10 and 16 of Franchise Agreement	Item 17
w. Non-competition covenants	§10 of Franchise Agreement	Item 17
x. Dispute resolution	§18 and 19.5 of Franchise Agreement	Item 17

Obligation	Section in Agreement	Item in Disclosure Document
y. Taxes/permits	§§8.6 and 8.10 of Franchise Agreement	Item 7

ITEM 10 FINANCING

IHI does not offer, either directly or indirectly, any financing arrangements to its franchisees, does not currently intend to offer, either directly or indirectly, loans or other financing to its franchisees in the foreseeable future and does not guarantee your notes, leases or other obligations. Furthermore, IHI is unable to predict whether you will be able to obtain financing for any part or all of your investment, and if so, the terms of such financing.

ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, MARKETING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Before you begin operation of the Franchise Business, the Franchise Agreement requires us to provide the training we deem necessary for your conduct of the Franchise Business. (Franchise Agreement, §7.1(a)). You must complete our initial training program to our satisfaction prior to opening the Franchise Business.

Continuing Obligations

During your operation of the Franchise Business, the Franchise Agreement requires us to provide the following assistance and services to you:

1. Provide you with appropriate manuals. (Franchise Agreement, §7.1(b)).
2. Keep you informed about new developments and procedures in the operation of the Franchise Business. (Franchise Agreement, §7.1(c)).
3. Assist in the development and preparation of sales and promotional programs, campaigns and materials. (Franchise Agreement, §7.1(d)).
4. Analyze periodically the sales program, promotional efforts, financial status, and other aspects of your business, all based on data you submit, and make suggestions based on this analysis. (Franchise Agreement, §7.1(e)).

5. Counsel and assist you in the administration of your insurance program and claims, and the handling of your payroll taxes and unemployment claims, based upon information you submit. (Franchise Agreement, §7.1(f)).

6. We reserve the right, though we are not required, to hold an annual conference. We will determine the topics and agenda for the conference. We may require you to attend the conference, and you may be required to pay our then-current registration fee. All expenses, including transportation and lodging, meals, and salaries, are your sole responsibility. (Franchise Agreement, §7.1(g)).

Computer System

You are not required to purchase or use any specific electronic cash register, computer hardware or similar equipment or materials in connection with the operation of the Franchise Business, although, as a practical matter, most franchisees do elect to utilize such equipment and materials in their internal day-to-day operations.

If we designate a customer relationship management system (an “Approved CRM System”), you must use the Approved CRM System. You will be responsible for all user or other fees incurred in connection with use of an Approved CRM System, and for purchasing or licensing any third-party software, programs, content, documentation, equipment, hardware or other products that are determined by us as being necessary or desirable for the use and operation of an Approved CRM System. If you are an existing Interim HealthCare or Interim HealthCare Hospice franchisee, and you are not required by the terms of at least one Interim HealthCare or Interim HealthCare Hospice Franchise Agreement owned by you to utilize an Approved CRM System, you may decline to utilize an Approved CRM System in connection with any additional Interim HealthCare or Interim HealthCare Hospice franchise(s) you may acquire.

If you are a new franchisee, we may require you to utilize an Approved Software System throughout the period during which the Franchise Agreement is in effect. We may, but are not required to, maintain a list of Approved Software Systems, and we may add software systems to, or remove software systems from, our list of Approved Software Systems at any time in our sole discretion. An Approved Software System may be a proprietary software system developed and/or owned by us, by a subsidiary or affiliate of ours or by an unrelated third party. We will notify you in writing of any changes to our list of Approved Software Systems. In the event that an Approved Software System being utilized by you is removed from our list of Approved Software Systems, you will have 120 days from your receipt of written notice of such removal in which to convert to a different Approved Software System. In the event that there are no software systems designated as approved by us, you may use a software system of your choice until such time as we notify you in writing that we have designated an Approved Software System. You will have 120 days following your receipt of such notice in which to convert to an Approved Software System. We have not yet developed our list of Approved Software Systems for use in the operation of an Interim HealthCare Hospice Franchise Business.

Any hardware costs associated with a modification to an Approved Software System or associated with your conversion to a different Approved Software System for use in connection with the Franchise Business, must be paid by you. If one or more function(s) that are reasonably required in connection with the operation of the Franchise Business are not supported by the Approved Software System which you are utilizing you may, with our prior written consent, utilize other commercially available software to support such function(s), in conjunction with the Approved Software System which you are utilizing.

We have independent, unlimited access to the information generated in connection with any Approved Software System and there are no contractual or other limitations on our right to access such information. If you collect information or data regarding the Franchise Business through electronic means outside of an Approved Software System, we have the right to access, inspect and copy those records as specified in §8.11 of the Franchise Agreement.

If you are an existing Interim HealthCare or Interim HealthCare Hospice franchisee, and you are not required by the terms of at least one Interim HealthCare or Interim HealthCare Hospice Franchise Agreement owned by you to utilize an Approved Software System, you may decline to utilize an Approved Software System in connection with any additional Interim HealthCare Hospice franchise(s) you may acquire.

If we designate a quality assessment performance system (an “Approved QAPI System”), you must use the Approved QAPI System. You will be responsible for all user or other fees incurred in connection with use of an Approved QAPI System, and for purchasing or licensing any third-party software, programs, content, documentation, equipment, hardware or other products that are determined by us as being necessary or desirable for the use and operation of an Approved QAPI System. Currently, Interim has not designated a QAPI system.

We anticipate that your computer system will cost approximately \$3,400. You may purchase your computer system from any vendor, as long as the computer system meets the requirements of the Approved Software System which you are utilizing. Any expenses you incur in connection with the purchase, operation, repair, maintenance or upgrading of your computer system will be your sole responsibility. In addition, you will be required to pay for Internet access (the cost of which varies based on the type of access and the provider), and a software user fee for use of any Approved Software System which you are utilizing. We estimate that your annual maintenance, updating, upgrading and other computer support will be approximately \$1,000, exclusive of user fees. We will require that you use the assigned Interim Healthcare email address.

Other than as described above, we do not recommend any specific computer hardware or software to our franchisees. However, occasionally we may review certain software packages, and, to the extent these items appear to meet the needs of our franchisees, we may provide software vendors with the means to contact our franchisees for informational purposes (e.g., at national franchisee meetings). Such referrals do not constitute a recommendation on our part. Also, we have no obligation to upgrade and/or update any hardware or software during the term of the franchise.

Marketing Fund

National Marketing Fee

You are required to contribute one percent (1%) of weekly sales to our national marketing fund (the “Fund”). Depending on the form of franchise agreement executed, not all franchisees are required to contribute the same amounts. We will administer the Fund to meet certain costs related to disseminating the marketing in national print, television, and electronic media, and make materials available for your use in direct mail and other promotions, and for your local and/or regional marketing needs. The Fund may also be used to cover the costs and fees associated with preparing and producing video, audio, and written materials and electronic media, website maintenance and development, internet advertising, administering marketing programs, public relations, market research, and other marketing activities. We use national and regional marketing agencies to produce advertisements. We do not have the marketing fund audited. We are not required to spend any amount on marketing in your Area. We will not use any money from the marketing fund to purchase marketing that is principally a solicitation for the sale of franchises. Franchisor-owned outlets are not required to contribute to the Fund. The Fund is not audited and we will provide you with an unaudited copy of the summary of the Fund’s expenditures within 120 days of written request. Except as described above, neither we nor any affiliate receives any payment for providing goods or services to our marketing program. (§§7.3 and 11.1(c) of the Franchise Agreement.)

During our prior fiscal year, we did not collect or expend any Fund contributions.

Marketing Council

We have a marketing council that includes existing franchisees and advisors and serves in an advisory capacity to us. We have the power to form, change, or dissolve the advertising council at any time. We reserve the right to alter how council members are selected as set forth in our Manual.

Advertising Cooperative

We do not require you to participate in local or regional marketing cooperatives.

Local Advertising

You must make local marketing expenditures each year in an amount not less than 1% of your prior year’s sales. All of your marketing materials (including through social media) must be in media we approve and must conform to the standards and requirements set by us. Local marketing expenditures may include local customer and temporary employee recruitment marketing and other collateral materials (see Item 6). You must submit to us for prior approval samples of all marketing and promotional materials not prepared or previously approved by us. You must obtain our approval of the materials in writing before using them. We will notify you within 30 days of the date you submit materials for review if we do not approve them. If we do

not notify you within such 30-day period, the materials are deemed approved. You may not use any other mark, name, commercial symbol, or logo in connection with the operation of your franchise.

Vehicle Wrap Program

You must participate in our Vehicle Wrap Marketing Program throughout the term of the Franchise Agreement. Our Vehicle Wrap Marketing Program consists of the application of a vehicle “wrap” which prominently displays the INTERIM HEALTHCARE trade name and promotes the services authorized by the Franchise Agreement. If you do not have a vehicle that meets our standards and specifications, you will need to lease or purchase a vehicle which has been approved by us for use in our Vehicle Wrap Marketing Program. You must also purchase the vehicle “wrap” and pay all installation charges. You will have a period of three (3) months from the execution of your Franchise Agreement to fulfill the Vehicle Wrap Marketing Program Requirements. Interim may grant an extension upon written request during New Owner Training.

Occasionally we may implement incentive programs in which we may reimburse a portion of your advertising expenses if you meet certain criteria. These programs are subject to change in our sole discretion.

Manuals

Prior to purchasing a franchise, you must attend a virtual “Discovery Day.”

If you execute a Franchise Agreement, we will provide electronic access to the confidential Operations manual (the “Operations Manual”). The Table of Contents of the Operations Manual is included as Exhibit I in this Franchise Disclosure Document. The Operations Manual is currently 267 pages.

Site Selection

We will provide you with our standards and specifications for an office location for the Franchise Business. When you execute the Franchise Agreement, we will assist you in securing a desirable office location and recommend best practices in your lease negotiation. If you request, we will review and comment on your proposed lease. The site selection is ultimately yours to make, however, you must first obtain our prior written approval.

Opening the Franchise Business

We estimate that the typical length of time between signing the Franchise Agreement and opening the Franchise Business will be from six to nine months. However, depending on the state(s) in which the services authorized by the Franchise Agreement will be provided, it could be up to eighteen months or more. Factors which may affect this time period include the availability of training classes, ability to obtain an office location, execution of a lease, securing any necessary

business licenses and/or permits, which service line you choose, obtaining required accreditation and certification and timing of office build-out.

Training

Generally, within 30 days before you open the Franchise Business (and after you have completed certain steps determined by us to be necessary in connection with the establishment of the Franchise Business, such as securing appropriate office space and obtaining all necessary licenses and similar authorizations), we will provide you with a mandatory training program. This training program will consist of up to 40 hours of classroom training at our headquarters in Sunrise, Florida, and up to 40 hours of on-site training at your office location. We reserve the right to offer any portion of all of the training program virtually.

Both the majority owner and any manager must complete our initial training program to our satisfaction prior to opening the Franchise Business. If we determine, in our sole discretion, that you did not successfully complete the initial training program to our satisfaction, we have the right to (i) require you to attend additional training, at your sole expense, until you demonstrate a level of skill sufficient to establish the Franchise Business, or (ii) terminate the Franchise Agreement. If we elect to terminate the Franchise Agreement, we will refund the initial franchise fee paid by you, less the sum of \$35,000, which we will retain as compensation for the expenses we incurred in connection with the initial training program. If we terminate the Franchise Agreement as a result of your failure to complete our initial training program to our satisfaction, you must comply with the post-termination non-competition and non-disclosure provisions contained in the Franchise Agreement.

When you open the Franchise Business, we will assign one of our representatives to your office, at our expense, for up to one (1) week to provide you on-the-job training and assistance. We will conduct our initial training program as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Operations/Marketing/Sales	Up to 40	0	Virtual
On-the-Job-Training	0	Up to 40	Virtual or Your Office

We conduct our initial training program as needed.

The initial training program for new owners is directed by the Senior VP of Start Up and Expansions, Angie Rhoads, and includes a faculty drawn from departments within the National Support Center. Ms. Rhoads has decades of training experience and has led the new owner training since April 2021. The training materials include a Training Manual, PowerPoint slides, handouts, job aids, case studies, simulations, and video presentations. These proprietary materials will be provided to you by other electronic access through our intranet portal, called ORCA. Each training instructor will have at least six (6) months of experience in the topics they are teaching.

After you begin operation of the Franchise Business, we will provide additional training to you or your employees, at your expense, subject to training course availability dates. In addition, we occasionally conduct national and regional meetings, at which we may provide training on such subjects as sales, advertising and marketing, operating procedures, and insurance developments. We may make your attendance at any of these meetings mandatory, but you will not be required to spend more than five (5) days attending these meetings during any calendar year. Since the training referred to above is provided on an as-needed basis, it is not scheduled at regular intervals. Generally, such meetings will occur between one (1) and four (4) times per year. These training sessions will typically last between one (1) and five (5) days and may be provided at our headquarters office in Sunrise, Florida. In some cases, training is provided at regional locations throughout the country. For instance, if we make a training program available, and most of the franchisees who are interested in receiving the training are located in a specific region, it may be more cost-efficient for the trainer to travel to that region. In those cases, training may be provided at a franchisee's office, or a hotel conference room or similar space rented on a short-term basis.

For all required initial and additional training courses we will provide, at no charge to you, instructors, and training materials. If you elect to participate in additional training courses in which your participation is not required, you may be charged for course fees and training materials. You and your employees must pay all other expenses you or they incur in connection with our training courses, including the cost of transportation, lodging, meals, and wages.

Other than as described above, we are not obligated to provide, or to assist you in obtaining, any of the items or services referred to in this Item 11.

ITEM 12 **TERRITORY**

The Franchise Agreement grants you an exclusive geographic Area. The Area varies by franchise and may be defined in terms of one or more Zip Codes or counties, or by other geographic designation, as determined by us, depending on the specific market characteristics. The Area will be defined prior to your execution of the Franchise Agreement and will generally have a minimum population of 250,000 and up to 300,000, of which approximately 40,000 will be over the age of 65 at the time the Franchise Agreement is signed. If you wish to purchase an Area with a total population greater than 300,000, we may require you to pay us an additional \$500 per additional 1,000 people over 300,000 in the Area. We utilize demographic data provided by GbBIS, a Division of Intelligent Direct, Inc., to determine the estimated population of your Area. You must maintain one or more offices within the Area from which you will operate the Franchise Business.

You may only provide the services authorized by the Franchise Agreement from locations within the Area, and to customers located within the Area. You may only use our plans, procedures, trade names and service marks within the Area, except that you may contact referral sources outside of the Area for the purpose of generating business inside the Area. When the referral source lies within the Area owned by another franchisee, we anticipate that each franchisee will cooperate with the other, to maximize the marketing benefits to both, and to minimize confusion within the marketplace. Other than in connection with an expansion of the Area (as discussed below), we do not specify or otherwise control the location or number of your office(s) within the Area.

If, after execution of the Franchise Agreement, you desire to expand the Area, we may, but are not obligated to, amend the Franchise Agreement by adding one or more adjacent Zip Codes or counties, or portion thereof, to the Area. In connection with such Area expansion, you may be required to: (i) obtain approval by Interim HealthCare Inc.; (ii) pay a fee of up to \$500 for each additional 1,000 people added to your Area as a result of the expansion; and/or (iii) meet a development schedule by establishing, and then maintaining, one or more additional franchise offices within the expanded Area.

As long as the Franchise Agreement is in effect and you continuously maintain the required office location(s) within the Area, we will not establish or maintain, or authorize any other person or firm to establish or maintain, an office location within the Area to provide services which are the same or similar to those which you are authorized to provide pursuant to the Franchise Agreement. However, we are not restricted from providing any goods or services to customers within the Area, under any trade name or service mark, from company-owned outlets located outside of the Area. Furthermore, other franchisees may service the Area until you officially open in the Area.

The actual geographic scope of the Area varies from franchise to franchise and is determined by us. The sales quotas you must meet depend on such factors as the age demographics of the Area, the number of physicians practicing within the Area, estimated payer source reimbursement rates, the number of competitors providing like services within the Area, the approximate number of hospital beds contained in the Area, and the number of health care facilities located within the Area.

If you do not attain your sales quota in any calendar year, you must pay us an amount equal to the product of the amount by which your actual sales during the calendar year fell short of your sales quota for the same calendar year, multiplied by a fraction. The numerator of the fraction will equal the amount of royalties payable to us based on your actual sales during the calendar year, and the denominator of the fraction will equal your actual sales during the same calendar year. If you fail to attain your sales quota for any calendar year and do not pay us the amount described above, then your Franchise Agreement may be terminated.

Except for the affiliated franchise programs described in Item 1 and immediately above, we have not established, nor do we currently intend to establish, other franchises or company-

owned outlets providing similar services under a different trademark or service mark. Item 1 describes our current affiliated franchise programs, which are not direct competitors of the INTERIM HEALTHCARE Hospice franchise offering, given the products/services they sell and/or the geographic locations in which they offer franchises.

There is no formal mechanism in place for resolving conflicts that may arise between your INTERIM HEALTHCARE Franchise Business and the units of our affiliated franchise systems. However, we do not expect any material conflicts regarding territory, customers, or franchise support.

You cannot alter the Area without our consent. Your territorial rights are not dependent on sales volume, market penetration or other contingencies, except that we may terminate the Franchise Agreement in the manner described above if you fail to meet sales quotas and do not pay us the required royalty deficiency, or for any other default. However, as discussed above, if we agree to expand your Area by later amendment to the Franchise Agreement, we may require you to maintain a separate office within the expanded Area. If you do not maintain a separate office, we may terminate your rights to the expanded Area. We may not otherwise alter the Area without your consent, as long as you are not in default under the terms of the Franchise Agreement.

We reserve the right to grant additional franchise territories in our sole discretion. The granting of any additional franchise territory is contingent upon an existing franchisee's ability to operate additional franchises, in terms of both financial resources and management capability. Generally speaking, new franchise territories will be granted only to existing franchisees which are in good standing with respect to each of their existing franchises.

Except as described above, the Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

ITEM 13 **TRADEMARKS**

The Franchise Agreement grants you the right to use the mark "INTERIM HEALTHCARE HOSPICE."

As used in this Disclosure Document, the term "Trademarks" includes our trademarks, service marks, trade names, logos and commercial symbols and also includes our copyrighted materials and other intellectual property. The principal Trademarks include those that you will use to identify the Franchise Business. We have registered the following Trademarks on the Principal Register of the United States Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
INTERIM HEALTHCARE HOSPICE	4,428,294	November 6, 2013

All required affidavits and renewals have been filed in connection with these registrations.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court involving the Trademarks. There is no pending infringement, opposition, or cancellation proceeding involving the Trademarks.

There is no pending material litigation involving the Trademarks which may be relevant to their use in any state.

You must promptly notify us of the existence or assertion of any claim based upon, or any attempt by another person or firm to use, any of the Trademarks. Although the Franchise Agreement does not obligate us to take any action to protect the Trademarks, if we elect to do so, you must execute all documents we deem necessary. We have the right to control all litigation involving the Trademarks. The Franchise Agreement does not impose on us any other obligations to protect the Trademarks. We are not obligated under the terms of the Franchise Agreement or otherwise to protect any rights you have to use the Trademarks. The Franchise Agreement does not obligate us to protect you against, or indemnify you for, any liability you incur from claims of infringement or unfair competition with respect to the Trademarks.

We do not know of any infringing uses that could materially affect your use of the Trademarks in any state. There are no agreements currently in effect which limit our rights to use, or to license others to use, any of the Trademarks described above.

We reserve the right to discontinue the use of the Trademarks or to substitute different marks for use in identifying our system and the businesses operating under it. We will make the discontinuation or substitution on a uniform and consistent basis with respect to all Interim HealthCare Hospice Franchise Agreements. We will notify you in writing of each change, and we will provide you a conversion period with respect to such discontinuation or substitution. You will be responsible for any cost of substitution.

We may elect to introduce additional trademarks and/or service marks (which may or may not be registered with the United States Patent and Trademark Office) in the future in connection with certain programs in which you may have an opportunity to participate. You will be authorized to use these marks as long as: (i) the program to which the mark applies remains in place; and (ii) you comply, in our reasonable judgment, with the requirements of the program. If we terminate the program to which a mark applies, or you fail to comply with the requirements of the program, we will notify you that you are no longer authorized to use the mark which identifies such program,

and provide you with a period of not less than 30 days in which you must discontinue any further use of such mark.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to the Franchise Business. We do not have any pending patents that are material to the Franchise Business. We do not have any registered copyrights, but we claim copyright in our Operations Manual and other service and proprietary written materials, which we allow you to use.

Confidential Manuals

The Operations Manual which we provide access to shall remain our sole property. The Operations Manual is intended to serve as a reference source for the operation of the Franchise Business. We update the Operations Manual on a continuing basis, and you may keep them on your premises during the term of the Franchise Agreement and any renewals. You must not, during or after the term of the Franchise Agreement, use or disclose any information in the Operations Manual, except as necessary for the operation of the Franchise Business. You must keep your login and password to the Operations Manual secure. You must use all reasonable efforts to limit access to our website to only those individuals employed by you in connection with the operation of the Franchise Business who have signed a confidentiality agreement reasonably acceptable to us. Upon termination of the Franchise Agreement for any reason, you must return relinquish all access and return any hardcopies of the Operations Manual to us.

Confidential Information

You must not, during or after the term of the Franchise Agreement and any renewals, use or disclose to any third party the details or provisions of our system, or the existence or content of any written or oral agreement between us and any other firm or person, except to your employees as necessary for the operation of the Franchise Business. You may divulge confidential information only to those employees who must have access to it to operate the Franchise Business. You may not disclose any statistical data, customer, applicant or employee list, sales, promotional or financial information, manual, procedure or other proprietary or confidential information which you may have created or which we created on your behalf, or which may otherwise have come to your attention as a result of your association with us.

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

At all times during the term of the Franchise Agreement, the majority owner of the entity formed to operate the Franchise Business must be personally engaged in the operation of the Franchise

Business on a full-time basis, unless otherwise consented to in writing by us. In the event that we consent in writing to such majority shareholder not being engaged full-time in the operation of the Franchise Business, franchisee must hire a full-time Manager who will be engaged in the operation of the Franchise Business, and who shall be empowered with the responsibility and decision-making authority with regard to the day-to-day operation of the Franchise Business. Both the majority owner and any manager hired by franchisee must complete our Interim Healthcare training program (as described in Item 11 above) to our reasonable satisfaction, and must execute an agreement, in a form acceptable to us, under which he or she agrees to be bound by the terms and conditions restricting disclosure of confidential information and competitive activities which are contained in the Franchise Agreement, and a copy of such agreement must be immediately furnished to us. We do not otherwise require prior consent or approval for any manager or other employees you hire. The manager need not have an equity interest in the Franchise Business.

Each of your principal owners must sign the Franchise Agreement, in the form of Exhibit A, as either the franchisee or the guarantor. In either event, by signing the Franchise Agreement, each principal agrees to perform, and guarantees, all the franchisee's obligations to us and our affiliates and agrees to be bound by the restrictive covenants, confidentiality provisions and other provisions contained in the Franchise Agreement.

You must employ competent and fully trained staff to operate the Franchise Business. Each clerical, sales and executive employee must execute an employment contract which will prohibit disclosure of trade secrets and impose certain covenants against competition.

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

You may only offer your customers the services authorized by the Franchise Agreement. We may not alter the services which you are authorized to provide without your consent; however, we may modify our policies and procedures at any time in the Operations Manual or otherwise in writing. You are required to attain or surpass the sales quotas specified in the Franchise Agreement. The entity you must form to operate the Franchise Business may not engage in any other business activities, except for the operation of other Interim HealthCare or Interim HealthCare Hospice Franchise Businesses, if applicable.

You may not use the office from which you operate the Franchise Business for any other purpose. The office shall be located in a suitable commercial/business office setting, and office hours shall be consistent with local practices concerning business hours and holidays, provided that your services must be available at all times on a 24 hours per day, seven (7) days per week basis. There are no restrictions on the customers to whom you may provide the authorized services, except that: (a) you may only provide services to customers located within the Area; (b) you may only provide services from locations within the Area; and (c) you may only use our plans, procedures, trade names and service marks within the Area.

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 or other Agreement	Summary
a. Length of the franchise term	§13.1 of Franchise Agreement	Ten years.
b. Renewal or extension of the term	§13.2 of Franchise Agreement	One (1) additional ten (10)-year renewal term.
c. Requirements for you to renew or extend	§13.2 of Franchise Agreement	You must give us 120 days' notice of your intent to renew and sign our then-current form of franchise agreement and a general release. You must also pay a renewal fee.
d. Termination by you	None	Not applicable.
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	§15 of Franchise Agreement	We may terminate the Franchise Agreement for cause.
g. "Cause" defined - curable defaults	§15.2 of Franchise Agreement	Breach of Franchise Agreement except as otherwise provided; failure to pay sums you owe us; failure to achieve sales quota. Non-Compliance Fee: If you are in default of your Franchise Agreement.
h. "Cause" defined - non-curable defaults	§15.1 of Franchise Agreement	Bankruptcy; abandonment; violation of restrictive covenants; criminal misconduct; fraud or misrepresentation; breach of other agreements; misuse of marks or confidential information; unauthorized products or services.
i. Your obligations on termination/non-renewal	§16 of Franchise Agreement	Obligations include complete de-identification and payment of amounts due; compliance with covenants.

Provision	Section in Franchise or other Agreement	Summary
j. Assignment of contract by us	§19.2 of Franchise Agreement	We may assign our obligations under the Franchise Agreement.
k. "Transfer" by you - defined	§14 of Franchise Agreement	Includes sale or other transfer of Franchise Agreement, Franchise Business, assets you own or use in the operation of the Franchise Business, or any interest the Franchise Agreement grants you.
l. Approval of transfer by you	§14 of Franchise Agreement	We have the right to approve transfers.
m. Conditions for approval of transfer	§14 of Franchise Agreement	Includes bona fide written offer, and our written approval of transferee. The transferee will assume your rights and obligations under the Franchise Agreement. Additionally, transfer is conditioned upon payment of a transfer fee; satisfaction of monetary obligations; curing all defaults; executing a general release; obtaining lessor and other applicable third-party consent; and we must approve purchase agreement terms prior to signature.
n. Right of first refusal to acquire your business	§14.2 of Franchise Agreement	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days of receiving the offer, whether we will exercise our right to purchase your business. If we do not accept your offer, you have 60 days to complete the transfer. We may grant additional time in writing to complete the transfer.

Provision	Section in Franchise or other Agreement	Summary
o. Option to purchase your business	§16.2 of Franchise Agreement	We can elect to continue the operation of the Franchise Business if you do not renew the Franchise Agreement or if we terminate the Franchise Agreement.
p. Your death or disability	§14.3 of Franchise Agreement	Transfer of your ownership interest upon your death is subject to the same requirements described for “transfers” above.
q. Non-competition covenants during the term of the franchise	§10 of Franchise Agreement	Prohibits owning or operating a business which is competitive with the services provided by us or our franchisees; or engaging an individual or firm to provide management services to the Franchise Business, without having the individual or firm execute a non-competition agreement.
r. Non-competition covenants after the franchise agreement is terminated or expires	§§10 and 16 of Franchise Agreement	Includes 24 months prohibition against competing in the business from the termination or expiration of the franchise agreement.
s. Modification of the agreement	§4.2 of Franchise Agreement	We must provide written notice of any change relating to authorized trademarks, service marks or trade names, and provide a conversion period of at least 60 days. Any other modification must be made by written agreement executed by both the franchisee and Interim.
t. Integration/merger clause	§19.8 of the Franchise Agreement	The Franchise Agreement constitutes the entire agreement between the parties with respect to its subject matter. Nothing in the franchise agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Provision	Section in Franchise or other Agreement	Summary
u. Dispute resolution by arbitration or mediation	§18.2 and §18.3 of Franchise Agreement	<p>You must bring any claim or dispute to the management team prior to bringing a claim before a third party.</p> <p>After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Broward County, Florida in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect (subject to state law).</p>
v. Choice of forum	§18.4 of Franchise Agreement	Unless prohibited by law, litigation must be brought in Broward County, Florida, and you must waive your right to a jury trial.
w. Choice of law	§18.1 of Franchise Agreement	Unless prohibited by law, Florida law will apply in any legal action between us.

Certain provisions described above, including: (i) your obligations upon termination/non-renewal, (o) our option to purchase your business, and (r) non-competition covenants after the franchise is terminated or expires, may vary when the owner of an existing business which provides services similar to those authorized under the Interim HealthCare Hospice Franchise Program agrees to convert that business to an Interim HealthCare Hospice franchise. In the case of such conversions, the referenced provisions are typically negotiated on a case by case basis.

Certain states may have statutes and/or court decisions that supersede the Franchise Agreement in your relationship with the franchisor, and in the law that will govern your agreement, including the areas of termination and renewal of your franchise. In addition, the provision in the Franchise Agreement which provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

ITEM 18
PUBLIC FIGURES

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

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, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor’s management by contacting Steve Kwon, Senior Vice President, Franchise Development, Interim HealthCare Inc., 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, FL 33323, telephone (954) 858-2778, 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 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	7	6	-1
	2021	6	9	+3
	2022	9	10	+1
Company-Owned	2020	0	1	1
	2021	1	3	+2
	2022	3	3	0
Total Outlets	2020	7	7	0
	2021	7	12	+5

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2022	12	13	+1

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

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	2	0	1
	2022	1	0	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Louisiana	2020	1	0	0	0	1	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Minnesota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Wisconsin	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Total	2020	7	0	0	0	1	0	6
	2021	6	5	0	0	2	0	9
	2022	9	2	1	0	0	0	10

Note: The majority of our Interim HealthCare franchisees are authorized to provide hospice services under the terms of their Interim HealthCare Franchise Agreements, and approximately fifty of our Interim HealthCare franchisees currently provide hospice services.

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

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	0	0	0	0	0	0
	2021	0	0	2	0	0	2
	2022	2	0	0	0	0	2

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Louisiana	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
Total	2020	0	0	0	0	0	0
	2021	0	0	3	0	0	3
	2022	3	0	0	0	0	3

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

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
CA	0	1	0
GA	0	1	0
IL	2	0	0
IN	5	0	0
NV	0	0	0
NM	1	0	0
PA	1	0	0
SC	2	1	0
Total	11	3	0

Some franchisees have signed confidentiality clauses during the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Interim HealthCare System. You may wish to speak with current and former Interim HealthCare franchisees, but be aware that not all of those franchisees will be able to communicate with you.

The names, addresses, and business telephone numbers of our franchisees as of December 31, 2022, are listed in Exhibit G. The names, city, state and business telephone numbers of

franchisees who were terminated, cancelled, not renewed, transferred or otherwise ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who have not communicated with us within ten weeks of the date of this Disclosure Document, are listed in Exhibit G. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The above tables reflect our Interim HealthCare Hospice Franchise Program only. The majority of our Interim HealthCare franchisees are authorized to provide hospice services under the terms of their Interim HealthCare franchise agreements, and approximately fifty of our Interim HealthCare franchisees currently provide hospice services. Contact information for those Interim HealthCare franchisees which currently provide hospice services under their Interim HealthCare franchise agreements will be provided to you upon request.

No Interim HealthCare Hospice franchisees have been terminated, cancelled, not renewed, transferred or otherwise ceased to do business under the Franchise Agreement during our most recently completed fiscal year, and there are no Interim HealthCare Hospice franchisees with whom we have not communicated within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In 1978 we created the Owners Advisory Council, a trademark-specific franchisee organization associated with the Interim HealthCare franchise system. We currently sponsor the Owners Advisory Council by paying certain costs associated with Owners Advisory Council meetings, including facility costs and transportation expenses for Owners Advisory Council representatives who attend the meetings. The Owners Advisory Council does not have an independent address, telephone number, e-mail address or web address. There is not currently a trademark specific franchisee organization associated with the Interim HealthCare Hospice franchise system.

ITEM 21 **FINANCIAL STATEMENTS**

Attached to this Disclosure Document are the Interim HealthCare Inc. and Subsidiaries Consolidated Financial Statements for the years ended December 30, 2022, December 31, 2021, and December 25, 2020, as well as our unaudited profit and loss statement and balance sheet as of March 31, 2023.

ITEM 22 **CONTRACTS**

We have attached a copy of the following contracts to this Disclosure Document:

Exhibit A	Interim HealthCare Hospice Franchise Agreement
Exhibit B	Additional Disclosures
Exhibit C	Business Associate Agreement
Exhibit D	Deposit Remittance Form

Exhibit J Form of General Release
Exhibit L Receipts

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document (Exhibit L) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy; please keep the other copy along with this Disclosure Document.

EXHIBIT A

**INTERIM HEALTHCARE HOSPICE
FRANCHISE AGREEMENT**

INTERIM HEALTHCARE® HOSPICE

FRANCHISE AGREEMENT

DATA SHEET
to
INTERIM HEALTHCARE HOSPICE FRANCHISE AGREEMENT
DATED _____

Franchisee Information:

If Franchisee is signing the Franchise Agreement prior to the formation of a franchisee entity:

Franchisee Name(s) _____

Notice Address _____

Telephone # _____
Email Address _____

If Franchisee has already formed an entity:

Entity Name _____
State of Formation _____
Majority Shareholder _____
Notice Address _____

Telephone # _____
Email Address _____

Ownership:

Name(s)	% Ownership
_____	_____
_____	_____
_____	_____
_____	_____

Authorized Area: _____

Assigned Dba: _____

Initial Franchise Fee: \$ _____

Market Quota: \$ _____

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

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Exhibits

Exhibit A - Trademark and Service Mark

Exhibit B - Personal Guaranty

**INTERIM HEALTHCARE® HOSPICE
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT made and entered into on the date set forth on the Data Sheet by and between INTERIM HEALTHCARE INC., a Florida corporation, hereinafter referred to as “Company” or “Franchisor,” and the franchisee identified in the Data Sheet attached to this Agreement (hereinafter referred to as “Franchisee”).

W I T N E S S E T H:

WHEREAS, Company is the owner of certain plans, procedures and methods for recruiting and supplying personnel to provide an integrated program of medical and psychosocial care for terminally ill patients in their last six (6) months of life, along with support services for the families and caregivers of such patients, and owns certain trademarks, service marks, trade names and the goodwill attached thereto; and

WHEREAS, Franchisee desires to acquire from Company a franchise to operate a business in accordance therewith, to use certain trademarks, service marks and trade names owned by Company, and to utilize Company’s goodwill in connection therewith;

NOW THEREFORE, in consideration of the execution of this Agreement and of the covenants and conditions herein contained, it is mutually agreed and understood as follows:

1. GRANT OF FRANCHISE

Company hereby grants, and Franchisee hereby accepts, for the period, within the area hereinafter described, and upon the terms, conditions and limitations hereinafter set forth, the right and license:

- (a) To utilize the plans and procedures of Company, all of which may be improved, further developed or modified by Company from time-to-time, in the operation of an Interim Healthcare Hospice franchise;
- (b) To utilize the trade name “INTERIM HEALTHCARE® HOSPICE” and the service mark of Company associated with such trade name, a representation of which is affixed hereto as Exhibit A, and such other trademarks, service marks, trade names and logos as Company may designate in writing from time-to-time; and
- (c) To operate an Interim Healthcare Hospice franchise for the sole purpose of providing:
 - (i) terminal care and support services directly to hospice eligible patients and their families in their place of residence, utilizing primarily licensed personnel such as physicians, registered nurses, licensed practical nurses, and medical social workers; and

unlicensed personnel such as bereavement and spiritual care counselors, volunteer coordinators, aides and companions; and

- (ii) pharmaceuticals, home medical equipment, supplies, and similar health care related products to individuals receiving hospice services from Franchisee.

Franchisee shall not provide any goods or services not specifically described above, including, but not limited to, home health agency services, personnel staffing services, permanent placement services and the services of physicians, chiropractors, podiatrists, dentists and doctors of osteopathy, without the prior written consent of Company.

Franchisee hereby acknowledges that, due to differences in market conditions, demographics, business and financial circumstances and other factors applicable to Company's various franchisees and franchise markets, maintaining complete uniformity among its Interim Healthcare Hospice franchisees may not be possible or practical. Accordingly, Franchisee hereby acknowledges Company's right, at any time and in Company's sole discretion, to authorize variations in the plans and procedures of Company for one (1) or more of its Interim Healthcare Hospice franchisees. In the event Company elects to authorize any variation to one (1) or more of its Interim Healthcare Hospice franchisees, Franchisee shall not be entitled to require Company to grant the same or a similar variation to Franchisee.

2. AUTHORIZED AREA

This franchise is for the geographic area described in the Data Sheet attached to this Agreement (the "Authorized Area"). If for any reason the boundaries of the Authorized Area are relocated, revised, or eliminated during the term of this Agreement, Company shall redefine the Authorized Area to correspond as nearly as possible, in Company's sole and absolute discretion, as reasonably applied, to the original Authorized Area, and Company's redefinition of the Authorized Area shall be final and binding upon Franchisee. Other franchisees may service the Authorized Area until Franchisee officially opens in the Authorized Area.

3. PROPRIETARY INFORMATION

3.1 Franchisee acknowledges that Company is the owner of all proprietary rights in and to the plans and procedures of Company made available to Franchisee pursuant to this Agreement, together with the goodwill now and hereafter attached thereto, that the manuals, bulletins, client/customer lists, material and information now or hereafter developed by Franchisee and/or Company or provided or revealed to Franchisee pursuant to this Agreement have been unavailable to Franchisee and constitute trade secrets owned by Company and revealed in confidence hereunder, and that no right is given or acquired to use or duplicate any of the aforementioned rights or information elsewhere than in the Authorized Area, and only pursuant to the terms of this Agreement.

3.2 Any and all ideas, processes, systems, procedures, client/customer lists, methods, reports, programs, manuals, improvements, enhancements, or modifications thereto, developed, prepared, conceived, made or suggested by Franchisee or its owners or employees in connection with the

operation of the Franchise Business, including all such developments that are originated or conceived during the term of this Agreement but completed or reduced to practice thereafter, will be and remain the exclusive property of Company.

4. USE OF TRADE NAMES AND SERVICE MARKS

4.1. Nothing herein contained shall be construed to vest in Franchisee any right, title or interest in and to any trade name, trademark or service mark, or any variation, derivation or registration thereof which is now or may be hereafter developed, acquired or granted hereunder [including, but not limited to, the service mark affixed hereto and specifically described in Section 1(b)], together with the goodwill now or hereafter attached thereto, other than to use the same pursuant to the terms and conditions of this Agreement. Franchisee expressly recognizes that it may not file in its own name any federal, state, or local applications for registration of any such names or marks. Franchisee shall not use in advertising, or for any other purpose, any copyrighted materials, trademarks, service marks or other commercial symbols owned by Company, without including therewith appropriate copyright and/or trademark registration notices which may be required by applicable laws or as directed by Company from time-to-time.

4.2. Anything contained in this Agreement to the contrary notwithstanding, Franchisee hereby acknowledges and agrees that Company may substitute other trademarks, service marks or trade names for those authorized herein or elsewhere by Company, or discontinue the use of any trademark, service mark or trade name, without incurring any obligation or liability to Franchisee, provided that such substitution or discontinuance is applied on a uniform and consistent basis with respect to all Interim Healthcare Hospice franchise agreements of Company, and Company notifies Franchisee in writing of such substitution or discontinuance, and provides a conversion period with respect to such substitution or discontinuance of not less than 60 days. Franchisee will be responsible for any cost of substitution.

4.3 Franchisee hereby acknowledges that Company has the right to establish on its own account, or to license or otherwise authorize one (1) or more other parties to establish, a business which (i) is similar to the Franchise Business, (ii) utilizes the trade name which Franchisee is authorized to utilize pursuant to Section 1(b) above, or a similar trade name, and (iii) operates within the state(s) identified in the Data Sheet attached to this Agreement in an area other than the Authorized Area. Franchisee agrees to immediately upon written demand by Company, execute or cause to be executed, such instruments as may be required by any court or public authority in such state, consenting to the use of the name INTERIM HEALTHCARE HOSPICE (or such other name or names as shall have been authorized by Company) in connection with the operation of such other or further businesses or franchises as corporations or otherwise. The failure or refusal of Franchisee to comply with such demand immediately upon the receipt thereof shall thereupon vest in Company, through its designated officers, full power, and authority in the name of and on behalf of Franchisee as its attorney-in-fact as fully as Franchisee might do itself, to execute or cause to be executed any of the foregoing instruments required by any such public authority or court.

4.4 To the extent allowable by local law, Franchisee will operate the Franchise Business under the trade name INTERIM HEALTHCARE HOSPICE as a d/b/a (“doing business as”), for the purpose of conforming to the generally used and accepted naming of Interim Healthcare franchisees

of Company located in other areas. Franchisee shall not use the trade name “INTERIM” as part of any corporate entity name and shall not form or register any entity having the word “INTERIM” in its name, with any federal, state or local governmental agency, including but not limited to any secretary of state’s office. Franchisee acknowledges and agrees that any and all use of the trade name and mark “INTERIM,” and the goodwill associated therewith, shall inure to the benefit of the Company. In the event that such name shall be unavailable in a particular geographic area, Franchisee shall utilize such other name as shall first be approved in writing by Company.

4.5 Company shall maintain an internet presence for the purpose of promoting the services authorized by this Agreement and providing additional information to potential and existing clients and employees of Company’s Interim Healthcare Hospice franchisees. Franchisee shall be entitled to include Company’s internet address in advertising and promotional items such as business cards, brochures, letterhead, etc. Franchisee shall not establish an internet website or social media page utilizing any trade name or service mark owned or licensed by Company, including the service mark affixed hereto as Exhibit A, or any variation or derivation of any such trade name or service mark, for any purpose, and shall not otherwise establish an internet website or social media presence for use in connection with the Franchise Business without the prior written consent of Company.

5. FRANCHISEE

5.1 Whenever the term “Franchisee” appears herein, it shall be taken to mean and include any assignee of Franchisee. Each and every covenant of Franchisee contained herein shall at all times be binding upon Franchisee and any subsequent assignee.

5.2 The sole purpose of Franchisee shall be the operation of this or other franchises granted by Company. If Franchisee is an entity, Franchisee shall furnish Company with a certified copy of its Certificate of Incorporation or Certificate of Organization together with a complete list of all of its owners. Franchisee shall furnish the same information immediately with respect to any new owners and shall immediately furnish a certified copy of any amendments to its Certificate of Incorporation or Certificate of Organization. Franchisee shall not amend its entity name to include the word “INTERIM” or any other trade name owned or utilized by Company, without the prior written consent of Company. If Franchisee is an individual(s), Franchisee shall, as soon as is reasonably practicable, assign this Agreement to a franchisee entity (i.e., corporation, limited liability company or such other entity as has been approved by Company in advance and in writing), and each of the terms and conditions set forth in this Agreement will apply to such entity immediately upon the completion of such assignment.

5.3 If Franchisee is an entity, Franchisee represents that the majority owner designated on the Data Sheet attached to this Agreement (hereinafter referred to as “Majority Shareholder”) owns a majority of the issued and outstanding shares or other ownership interests of Franchisee, and there shall be no sale, purchase, transfer, assignment, issuance or redemption of any shares in Franchisee which would result in Majority Shareholder owning less than a majority of the issued and outstanding shares of Franchisee, without the prior written consent of Company. If Franchisee is an individual(s), then immediately upon the assignment of this Agreement to a franchisee entity, Franchisee will be required to designate a Majority Shareholder that owns a majority of the issued and outstanding shares of Franchisee.

5.4 This Agreement shall not be assigned, except as provided for herein, without the prior written consent of Company.

6. MAJORITY SHAREHOLDER; MANAGER

At all times during the term of this Agreement, Majority Shareholder shall be engaged in the operation of the Franchise Business on a full-time basis, unless otherwise consented to in writing by Company. In the event that Company consents in writing to Majority Shareholder not being engaged full time in the operation of the Franchise Business, Franchisee shall hire a full-time Manager, who shall be empowered with the responsibility and decision making authority with regard to the day-to-day operation of the Franchise Business, and Franchisee hereby acknowledges and agrees that Company shall be entitled to rely upon the Manager for such purposes. Any Manager hired by Franchisee must complete Company's Interim Healthcare training program to Company's reasonable satisfaction, and must execute an agreement, in a form acceptable to Company, under which he or she agrees to be bound by the terms and conditions contained in Section 10 below, and a copy of such agreement shall be immediately furnished to Company. In the event the Manager ceases to be engaged full-time in the operation of the Franchise Business for any reason, Franchisee shall hire a replacement Manager within 90 calendar days. Franchisee shall notify Franchisor of any Manager change within 15 days or such change, including hire, demotion, or termination of role.

7. COMPANY'S OBLIGATIONS

7.1 Company agrees to furnish or provide the following services or assistance in the operation of this franchise, to the extent Company deems necessary in its sole discretion:

- (a) Train Franchisee in the operation of the franchise;
- (b) Furnish appropriate manuals, which will be updated from time-to-time;
- (c) Keep Franchisee informed with respect to new developments and procedures in the operation of this franchise;
- (d) Assist in the development and preparation of sales and promotional campaigns and materials;
- (e) Analyze periodically the sales program, promotional efforts, financial status, business operations and other aspects of the Franchise Business, all of which shall be based on data submitted by Franchisee, and make suggestions based on such analysis;
- (f) Counsel and assist Franchisee in the administration of its insurance program and claims, and the handling of its payroll taxes and unemployment claims, based upon information submitted by Franchisee; and
- (g) Company may, in Company's discretion, hold an annual conference, at a location to be selected by Company. Company may require Franchisee to attend the conference and to pay Company's then-current registration fee. All expenses,

including transportation to and from the conference, and lodging, meals, and salaries during the event, are Franchisee's sole responsibility.

7.2 Company shall not, as the result of any approvals, consents, advice, or services provided to Franchisee pursuant to this Agreement or otherwise, assume any responsibility or liability to which Company would not otherwise be subject, to Franchisee or to any third party.

7.3 Company has established a brand development fund designed to promote the system, Marks, and brand generally (the "Fund"). Franchisee must contribute one percent (1%) of sales to the Fund in the intervals designated by Company. All payments by Franchisee to the Fund are non-refundable upon payment, and Company will account separately for all sums paid to the Fund. The Fund will be maintained and administered by the Company or its designee as follows:

(a) Company will use Fund and all contributions to it and any earnings on it, for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Company believes would enhance the image of the system, Marks, and Services.

(b) Company is not obligated to spend monies from the Fund in any particular franchisee's market in proportion to the payments to the Fund made by the franchisee in that market. Company does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.

(c) The Fund may be used to meet any and all costs of: maintaining, administering, directing, and preparing advertising, including any and all digital marketing/advertising content, as well as employing technology designed to enhance the system or that is otherwise associated with training tools designed to assist franchise owners. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Company's Website, employing advertising and public relations agencies, purchasing promotional items, providing other marketing materials and services to the businesses operating under the system, and any other activities that Company determines appropriate to develop the brand and/or system. These costs may include the proportionate salary share of Company's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Company to defray any of its general operating expenses, other than those Company allocates to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

(d) Company shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in the Company's general operating account, may be commingled with Company's general operating funds, and may be deemed an asset of Company, subject to Company's obligation to expend the monies in the Fund in accordance with the terms hereof. Company may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Company's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Company shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.

(e) Company shall, on an annual basis, account for the operation of the Fund and prepare an

unaudited financial statement evidencing such accounting, which will be available to Franchisee upon its written request one hundred and twenty (120) days after the Franchisor's fiscal year end. Company will not be required to provide an audit with respect to the Fund, and Franchisor may dissolve the Fund at any time after it is established.

8. FRANCHISEE'S OBLIGATIONS

8.1 Franchisee agrees to establish and continuously maintain at its own expense an office properly identified as an INTERIM HEALTHCARE HOSPICE office, and the Franchise Business shall be operated only from such office. Franchisee must obtain the Company's prior written consent before obtaining the office to ensure such office meets the Company's standards and specifications. Franchisee shall obtain an office prior to attending training. Such office must be located within the Authorized Area, and, unless otherwise consented to in writing by Company, Franchisee may solicit customers and provide the services authorized by this Agreement only at locations within the Authorized Area. The office shall be located in a suitable commercial/business office setting, and office hours shall be consistent with local practices concerning business hours and holidays, provided that Franchisee's services shall be available at all times on a 24- hours per day, seven (7) days per week basis. Any signs or advertising on or about Franchisee's office shall conform to such uniform specifications as may be developed by Company for application to all of its Interim Healthcare Hospice franchisees, and Franchisee shall not display or permit the display of, on or within the portion of the office within its control, any business name or service not authorized hereunder. Unless otherwise consented to in writing by Company, the office shall be open and business shall commence on or before the earlier of the opening date identified on the Data Sheet attached to this Agreement, or 30 days following completion by Franchisee, to Company's satisfaction, of Company's initial training program.

8.2 Franchisee hereby acknowledges and agrees that all services provided by the Franchise Business pursuant to this Agreement shall be provided by employees of Franchisee or unpaid volunteers, and Franchisee shall be solely responsible for all decisions regarding hiring, training, placement, supervision, counseling, discipline and termination of such employees and unpaid volunteers, and for the quality of the services provided by such employees and unpaid volunteers. Use of contracted employees are prohibited without prior written consent of the Company.

8.3 During the term of this Agreement, Franchisee shall hold itself out to suppliers, lessors, government entities, employees, clients, and others as being an independent contractor operating the Franchise Business as a franchisee of Company. Franchisee agrees to conspicuously display a sign at each office premises from which the Franchise Business is operated, which sign shall state that "THIS INTERIM HEALTHCARE HOSPICE OFFICE IS AN INDEPENDENTLY OWNED AND OPERATED FRANCHISED BUSINESS," and all web sites, signs, business cards, stationery, forms, invoices, leases, advertising materials and other documents utilized in connection with the Franchise Business shall clearly identify the Franchise Business as being "independently owned and operated."

8.4 Franchisee agrees that it will, in good faith, develop, maintain, and promote the business and public image of Company and any trademarks, trade names and service marks, the use of which are granted to Franchisee by Company pursuant to this Agreement or any other agreement between Company and Franchisee. Franchisee shall continuously and prominently display said

trademarks, trade names and service marks in connection with all aspects of the Franchise Business and will neither perform nor fail to perform any act, the result of which might detract from the uniform public image of Company's business or its trademarks, trade names and service marks. Franchisee further agrees to adhere to Company's written operational policies, procedures, regulations, and quality standards uniformly applicable to all of its Interim Healthcare Hospice franchisees, as set forth in Company's manuals and other written materials provided to Franchisee, provided that none of the foregoing shall vary or alter the provisions of this Agreement.

8.5 Franchisee shall conduct the Franchise Business in accordance with, and adhere to, all of Company's written operational policies, procedures and quality standards, and all applicable laws, statutes, rules, and regulations. Without limiting the generality of the foregoing, Franchisee shall comply with Company's operations manuals, graphic standards manuals and all other manuals provided by Company which may be in effect from time-to-time, and with the Social Security Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Equal Pay Act, the Americans with Disabilities Act, the Fair Labor Standards Act and the Immigration Reform and Control Act, as such laws now exist or are hereafter amended, in the operation of the Franchise Business.

8.6 As permitted by law, Franchisee shall obtain, and maintain throughout the term of this Agreement, all licenses, permits and similar authorizations which are necessary or appropriate to the operation of the Franchise Business. In the event that Franchisee shall be required or permitted by law to secure an employment agency license, certificate of need, hospice license or other form of occupational business license or certificate, the conditions of such license or certificate, to the extent permitted by law, shall provide that the license or certificate, or the rights thereto, shall be assignable to Company upon termination of this Agreement, and Franchisee hereby agrees to assign any such license or certificate, or the rights thereto, to Company or its nominee upon termination of this Agreement.

8.7 Franchisee agrees to use the standard operating forms designed by Company, together with such additional or other operating forms as may be required by law or determined by Company to be necessary for the operation of the Franchise Business. Franchisee shall have the option of purchasing operating forms and advertising from Company (if available) or from other sources of Franchisee's choosing, provided that any such forms or advertising not purchased from Company shall conform in all respects to the design and specifications of Company. Franchisee agrees to pay Company's invoices for forms, advertising and other supplies purchased from Company no later than the tenth (10th) day of the month following the date of such invoices.

8.8 Franchisee agrees to purchase from financially responsible insurance companies and to continuously maintain the initial minimum insurance coverages listed below and agrees to furnish Company with a Certificate of Insurance and/or a copy of each policy, together with data on claims and losses under such policies. Franchisee agrees to add Company as an additional insured to any of its policies wherever possible.

(a) WORKER'S COMPENSATION (including Employer's Liability): as required by law;

- (b) COMMERCIAL GENERAL LIABILITY: With minimum limits of \$1,000,000 combined single limit for Bodily Injury and Property Damage per occurrence and \$3,000,000 in the annual aggregate;
- (c) AUTOMOBILE LIABILITY (including non-owned and hired autos): With minimum limits of \$1,000,000 combined single limit for Bodily Injury and Property Damage per occurrence and \$1,000,000 in the annual aggregate;
- (d) UMBRELLA LIABILITY: Coverage of \$5,000,000;
- (e) BLANKET COMMERCIAL FIDELITY BOND: With minimum limits of \$50,000;
- (f) PROFESSIONAL LIABILITY: Minimum limits of \$1,000,000 for Bodily Injury per occurrence and \$3,000,000 in the annual aggregate; and
- (g) MEDICAL DIRECTOR PROFESSIONAL LIABILITY: Minimum limits of \$1,000,000 for Bodily Injury per occurrence and \$3,000,000 in the annual aggregate.

Nothing herein contained shall be, or be construed to be, an assumption of any obligation by Company to provide any insurance coverage for Franchisee, and Franchisee retains the obligation at all times to determine its needs with respect to any insurance coverage other than those specifically described above. Company may add to, revise the minimum limits applicable to, or otherwise modify any of the insurance requirements set forth in this Section 8.8 at any time in its sole discretion and Franchisee agrees to comply with such modified insurance requirements at the next regular renewal date, provided that (i) such modifications shall be applicable to all Interim Healthcare Hospice franchise agreements of Company dated subsequent to January 1, 2009, and (ii) Franchisee shall have 90 days from receipt of Company's written notification of such modifications in which to comply with such modified insurance requirements.

8.9 For each Calendar Year during the term of this Agreement, Franchisee agrees to spend on local advertising an amount not less than one (1) percent (1%) of sales made during the previous Calendar Year. All advertising and promotional materials used by Franchisee, including but not limited to, direct mail, newspaper, radio, television, internet, website, on-line listings and other web-based marketing, specialty items and other promotional materials, must be approved in writing and in advance by Company. All advertising and promotional materials used by Franchisee (including social media advertising) must be in media approved by Company and must conform to the standards and requirements set by Company. Company also reserves the right to establish a call center or other sales inquiry/sales generating service, and if Company does so, Franchisee must participate in such required call center or related service and pay all fees imposed by Company or a third party designated by Company in connection therewith.

8.10 At all times during the term of this Agreement, Franchisee agrees to participate, at its own expense, in Company's Vehicle Wrap Marketing Program as set forth in the Operations Manual or other writing Company provides to Franchisee. Franchisee shall have three (3) months from the

Effective Date of this Agreement to fully participate in the Vehicle Wrap Marketing Program. The Company may grant up to a 90-day extension to obtain the wrap upon written request and for good cause shown.

8.11 Franchisee agrees to prepare and furnish Company with the following reports of its operations on the designated dates or intervals on forms required by law or prescribed and furnished by Company, as the case may be:

- (a) a complete monthly report containing payroll, sales and advertising information on a form specified by Company and applicable to all its Interim Healthcare Hospice franchisees, due on the 15th day of the month next succeeding the month for which such report is made;
- (b) quarterly financial statements in the format specified by Company, which shall include a complete balance sheet and profit and loss statement prepared according to generally accepted accounting principles applied on a consistent basis, due within 30 days after the end of each quarter;
- (c) true and correct copies of all federal, state and local payroll tax returns, including but not limited to returns with respect to FICA, income and unemployment taxes, and copies of Franchisee's federal income tax return (Form 1120 or 1120S), together with certification of payment of any taxes disclosed to be due on any of the said returns if requested by Company, all due within 30 days after the due date of each such return;
- (d) all Medicare and Medicaid cost reports (both as submitted by Franchisee and as finalized), all applicable notices of program reimbursement, periodic interim payment reports, audit adjustments and work papers, final resolutions of reimbursement disputes and all documentation regarding prospective payments;
- (e) copies of the survey results (including cover letter and deficiency statement) of any federal Medicare or state licensure survey (excluding financial audits), due within 30 days of the final day of the survey; and
- (f) such other clinical records and information as may be required by Company from time-to-time.

8.12 Franchisee agrees that it will at all times keep and record all sales of every nature, kind or description in a financial reporting system established and kept according to generally accepted accounting principles applied on a consistent basis. Company shall have, at all reasonable times and during normal business hours, the right to inspect and copy any and all books and records of Franchisee, including any and all books, records, information or data collected or maintained electronically by Franchisee.

8.13 Majority Shareholder (and any manager hired to operate the Franchise Business) must successfully complete Company's initial training program prior to commencement of the Franchise

Business. All expenses incurred by Majority Shareholder in connection with the initial training program shall be the sole responsibility of Franchisee. In the event Company determines, in its sole discretion, that Majority Shareholder did not successfully complete the initial training program, Company shall have the right to (i) require Majority Shareholder to attend such additional initial training as Company shall direct, at Franchisee's sole expense, until Majority Shareholder demonstrates a level of skill sufficient to establish the Franchise Business, or (ii) terminate this Agreement. In the event that Company elects to terminate this Agreement pursuant to this Section 8.13, Company shall return to Franchisee the initial franchise fee paid by Franchisee, less the sum of \$35,000 (which Company shall retain to compensate it for the expenses it incurred in connection with the initial training program), and Franchisee and the Shareholders (as defined in Section 10 below) shall comply with the non-disclosure and non-compete covenants contained in Section 10 of this Agreement. Upon the return of such funds to Franchisee, Company shall have no further liability or obligation to Franchisee in connection with this Agreement. Company's determination that Majority Shareholder has demonstrated a level of skill sufficient to establish the Franchise Business shall not be construed as a guarantee of the success of the Franchise Business, since the degree of success attained by Franchisee will depend on the time and effort expended by Franchisee, general economic conditions and other factors which are beyond Company's control.

8.14 Company may from time-to-time make additional training programs available to its franchisees, and may require that Franchisee attend such training programs, provided that Franchisee will in no event be required to spend more than five (5) days in such training programs during any calendar year. All expenses incurred by Franchisee in connection with these training programs shall be the sole responsibility of Franchisee.

8.15 Throughout the term of this Agreement, Franchisee agrees that it will only use a software system which has been designated as approved by Company (an "Approved Software System"), in connection with the operation of the Franchise Business, subject to the following:

(a) Company shall maintain a list of Approved Software Systems, and Company may add software systems to, or remove software systems from, its list of Approved Software Systems at any time in its sole discretion. An Approved Software System may be a software system developed and/or owned by Company, by a subsidiary or affiliate of Company, or by an unrelated third party. Company shall notify Franchisee in writing of any changes to its list of Approved Software Systems. In the event that an Approved Software System being utilized by Franchisee is removed from Company's list of Approved Software Systems, Franchisee shall have 120 days from its receipt of written notice of such removal in which to convert to a different Approved Software System.

(b) Company makes no representation whatsoever regarding how many, if any, software systems shall be designated as approved by Company at any given time. In the event there are no software systems designated as approved by Company, Franchisee shall be entitled to utilize the software system of its choice until such time as Company has notified Franchisee in writing that Company has designated an Approved Software System. Franchisee shall have 120 days following its receipt of such notice in which to convert to an Approved Software System.

(c) Franchisee shall be solely responsible for all user or other fees incurred in connection with its use of an Approved Software System, and for purchasing or licensing any third-party software, programs, content, documentation, equipment, hardware or other products that are determined by Company as being necessary or desirable for the use and operation of an Approved Software System. Upon Company's request, Franchisee shall promptly install, update or replace any software or equipment related to an Approved Software System, including any modifications and/or improvements thereto, at the sole cost and expense of Franchisee.

(d) In the event that one (1) or more function(s) that are reasonably required in connection with the operation of the Franchise Business are not supported by an Approved Software System, Franchisee may, with the prior written consent of Company, utilize other commercially available software to support such function(s), in conjunction with the Approved Software System.

(e) Franchisee's use of an Approved Software System is strictly limited to supporting the Franchise Business, and Franchisee shall not use any other software system to support the Franchise Business. Franchisee shall not use an Approved Software System for any other business or personal use. Company shall have the unrestricted right to independently access all information collected or compiled by, or in accordance with Franchisee's use of, any Approved Software System.

8.16 Throughout the term of this Agreement, in the event Company designates a customer relationship management system (an "Approved CRM System"), Franchisee agrees that it will use such Approved CRM System. Franchisee shall be solely responsible for all user or other fees incurred in connection with its use of an Approved CRM System, and for purchasing or licensing any third-party software, programs, content, documentation, equipment, hardware or other products that are determined by Company as being necessary or desirable for the use and operation of an Approved CRM System. Upon Company's request, Franchisee shall promptly install, update or replace any software or equipment related to an Approved CRM System, including any modifications and/or improvements thereto, at the sole cost and expense of Franchisee. Company makes no representations or warranties of any kind relating to any Approved CRM System including, but not limited to, warranties of merchantability or fitness for a particular purpose.

8.17 Throughout the term of this Agreement, in the event Company designates a quality assessment performance improvement data management and reporting system (an "Approved QAPI System"), Franchisee agrees that it will use such Approved QAPI System. Franchisee shall be solely responsible for all user or other fees incurred in connection with its use of an Approved QAPI System, and for purchasing or licensing any third party software, programs, content, documentation, equipment, hardware or other products that are determined by Company as being necessary or desirable for the use and operation of an Approved QAPI System. Upon Company's request, Franchisee shall promptly install, update or replace any software or equipment related to an Approved QAPI System, including any modifications and/or improvements thereto, at the sole cost and expense of Franchisee. Company makes no representations or warranties of any kind relating to any Approved QAPI System including, but not limited to, warranties of merchantability

or fitness for a particular purpose.

9. RELATIONSHIP OF THE PARTIES

It is agreed that the relationship of the parties hereto is that of franchisee and franchisor, and that in no event shall Franchisee and Company be considered partners, joint venturers or agents of or for each other. Company shall at no time be responsible for any costs or expenses of Franchisee's operation, and Franchisee hereby agrees to indemnify and hold Company and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents, successors and assigns harmless against, and to reimburse them for any loss, liability, taxes or damages of any kind (including without limitation, actual, consequential and punitive damages) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with, Franchisee's ownership or operation of the Franchise Business or any actions, errors or omissions of Franchisee or its employees, representatives, agents or principals, which are related to or incidental to Franchisee's ownership or operation of the Franchise Business. Company shall not, as the result of any approvals, consents, advice or services provided to Franchisee pursuant to this Agreement or otherwise, assume any responsibility or liability to which Company would not otherwise be subject, to Franchisee or to any third party. It is the intent of the parties hereto that the indemnities and assumptions of liabilities and obligations set forth above shall continue in full force and effect after the expiration or termination of this Agreement for any reason. Neither this Agreement nor Company's course of conduct is intended, nor may anything in this Agreement (nor Company's course of conduct) be construed to state or imply that Company is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

10. RESTRICTIVE COVENANTS

The covenants of this Section 10 are independent covenants of Franchisee and not dependent upon the performance by Company of any of its covenants in this Agreement. The breach or claimed breach by Company of any of its said covenants shall in no way affect the right of Company to enforce any of the covenants of this Section 10.

(a) If Franchisee is an entity, Franchisee hereby represents that the owners designated on the Data Sheet attached to this Agreement are all of the owners of Franchisee. Such owners, and all future owners of Franchisee, are hereby made parties to this Agreement, and are hereinafter referred to for convenience as "Shareholders." Shareholders hereby acknowledge that Company has granted the within franchise to Franchisee, based primarily upon Company's investigation and reliance upon the qualifications of Shareholders. It is understood by Shareholders that they, and each of them, may have access to or may be furnished with certain plans, procedures, methods, data, manuals and other information, all of which are hereby acknowledged to be confidential trade secrets, heretofore unavailable to them, and that this franchise and the said trade secrets would not have been granted or furnished, excepting upon and in consideration of the covenants of Shareholders hereinafter contained.

- (i) Shareholders accordingly hereby covenant and agree that, during the term of this Agreement, they will not, directly or indirectly, individually or for any third-party, without the prior written consent of Company, engage in any business or activity competitive to the business of providing the services described in Section 1(c) of this Agreement, including: (1) temporary personnel to provide health care management, non-medical support, nursing and other health care related services, (2) pharmaceuticals, durable medical equipment, supplies and similar health care related products, or assist any competitor in any way to provide such services and products at any location, (3) permanent placement services with respect to health care management, non-medical support, nursing and other health care related occupations, (4) “vendor-on-premise” services, management services and similar services, and (5) hospice services, and (6) the services of physicians, chiropractors, podiatrists, dentists and doctors of osteopathy, other than at another franchise operated pursuant to a franchise agreement with Company, or prior written consent of the Company.

- (ii) Shareholders further covenant and agree that, for a period of 24 months after the transfer, expiration or other termination of this Agreement for any reason, or of their share ownership in Franchisee, whichever shall first occur, that they will not, directly or indirectly, individually or for any third-party, without the prior written consent of Company, which Company may withhold for any reason or no reason at all, engage in any business or activity competitive to the business of Company or its franchisees including, but not limited to, providing services described in Section 1(c) of this Agreement, including: (1) home healthcare; (2) temporary personnel to provide health care management, non-medical support, nursing and other health care related services; (3) hospice services; (4) permanent placement services with respect to health care management, non-medical support, nursing and other health care related occupations; (5) “vendor-on-premise” services, management services and similar services, and (6) pharmaceuticals, durable medical equipment, supplies and similar health care related products, or assist any competitor in any way to provide such services and products within a radius of one hundred miles from Franchisee’s office or any office operated by Company or its subsidiaries, affiliates, licensees or franchisees.

- (iii) Shareholders further agree that they will not, at any time either during or after the expiration or other termination of this Agreement for any reason, directly or indirectly make use of or disclose to any third-party the details or provisions of any written or oral contract or of any agreement between Company and any

other firm or person, nor the details of any statistical data, customer list, advertising material, manuals, forms, techniques, methods or procedures of Company which may come to their attention or knowledge by reason of their association with Company or Franchisee. Shareholders agree that they will, immediately upon expiration or other termination of this Agreement for any reason, or upon termination of their share ownership in Franchisee, whichever shall first occur, return to Company or to Franchisee, as the case may be, any customer lists, employee lists, manuals, advertising or promotional materials, or other books, papers, documents or data belonging to or related to the business of Company or Franchisee.

- (iv) Shareholders further agree not to sell, transfer or assign by way of gift or otherwise any of their stock in Franchisee without first securing from such prospective assignee a signed copy of the foregoing agreement containing substantially the same provisions, a copy of which shall be immediately furnished to Company.

(b) Franchisee and each of the Shareholders agree that, for a period commencing with the execution of this Agreement and ending 24 months after the transfer, expiration or other termination of this Agreement for any reason, or such Shareholder's interest hereunder, whichever shall first occur, he, she or it will be subject to and bound by each of the covenants and restrictions set forth in Subsections (i), (ii) and (iii) of Section 10(a) hereof.

(c) Franchisee covenants and agrees that it will not engage any clerical or sales employees, or issue or transfer any shares in Franchisee, unless and until it shall have first secured a signed agreement from each such individual or entity, in the form then in use and prescribed by Company and containing substantially the covenants and conditions set forth in Section 10(a) above, restricting future employment and other activities which may be directly or indirectly competitive to the business of Company or Franchisee.

(d) Franchisee covenants that it will not allow, suffer or permit access to, or knowledge of, any of the plans, procedures, methods, data, manuals, customer or employee lists or other confidential trade secrets of Company, to any party who has not executed an agreement in conformity with this Section 10.

(e) Notwithstanding any provisions of this Section 10, Franchisee or Shareholders may disclose any of the information described above to their attorneys or accountants, banks and insurance underwriters for proper business purposes, or upon the prior written approval by Company, to the applicants for other franchises of Company.

(f) Franchisee covenants that it will only service customers with Franchisee's employees and unpaid volunteers, and that all employees of Franchisee who provide

any services authorized by this Agreement, irrespective whether such employees are full-time, part-time or temporary, shall be employees of Franchisee and not independent contractors and/or employees of any third-party, except as Company, in its sole discretion, shall approve in advance and in writing.

(g) The restrictions set forth in (a) and (b) above are considered by the parties to be reasonable for the purpose of protecting the business investment of Company and its legitimate business interests, which interests include, without limitation, trade secrets (and other valuable confidential business information which may not qualify as trade secrets, but which Company has expended substantial time and money in developing and which it considers confidential and proprietary); substantial business relationships with existing and prospective franchisees, licensees, patients, customers and clients; patient, customer and client goodwill associated with the ongoing business of Company and evidenced by the various trademarks, trade names, service marks and trade dress used by Company and its franchisees and licensees in connection with their respective businesses; and an expectation of continuing patronage from the existing patients, customers and clients of Company, its franchisees and licensees. In view of the substantial harm which would result from a breach or threatened breach by Franchisee or Shareholders of the covenants set forth in (a) and (b) above, the parties agree that such covenants shall be enforced to the maximum extent permitted by law. If any such covenant or portion thereof is found by any court of competent jurisdiction to be illegal, void or unenforceable because it extends for too long a period of time or over too broad a range of activities or in too large a geographic area or for any other reason, however, then such court shall interpret such covenant or portion thereof to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable or otherwise so as to render the covenant enforceable.

11. FEES; METHOD OF PAYMENT

11.1 Franchisee agrees to pay to Company the following amounts:

- (a) A non-refundable initial franchise fee in the amount set forth in the Data Sheet attached to this Agreement, receipt of which is hereby acknowledged.
- (b) A monthly royalty equal to five and one quarter percent (5.25%) of Franchisee's monthly sales.
- (c) A monthly national advertising fee equal to one percent (1.0%) of Franchisee's monthly sales.

The royalty fees on monthly sales described above are due and payable at the office of Company on the second Friday of the month immediately succeeding the month during which such sales have occurred, provided, however, that the first \$200,000 in sales by Franchisee pursuant to this Agreement shall not be subject to the monthly royalty. For the avoidance of doubt, the monthly royalty waiver on the first \$200,000 in sales provided for above shall be a one (1)-time, non-recurring waiver. The

payments referred to above shall not be withheld by Franchisee for any reason, and shall be paid to Company without offset, credit or deduction of any nature. At its discretion, the Company may extend the abatement period in writing for good cause shown.

11.2 Once implemented, Franchisee agrees to pay Company its then-current technology fee each month, which shall not be more than \$485 per month (the “Technology Fee”). The Company may implement the Technology Fee upon 30 days’ prior written notice to Franchisee.

11.3 Any amounts owed to Company by Franchisee for monthly royalties, goods or services purchased from Company by Franchisee or for any other reason, shall be paid via electronic funds transfer (“EFT”). Franchisee hereby agrees to execute an EFT authorization in the form prescribed by Company and such other documents as may be requested by Company from time-to-time, the purpose of which will be to enable Company to collect any amounts payable by Franchisee to Company from Franchisee’s designated account via EFT. Franchisee shall make deposits into the designated account sufficient to cover all amounts owed to Company by Franchisee. Franchisee’s failure to fully comply with the EFT related terms set forth above shall constitute a default due to nonpayment of monies owed Company, as described in Section 15.2 below. Notwithstanding the foregoing, Company reserves the right to require Franchisee to pay any fees due under this Agreement at any intervals Company may designate and by such means as Company may specify from time to time.

11.4 Franchisee shall pay Company a late payment fee in the amount of \$25 for each payment due to Company from Franchisee which is not received by Company within five (5) days after the date such payment is due. In addition to the late payment fee, any payment which is not received by Company within 30 days after the date such payment is due, shall accrue interest from the date such payment is due until the date such payment is received by Company, at the lesser of (i) one and one-half percent (1.5%) per month, or (ii) the maximum interest rate allowed by applicable law. Franchisee hereby agrees that nothing contained in this Section 11.4 shall constitute Company’s agreement to accept any payment after the date such payment is due, or to extend credit to, or otherwise provide financing to Franchisee in connection with the operation of, the Franchise Business.

11.5 Notwithstanding any designation by Franchisee, Company shall have the sole discretion to apply any payments received from Franchisee to any past due amounts owed by Franchisee for monthly royalties, purchases from Company or its affiliates by Franchisee, interest, late payment fees or any other indebtedness of Franchisee to Company or its affiliates, in such amounts and in such order as Company shall determine.

11.6 Franchisee shall be given a monthly royalty credit for monthly royalties paid by Franchisee on sales which are ultimately deemed to be uncollectible, provided Franchisee complies with each of the following terms and conditions:

- (a) Within 90 days of filing its federal tax return each fiscal year, Franchisee must submit to Company’s Chief Financial Officer a list of accounts, certifying that such accounts have been written-off during such fiscal year. In order to be eligible for a monthly royalty credit, an account must be written-off in the fiscal year in which the

services were provided or the next succeeding fiscal year.

(b) Copies of customer accounts receivable registers for all accounts which have been written-off must accompany Franchisee's request for a monthly royalty credit. Company reserves the right to perform such audit procedures as it deems reasonable and necessary to verify the accounts receivable information provided to Company by Franchisee.

(c) All accounts submitted for monthly royalty credit must be properly reflected on Franchisee's federal tax return as "bad debt."

(d) Monthly royalty credits will be granted in an amount equal to the monthly royalties paid by Franchisee with respect to each account which has been written-off.

(e) In the event that Franchisee collects an account for which a monthly royalty credit has previously been granted, the amount collected will be subject to payment of a monthly royalty at the same rate at which the credit was calculated.

Company may apply any monthly royalty credits granted to Franchisee as provided for above to any amounts owed to Company by Franchisee at Company's sole discretion.

11.7 Company has established a national marketing fund (the "Fund") designed to promote the franchise system, Marks, and brand generally. Franchisee must contribute one percent (1%) of its sales each week to the Fund. All payments by Franchisee to the Fund are nonrefundable upon payment, and Franchisor will account for all sums paid to the Fund. The Fund will be maintained by Franchisor or its designee as follows:

- a. The Company will use fund contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities that the Company believes would enhance the image of the system, the Marks, and services.
- b. The Company is not obligated to spend monies from the Fund in any particular franchisee's market in proportion to the payments to the Fund made by the franchisee in that market. Company does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.
- c. The Fund may be used to meet any and all costs of: maintaining, administering, directing, and preparing advertising, including any and all digital marketing/advertising content, as well as employing technology designed to enhance the system or that is otherwise associated with training tools designed to assist franchise owners. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Company's website, employing advertising and public relations agencies, purchasing promotional items, providing other marketing materials and services to the franchises operating under the System, and any other activities that Company determines appropriate to develop the brand and/or system. These costs may include the proportionate salary share of Company's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses

related to administering the Fund and its programs. No part of the Fund shall be used by Company to defray any of its general operating expenses, other than those Company allocates to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.

- d. Company shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Company's general operating account, may be commingled with Company's general operating funds, and may be deemed an asset of Company, subject to Company's obligation to expend the monies in the Fund in accordance with the terms hereof. Company may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year. In the event Company's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Company shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.
- e. Company shall, on an annual basis, account for the operation of the Fund and prepare an unaudited financial statement evidencing such accounting, which will be available to Franchisee upon its written request one hundred and twenty (120) days after the Company's fiscal year end. Company will not be required to provide an audit with respect to the Fund, and Company may dissolve the Fund at any time after it is established.

12. SALES QUOTAS

12.1 The sales quotas of Franchisee for each calendar year shall be a percentage of Franchisee's "Market Quota", as designated on the Data Sheet attached to this Agreement.

The sales quotas of Franchisee shall be calculated as follows:

First Calendar Year beginning after the Opening Date:	10% of the Market Quota
Second Calendar Year beginning after the Opening Date:	20% of the Market Quota
Third Calendar Year beginning after the Opening Date:	30% of the Market Quota
Fourth Calendar Year beginning after the Opening Date:	40% of the Market Quota
Fifth Calendar Year beginning after the Opening Date:	50% of the Market Quota
Sixth Calendar Year beginning after the Opening Date:	60% of the Market Quota
Seventh Calendar Year beginning after the Opening Date:	70% of the Market Quota
Eighth Calendar Year beginning after the Opening Date:	80% of the Market Quota
Ninth Calendar Year beginning after the Opening Date:	90% of the Market Quota
Tenth Calendar Year beginning after the Opening Date:	100% of the Market Quota

12.2 In the event that Franchisee's gross sales for any calendar year are less than the sales quota for such calendar year, Franchisee shall pay to Company a sum equal to the difference between Franchisee's gross sales for such calendar year and the designated sales quota for such calendar year, multiplied by a fraction. The numerator of the fraction will equal the amount of monthly royalties payable to Company based on Franchisee's actual sales during such calendar year, and the denominator of the fraction will equal Franchisee's actual sales during the same calendar year.

Any amounts which may become due by reason of this Section 12.2 shall become due and payable at the office of Company within 30 days after the mailing by Company to Franchisee of a written notice of the amount due pursuant to this Section 12.2, and Franchisee's failure to pay any amounts due pursuant to this Section 12.2 in a timely manner shall constitute a default under the terms of this Agreement.

12.3 Company's failure to deliver written notice of any amount due pursuant to Section 12.2 above to Franchisee within six (6) months after the expiration of any period set forth in Section 12.1 hereof shall be deemed a waiver of Company's right to collect such amount for that period. Any such waiver by Company shall not in any way limit or affect Company's right to collect any amounts due for any subsequent period or upon any other default, or to receive such monies as may be due at the time of such waiver, or as thereafter may become due, or the right to insist upon full and complete performance of each of the other terms of this Agreement, at such time and at all times thereafter.

12.4 As used throughout this Agreement, the term "sales," including the terms "monthly sales," and "gross sales," shall mean and include all billings to Franchisee's customers for goods sold and services rendered, excluding only sales taxes or other taxes which may be required by law to be collected from Franchisee's customers. Except as otherwise approved in writing by Company in advance, Franchisee shall prepare and issue all billings no later than the month following the month in which sales are made or services rendered.

13. TERM; RENEWAL

13.1 This Agreement shall remain in force and effect for an initial term of ten (10) years from the date hereof, with the option to renew the same as hereinafter set forth, all subject, however, to Franchisee's complete and continuing performance of all of its covenants and obligations hereunder.

13.2 In the event that this Agreement shall be in full force and effect upon the expiration of the initial ten (10) year term, and Franchisee is in substantial compliance with the terms of this Agreement and every other agreement between Franchisee and Company or any affiliate of Company, Franchisee shall have the option to renew this Agreement for one (1) additional, successive ten (10) year term, provided that Franchisee shall have given written notice to Company not less than 120 days prior to the expiration of the initial term. Franchisee's failure to deliver notice of renewal within the time specified shall constitute a default under, and be subject to, Section 15.2 hereof. Furthermore, as an express condition to Franchisee's right to renew this Agreement for a ten (10) year renewal term as set forth in this Section 13.2, Franchisee must (i) execute Company's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased fees and other obligations, (ii) pay Franchisor a renewal fee equal to \$5,000, and (iii) sign a general release in the form prescribed by Company.

14. SALE OF FRANCHISE

14.1 Franchisee shall have the right to sell the franchise granted herein, or all (but not part) of the business and assets owned or utilized by Franchisee in the operation of such franchise, to such person or persons as shall have first been approved in writing by Company. Company reserves the right to

approve any proposed purchaser and represents that such approval will not be unreasonably withheld. Franchisee hereby acknowledges and agrees that Company's refusal to approve a proposed purchaser based on (i) such proposed purchaser's refusal to assume Franchisee's obligations under this Agreement, or (ii) such proposed purchaser's direct or indirect ownership or other involvement in a business which would violate any of the restrictive covenants set forth in Section 10 of this Agreement, shall not, under any circumstances, be deemed to be unreasonable. There shall be no sale or other transfer of the franchise granted herein, or of the business or any of the assets owned or utilized by Franchisee in the operation of such franchise, without such prior written approval by Company.

14.2 If Franchisee proposes to sell the franchise granted herein, or all (but not part) of the business and assets owned or utilized by Franchisee in the operation of such franchise, Franchisee shall first offer to sell such interest to Company on the same terms and conditions as offered by such third-party. Franchisee shall obtain from the third-party and provide Company a letter of intent or such other documentation as required by Company to demonstrate a bona fide offer, signed by the third-party and Franchisee ("Letter of Intent"). If Franchisor elects not to accept the offer within a 30 day period, then Franchisee may complete the sale to an approved proposed purchaser under the terms set forth in the Letter of Intent. Franchisee shall have a period not to exceed 60 days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in this Agreement. A longer transfer period may be approved in writing by the Franchisor upon request. Franchisee shall first comply with this Section 14.2 before affecting any sale or transfer as contemplated under the Letter of Intent. Any material change in the terms of the offer shall be deemed a new proposal subject to Company's right of first refusal. Franchisee will be required to pay Company a transfer fee equal to one-third of Company's then-current initial franchise fee prior to or contemporaneously with the sale. Notwithstanding the foregoing, Company may condition Company's approval of any proposed sale or transfer governed by this Section 14 upon the following:

- (a) All of Franchisee's accrued monetary obligations to Company, Company's affiliates, and Company's designated/approved suppliers and vendors, have been satisfied, including payment of the transfer fee;
- (b) Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Company or Company's affiliates, within the period permitted for cure and must have substantially complied with such agreements during their respective terms;
- (c) Franchisee and Franchisee's principals, and the transferee (if it has had any previous relationship with Company or Company's affiliates), must execute a general release, in a form satisfactory to Company, of any and all claims against Company, Company's affiliates and Company's officers, directors, shareholders and employees, in their corporate and individual capacities, provided, however, that the release shall not be inconsistent with any applicable state statute regulating franchising;
- (d) The transferee must execute Company's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with the transferee's term commencing on the date

the transferee executes the then-current franchise agreement;

(e) To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer; and

(f) Company must review and approve the purchase agreement prior to execution, to determine that Company's rights under this Agreement are protected and that the terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten the future operation of the franchise.

14.3 The foregoing provisions of this Section 14 shall apply to the sale or transfer of any shares of Franchisee by the Shareholders. Upon the death of any Shareholder, his or her heirs, legatees or personal representatives shall take such shares subject to the limitations and conditions set forth herein. Each share certificate issued by Franchisee shall bear the following notation:

“The transfer of the shares represented by this certificate is subject to the limitations and conditions contained in an agreement executed by the holder of this certificate, a copy of which restrictions and conditions is on file with the issuing corporation, and is available for inspection by any shareholder.”

15. TERMINATION BY COMPANY

15.1 In the event that Franchisee files a voluntary petition under any federal or state law relating to bankruptcy or insolvency, or makes an assignment for the benefit of creditors, Franchisee shall be in default under the terms hereof. In the event that Franchisee has a petition filed against it under any federal or state law relating to bankruptcy, insolvency, or appointment of a receiver, and the same is not discharged within 30 days from the date thereof, Franchisee shall be in default under the terms hereof. In the event Franchisee shall close its office, cease operations or otherwise abandon this franchise (which includes Franchisee's failure to operate the franchise for a period of three (3) or more consecutive days without Company's prior written approval), Franchisee shall be in default under the terms hereof. In the event Franchisee violates any of the provisions of Section 10 of this Agreement, Franchisee shall be in default under the terms hereof. In the event Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony, or take part in any criminal misconduct relevant to the operation of Franchisee's franchise, Franchisee shall be in default under the terms hereof. In the event Franchisee commits any fraud in the operation of the franchise or makes any misrepresentation or omission in connection with Franchisee's franchise application, Franchisee shall be in default under the terms hereof. In the event Franchisee or Franchisee's principals or affiliates breach any other agreement with Franchisor or any of Franchisor's affiliates, and fail to cure such breach within any permitted period for cure, Franchisee shall be in default under the terms hereof. In the event Franchisee misuses the Company's trademarks, service marks, trade names, or confidential information, Franchisee shall be in default under the terms hereof. In the event Franchisee offers any unauthorized or unapproved products or services at or from the franchise, Franchisee shall be in default under the terms hereof. Upon any such default set forth in this Section 15.1, Company shall have the right to terminate this Agreement immediately upon delivery of written notice of termination to Franchisee.

15.2 In the event that Franchisee shall fail to fully and faithfully perform and abide by all of the

terms, covenants and conditions of this Agreement, Franchisee shall be deemed in default hereunder. Upon receipt of a written notice from Company stating the nature and character of any such default, Franchisee shall have 30 days from the date of such notice to cure said default to the satisfaction of Company, except that any default due to nonpayment of monies owed Company shall be cured by Franchisee within ten (10) days from the receipt of such written notice. Franchisee shall not be deemed to have cured a payment default if it incurs another payment default within the ten (10) day cure period. If any such default is not cured within the applicable period following receipt of Company's written notice thereof, or upon any subsequent default in the payment of monies due Company, Company may terminate this Agreement without further notice to Franchisee other than written notice of termination. Failure of Company to notify Franchisee of any default as set forth herein, or to terminate this Agreement pursuant to any provision of this Agreement, shall not constitute a waiver of any such default, nor shall it constitute a consent, acquiescence or waiver of any subsequent defaults whether of the same or a different character.

15.3 If Franchisee is in default of any provision of this Agreement and Franchisee fails to timely cure the default following Company's notice to Franchisee, Company may, at its option, elect to charge a non-compliance fee of two percent (2%) of Franchisee's sales, payable to Company in the same manner as the monthly royalty described in Section 11.1 of this Agreement. Company will provide written notice to Franchisee prior to charging the non-compliance fee. If Franchisee is in default and pays the non-compliance fee, Company may terminate this Agreement at any time if Franchisee fails to cure the default.

16. OBLIGATIONS OF FRANCHISEE UPON TERMINATION

16.1 Upon the expiration or other termination of this Agreement for any reason, including the rejection of this contract by Franchisee in connection with any bankruptcy proceedings filed by or against Franchisee, Franchisee's right to use the plans, methods and procedures of Company together with the trade names, trademarks and/or service marks now or hereafter licensed or acquired, and any derivatives thereof, shall immediately cease, and Franchisee shall immediately discontinue the use thereof and shall deliver to Company all forms of advertising, publications, documents, or other instruments bearing such trade names, trademarks or service marks.

16.2 Upon any such expiration or other termination, Company shall have the immediate right to place its employees, or those of its designee, upon the premises of Franchisee and any premises where the Franchisee or its ownership keeps the Franchise Business' books and records necessary for the operation of the Franchise Business for the purpose of continuing the operation of the Franchise Business for the benefit of Company. Franchisee agrees to turn over to Company, and to no other party without the express written consent of Company, the names, addresses and telephone numbers of all of the customers and the permanent and temporary employees and volunteers of the Franchise Business (all of which information Franchisee hereby acknowledges has been co-developed by Company and Franchisee during the term of this Agreement, and which Franchisee has been authorized by Company to use only in connection with a business operated pursuant to the terms and conditions set forth in this Agreement), and any manuals furnished or made available to it by Company. Franchisee further agrees to execute and deliver to Company any and all instruments necessary to affect assignment or other transfer of its telephone number(s), telephone directory listing agreement(s), office lease(s), office equipment lease(s) and all licenses, permits, certificates of need

or other authorizations (or the rights thereto) which Company elects to assume, to Company or its designee upon Company's written demand therefor. The failure or refusal of Franchisee to immediately comply with such demand upon receipt thereof shall vest in Company, through its duly appointed officers, full power and authority in the name of and on behalf of Franchisee as its attorney-in-fact as fully as Franchisee might do itself, to execute or cause to be executed any of the foregoing instruments to affect such assignment(s) or other transfer(s). Company shall be responsible for all payments to be made under any such lease or agreement from and after the later of the effective date of assignment or the date of expiration or other termination of this Agreement.

16.3 Franchisee further agrees that, upon such expiration or other termination, it will no longer conduct business as a business entity under, or use as an assumed or registered trade name, the name INTERIM HEALTHCARE HOSPICE, or any other trade name, trademark or service mark hereafter licensed by or acquired from Company, and Franchisee agrees to execute or cause to be executed, such document or documents and to take such further steps as may be necessary so as to cease all use of such trade names, trademarks or service marks. Company shall have the right to apply to a court of competent jurisdiction for an injunction to restrain Franchisee from continuing to use the aforesaid names as part of its corporate or assumed name and from using any trade name, trademark or service mark authorized by Company in this Agreement or elsewhere, or any derivatives thereof, and Franchisee agrees that such court may decree the payment by Franchisee of all reasonable attorney's fees and costs incurred by Company in any such proceedings.

17. NOTICES

Any written notice provided herein to be given Franchisee shall be sent by electronic mail, facsimile transmission, a nationally recognized 2nd day courier or certified mail addressed to Franchisee at the office required to be maintained by Franchisee under this Agreement. Any written notice required to be given to Company shall be sent by electronic mail, facsimile transmission, a nationally recognized 2nd day courier or certified mail addressed to Company at its office at 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323, or to such other address as Company may designate. Unless otherwise specified in this Agreement, written notice shall be presumed received (i) on the date of electronic or facsimile transmission, (ii) two (2) days following submission to a nationally recognized overnight courier, or (iii) if sent by certified mail, as of the date of receipt, or refusal of receipt, by any employee of the addressee.

18. DISPUTE RESOLUTION

18.1 This Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles).

18.2 Franchisee must first bring any claim or dispute between Franchisee and Company to Company's management team, after providing notice as set forth in Section 17 above. 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.

18.3 At Company's option, all claims or disputes between Franchisee and Company or its

affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Company or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to non-binding mediation, in Broward County, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any action against Company or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Company, which specifies, in detail, the precise nature and grounds of such claim or dispute. Company will have a period of 30 days following receipt of such notice within which to notify Franchisee as to whether Company elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Company or its affiliates with respect to any such claim or dispute in any court unless Company fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile, or (ii) as a result of a written declaration by Company. Company's right to mediation, as set forth herein, may be specifically enforced by Company. Each party shall bear its own cost of mediation and Company and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns nonpayment of fees to Company, or an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating) any federally protected intellectual property rights in the Company's marks or confidential information, or any of the restrictive covenants contained in this Agreement.

18.4 The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Broward County, Florida and the jurisdiction and venue of the United States District Court for the Southern District of Florida, and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction of or venue in such courts. All disputes arising out of the offer, sale or interpretation of the Franchise Agreement, or from the parties' obligations under this Agreement, shall be litigated to conclusion exclusively in the state court located in Broward County, Florida or the United States District Court for the Southern District of Florida. Nothing contained in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Company's interests.

19. MISCELLANEOUS

19.1 The provisions of this Section 19.1 shall apply to this Agreement, and to any other related or ancillary written or verbal contract, for the purchase of services by Franchisee from Company, provided that the cost or value of services under such contract is at least \$10,000.00 in any 12-month period.

- (a) Company agrees, upon request of the Comptroller General or upon written request of the Secretary of the Department of Health and Human Services, to make available to either of them, or to their duly authorized representatives, all contracts,

books, documents and records of Company necessary to verify the costs of the services provided by Company to Franchisee under the above-described contracts. Such access will be provided until the expiration of four (4) years after the services are furnished under such contracts.

(b) If Company carries out any of its duties under any of the contracts described above through a subcontract, with a value or cost of \$10,000.00 or more over a 12-month period, with a related organization (as the term is defined in 42 C.F.R. 420.301), such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary, or upon request to the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs.

(c) This Section 19.1 shall be construed so as to comply with Section 952 of Public Law 96-499 and 42 C.F.R. 420.300 through 420.304, as amended from time-to-time, but shall not permit or require access to the books, records, and documents of Company except as required by such law or regulation. Company reserves the right to deny or challenge any request for such access which it believes is not required by or contrary to any law or regulation.

19.2 This Agreement may not be assigned, sub-licensed or otherwise alienated by Franchisee without the prior written consent of Company. It is specifically understood and agreed that Company may, at its option, assign its interest in this Agreement to any corporation, partnership or person.

19.3 This Agreement and the terms and provisions herein shall inure to the benefit of and be binding upon the heirs, successors, or assigns of the parties hereto.

19.4 In the event that any one (1) or more of the covenants and conditions herein contained shall be held to be in violation of or unenforceable because of any law, it is understood that none of the other rights or obligations herein shall be prejudiced nor rendered unenforceable by reason thereof.

19.5 If either Company, on the one hand, or Franchisee, on the other hand, commences an action against the other to interpret or enforce any term or condition of this Agreement, or as a result of a breach or alleged breach by the other party of any term or condition of this Agreement, the non-prevailing party shall pay to the prevailing party reasonable attorneys' fees (including a reasonable fee allocated to services provided by in-house counsel), and costs and expenses incurred in connection with the prosecution or defense of such action (including at any appellate level). In consideration of, and as an inducement to, the execution of this Agreement by Company, Shareholders, jointly and severally, hereby personally and unconditionally guarantee payment of any and all amounts which become payable to Company by Franchisee pursuant to the provisions of this Section 19.5. Each of the Shareholders hereby waives presentment, acceptance, protest, notice, demand or action on the part of Company, including any right to require Company to sue or otherwise enforce payment of any amounts payable to Company pursuant to this Section 19.5. Termination of this Agreement shall not affect the liability or obligation of Shareholders

hereunder.

Company shall not be required to exhaust its recourse against Franchisee or other persons before being entitled to collect from the Shareholders any amounts the payment of which are guaranteed by the Shareholders pursuant to this Section 19.5.

19.6 Company hereby agrees that, as long as Franchisee shall not be in default under this Agreement, Company will not establish, and Company will not authorize or license any other person or firm to establish, an office within the Authorized Area for the purpose of providing the services which Franchisee is authorized to provide pursuant to the terms of this Agreement.

19.7 Company and Franchisee have each had ample opportunity to review this Agreement with their respective advisors prior to its execution, and this Agreement should therefore not be construed for or against either party.

19.8 This Agreement, all addendum, addenda and exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, undertakings, representations and agreements; provided, however, that nothing in this Agreement or any related agreement is intended to disclaim the representations made in Company's Franchise Disclosure Document furnished to Franchisee. Franchisee acknowledges and agrees that Franchisee is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of Franchisee's independent investigation of the franchise offered by Company and not as a result of any representations about Company or the Franchise Business made by Company or its shareholders, officers, directors, employees, agents, representatives, independent contractors, attorneys or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document, offering circular, prospectus or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

Franchisee hereby acknowledges and further represents and warrants to Company that:

- (a) Franchisee has placed no reliance on any oral or written statements, whether referred to as representations, warranties, inducements or otherwise, which are not contained in this Agreement or in Company's Franchise Disclosure Document furnished to Franchisee;
- (b) Franchisee has entered into this Agreement after making an independent investigation of Company's operation and the franchise offered by Company;
- (c) Company has not made any guarantee or provided any assurance that the Franchise Business will be successful or profitable regardless of the fact that Company may have approved of the location of the office of the Franchise Business;
- (d) Franchisee has (i) read this Agreement in its entirety and understands its contents, (ii) been given the opportunity to clarify any provisions that Franchisee

did not understand, and (iii) had the opportunity to consult with professional advisors regarding the operation and effect of this Agreement and the operation of the Franchise Business;

(e) Franchisee has, together with its advisors, sufficient knowledge and experience in financial and business matters to make an informed decision with respect to the franchise offered by Company; and

(f) Franchisee has received a copy of Company's Franchise Disclosure Document not later than the earlier of (i) 14 calendar days before execution of this Agreement, or (ii) 14 calendar days before Franchisee made any payment of any consideration to Company.

Except as may have been disclosed in Company's Franchise Disclosure Document, Franchisee represents and warrants to Company that no claims, representations or warranties regarding the earnings, sales, profits, success or failure of the Franchise Business have been made to Franchisee, and no such claims, representations or warranties have induced Franchisee to enter into this Agreement.

*[The remainder of this page is left intentionally blank.
Signatures to appear on the following page]*

**FRANCHISOR
INTERIM HEALTHCARE INC.**

**FRANCHISEE
ENTITY NAME**

By: _____
Paul Mastrapa, President & CEO

By: _____
XXXXXXXXXXXXX, Majority Shareholder

OWNER NAME

By: _____
XXXXXXXXXXXXX Individually

IN WITNESS WHEREOF, Majority Shareholder has executed this Agreement for the express purpose of being bound thereby with respect to the covenants and conditions of Sections 8, 10, 11, 12, 14, 16.2, 18.4 and 19.5 hereof, all on the date last above written.

By: _____
XXX, Majority Shareholder

EXHIBIT A



EXHIBIT B
PERSONAL GUARANTY

IN CONSIDERATION of, and as an inducement for, Interim HealthCare, Inc. (“Franchisor”) entering into the Franchise Agreement to which this Guaranty is attached (the “Franchise Agreement”), the undersigned (“Guarantors”) hereby jointly and severally guarantee to the Franchisor, and to the Franchisor’s successors and assigns: (a) the timely payment of all franchise and other fees, charges, and interest provided for in the Franchise Agreement; (b) the timely performance of all of the provisions of the Franchise Agreement including the restrictions on competition imposed by Section 10 of the Franchise Agreement (and including all renewals of the Franchise Agreement, if any); restrictions on the sale of the franchise imposed by Section 14; (c) the forum selection clause in Section 18.4 of the Franchise Agreement; (d) the post-termination obligations in Section 16.2 of the Franchise Agreement; and (e) the obligation and responsibility of legal fees as set forth in Section 19.5. Guarantors further specifically agree to be individually bound by all covenants, obligations and commitments of the Franchisee contained in the Franchise Agreement to the same extent as if each of the Guarantors had individually executed the Franchise Agreement as the “Franchisee.”

Guarantors understand and agree that any modification of the Franchise Agreement, including any addendum or addenda thereto, or waiver by the Franchisor of the performance by the Franchisee of its obligations thereunder, or the giving by the Franchisor of any extension of time for the performance of any of the obligations of the Franchisee thereunder, or any other forbearance on the part of the Franchisor or any failure by the Franchisor to enforce any of its rights under the Franchise Agreement, including any addendum or addenda thereto, shall not in any way release Guarantors from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of the Franchisee is so released, terminated, affected or diminished. Notice to Guarantors of any such modification, waver, extension or forbearance under the terms thereof is hereby waived.

Guarantors hereby waive any and all notice of default on the part of the Franchisee; waive exhausting of recourse against the Franchisee; and consent to any assignment of the Franchise Agreement, in whole or in part, that the Franchisor or its assignees may make. Guarantors agree to pay all costs, including reasonable attorneys’ fees, incurred by Franchisor to collect or otherwise enforce the terms of this Guaranty. This Guaranty has been delivered in the State of Florida, and shall be construed and enforced in accordance with the laws thereof. Jurisdiction and venue in any action to enforce this Guaranty shall be in any state or federal court within the State of Florida in the judicial district where Franchisor has its principal place of business. Guarantors consent to the exercise of personal jurisdiction by any such court and waive any defense of lack of personal jurisdiction or improper venue.

GUARANTORS

[Name], Individually

[Name], Individually

[Name], Individually

[Name], Individually

EXHIBIT B

ADDITIONAL DISCLOSURES REQUIRED
BY CERTAIN STATES

**INTERIM HEALTHCARE HOSPICE
CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Interim HealthCare Inc. in connection with the offer and sale of franchises for use in the State of California shall be amended to include the following:

1. Item 3, "Litigation," shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of *nolo contendere*.

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

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph(s) at the conclusion of the Item:

The following notice is required to be inserted in this Disclosure Document by the state of California whenever an applicable provision is included in a Franchise Agreement. We reserve the right to attempt to enforce all of the provisions listed below in which we indicate that "this provision may not be enforceable under California law."

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

California Corporations Code, Section 31125, requires the franchisor to give the franchisee a Disclosure Document, approved by the Department of Corporations, prior to a solicitation of a proposed material modification of an existing franchise.

California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 2010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§20000-20043, are met independently without reference to this Addendum.
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.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAW OF FLORIDA AND A FORUM OF BROWARD COUNTY, FLORIDA. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement requires non-binding mediation at our option. The mediation will occur at Franchisor's headquarters (currently in Sunrise, Florida). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Mediation Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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.

Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.

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

FRANCHISOR

INTERIM HEALTHCARE INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

[NAME]

By: _____

Name: _____

Title: _____

Date: _____

**INTERIM HEALTHCARE HOSPICE
HAWAII ADDENDUM TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.*, the parties to the Franchise Agreement agree as follows:

1. Section 16, relating to Obligations Upon Termination, shall be amended by the addition of the following new paragraph 16.4, which shall be considered an integral part of the Agreement:

16.4 Notwithstanding anything to the contrary in this Section 16, Company shall comply with Hawaii law which currently requires that Company compensate Franchisee upon termination or refusal to renew the franchise for the fair market value, at the time of the termination or expiration of the franchise, of any inventory, supplies, equipment and furnishings which were purchased from Company or a supplier designated by Company. Personalized materials which have no value to Company need not be compensated for. If Company refuses to renew a franchise for the purpose of converting Franchisee's business to one owned and operated by Company, Company, in addition, must compensate Franchisee for the loss of goodwill. Company may deduct reasonable costs incurred in removing, transporting and disposing of Franchisee's inventory, supplies, equipment and furnishings pursuant to these requirements, and may offset any moneys due Company.

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, *et seq.*, are met independently without reference to this amendment.
3. Sections 19.8(a) – 19.8(f) are hereby removed from 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.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

INTERIM HEALTHCARE HOSPICE
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. Section 705/1 through 705/44 the Franchise Disclosure Document for use in the State of Illinois shall be amended as follows:

The following are revisions to Item 17 of the disclosure document:

The Illinois Franchise Disclosure Act governs the franchise agreement between the parties to this franchise. The conditions under which the franchise can be terminated and the rights upon non-renewal may be affected and are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/19 through 705/20.

With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of Illinois is void. However, a franchise agreement may provide for mediation in a venue outside of Illinois.

Any releases and/or waivers that we require you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

The time frame to cure defaults, excluding defaults for safety or security issues, will be 30 days.

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.

INTERIM HEALTHCARE, INC.

By: _____

Name: _____

Title: _____

Date Signed: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE
STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:**

1. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of Illinois is void."
2. The conditions under which the Franchised Business may be terminated and the Franchisee's rights upon non-renewal are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/18 through 705/20.
3. With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.
4. Nothing in Section 18 of the Franchise Agreement shall limit or prevent the enforcement of any cause of action otherwise enforceable in Illinois or arising under the Illinois Franchise Disclosure Act.
5. Section 18 of the Franchise Agreement is amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to the Franchise Agreement, the relationship of Franchisor and Franchisee, or Franchisee's operation of the Franchised Business to be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after Franchisee becomes aware of the facts or circumstances indicating Franchisee may have a claim for relief, or 90 days after delivery to Franchisee of a written notice disclosing the violation.
6. Section 18 of the Franchise Agreement is amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.
7. Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.
8. 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 undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any franchise agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action or initiate proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in the Franchise Agreement.
2. In compliance with Indiana Code section 23-2-2.7-1(9), any provisions in the Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the territory granted in the Franchise Agreement and shall be construed in accordance with Indiana Code section 23-2-2.7-1(9).
3. Indiana Code section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.
4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable. To the extent that any provision of the Franchise Agreement conflicts with Indiana Code section 23-2-2.7-1 (10), Indiana law will control.
5. Indiana Code sections 23-2-2.7-1 (1) and 23-2-2.5-30 impose different time limitations for litigation brought for breach of the Agreement or violation of Indiana law in connection with the Agreement. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.
6. In compliance with Indiana Code section 23-2-2.7-1 (10), any inference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replaced with the words "may seek."
7. Indiana Code sections 23-2-2.5 and 23-2-2.7 supersede the choice of law clauses of the Franchise Agreement.
8. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.
9. In compliance with Indiana Code section 23-2-2.7-1 (5), any requirement that the Franchisee must execute a release upon termination of the Franchise Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties.

10. Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.

11. 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 undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

INTERIM HEALTHCARE HOSPICE
MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. These provisions may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, et seq.).

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolutions,” shall be amended by the addition on the following language:

A franchisee may bring a lawsuit in Maryland for claims arising under Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. Any general release required by the franchisor as a condition of renewal, sale and/or assignment/transfer of the franchise, shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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.

**INTERIM HEALTHCARE HOSPICE
MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Interim HealthCare Inc. Franchise Agreement (the "Agreement") agree as follows:

1. The Agreement is hereby amended so as to include the following provision:

Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 18 of the Agreement, relating to "Dispute Resolution," shall be amended to include the following language:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. The Agreement is hereby amended so as to include the following provision:

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.

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

5. Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.

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

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Date Signed: _____

Title: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
MICHIGAN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

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

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.**

- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.**

- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.**

- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS**

ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.**
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.**
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:**

 - (i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.**
 - (ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.**
 - (iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.**
 - (iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.**
- (H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS**

SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

- (I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.**

*** * * ***

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

*** * * ***

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

*** * * ***

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS:

**MICHIGAN DEPARTMENT OF COMMERCE,
CORPORATION AND SECURITIES BUREAU
6546 MERCANTILE WAY
P.O. BOX 30222
LANSING, MICHIGAN 48910.**

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913**

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Interim HealthCare Inc. Franchise Agreement (the “Agreement”) agree as follows:

Section 3 of the Agreement, relating to Proprietary Information, shall be amended by the addition of the following new paragraph 3.3:

3.3 Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), Company is required to protect any rights Franchisee may have to Company’s Proprietary Marks.

1. Section 13 of the Agreement, relating to Term; Renewal, shall be amended by the addition of the following new paragraph 13.3:

13.3 Franchisee shall execute a general release, in a form prescribed by Company, of any and all claims against Company and its subsidiaries and affiliates, and their respective officers, directors, agents, and employees, excluding only such claims as Franchisee may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

2. Section 13 of the Agreement, relating to Term; Renewal, shall be supplemented by the addition of the following new paragraph 13.4:

13.4 Minnesota law provides franchisees with certain non-renewal rights. In sum, Minn. Stat. § 80C.14 (subd. 4) currently requires, except in certain specified cases, that a franchisee be given 180 days’ notice of non-renewal of the Franchise Agreement.

3. Section 14 of the Agreement, relating to Sale of Franchise, shall be amended by the addition of the following new paragraph 14.4:

14.4 The transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company and its officers, directors, shareholders and employees, in their corporate and individual capacities, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 14 of the Agreement, relating to Sale of Franchise, shall be supplemented by the addition of the following new paragraph 14.5:

14.5 Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

5. Section 15 of the Agreement, relating to Termination by Company, shall be supplemented by the following new paragraph 15.4:

15.4 Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement.

6. Section 18 of the Agreement, relating to Dispute Resolution, shall be amended to include the following language:

Nothing herein contained shall bar Company's right to seek injunctive relief against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

Franchisee shall pay to Company all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorney's fees, incurred by Company in successfully enforcing any provision of this Agreement, including, but not limited to the seeking of injunctive relief.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

7. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.
8. Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.
9. 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.

INTERIM HEALTHCARE, INC.

By: _____

Name: _____

Title: _____

Date Signed: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the Franchise Agreement agree as follows:

1. Section 10 of the Agreement, relating to Restrictive Covenants, shall be supplemented by the following paragraph (h):

(h) Franchisee acknowledges that Franchisee's violation of the terms of this Section 10 would result in irreparable injury to Company for which no adequate remedy at law may be available, and Franchisee accordingly agrees that Company may seek an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 10.

2. Section 13 of the Agreement, relating to Term and Renewal, shall be amended by the addition of the following new paragraph 13.3:

13.3 Franchisee shall execute a general release, in a form prescribed by Company, of any and all claims against Company and its affiliates, and their respective officers, directors, agents, and employees, provided, however, that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 14 of the Agreement, relating to Sale of Franchise, shall be amended by the addition of the following new paragraph 14.4:

14.4 The transferor shall have executed a general release, in a form satisfactory to Company, of any and all claims against Company and its officers, directors, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

4. Section 18 of the Agreement, relating to Dispute Resolution, shall be supplemented with the following language:

Nothing herein contained shall bar Company's right to seek injunctive relief against threatened conduct that shall cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

5. Section 18 of the Agreement, relating to Dispute Resolution, shall be supplemented by the addition of the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

6. There are circumstances in which an offering made by Company would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. Company is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.
7. Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.
8. 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.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

INTERIM HEALTHCARE HOSPICE
NEW YORK STATE DEPARTMENT OF HEALTH ADDENDUM TO THE FRANCHISE
AGREEMENT

This Addendum constitutes an amendment to the Franchise Agreement and is attached to such Franchise Agreement at the date of its execution. It is the intent of the parties that the terms and conditions set forth in this Addendum shall supersede any terms or conditions in the Franchise Agreement which are inconsistent with the terms and conditions contained herein.

WHEREAS, the parties have entered into the Franchise Agreement for the purpose of enabling Franchisee to operate an Interim HealthCare franchise and business within a specified geographical area within the State of New York; and

WHEREAS, the Franchise Agreement sets forth the rights and obligations of each party to the other; and

WHEREAS, the New York State Department of Health has requested that Company amend its franchise agreements in the State of New York in such a manner as to assure that the terms of the Franchise Agreement will not be in conflict with Franchisee's duties and obligations as a licensed Home Care Services Agency under Article 36 of the New York Public Health Law and regulations promulgated thereunder; and

WHEREAS; Company is willing to consent to the amendments herein contained.

NOW THEREFORE, the parties hereto agree as follows:

1. Notwithstanding anything to the contrary contained in Section 8.5 of the Franchise Agreement, Franchisee agrees to adopt and utilize the policies, procedures and standards of Company, provided however:
 - (a) that such policies, procedures and standards are consistent with the requirements of Article 36 of the New York Public Health Law and regulations promulgated thereunder;
 - (b) that Franchisee retains authority to adopt and implement such different policies, procedures and standards as may be necessary to comply with applicable statutory and regulatory requirements of Article 36 of the New York Public Health Law;
 - (c) that Franchisee may adopt and implement policies, procedures and standards which exceed the minimum requirements of Company and shall notify Company thereof; and
 - (d) that the responsibilities of Franchisee's governing authority are in no way lessened by entering into the Franchise Agreement and that the governing authority has full legal authority over the operation and management of Franchisee.

2. Franchisee shall obtain from each person accepted as a Home Care Services Agency patient by Franchisee a general consent to the release of patient's medical records by Franchisee to Company.
3. Notwithstanding anything to the contrary contained in Section 10 of the Franchise Agreement, Company shall not prevent or seek to prevent Franchisee from complying with its obligation to allow the New York Department of Health access to any records, standards, policies or procedures as required by Article 36 of the New York Public Health Law and regulations promulgated thereunder.
4. Notwithstanding anything to the contrary contained in Section 15 of the Franchise Agreement, the parties hereto recognize and agree that any change in the operator of a licensed Home Care Services Agency within the state of New York requires the prior approval of the New York Public Health Council.
5. Franchisee recognizes and agrees to comply with the requirements of Article 36 of the New York Public Health law and regulations promulgated thereunder regarding discontinuance of services and obtaining prior approval for change of ownership.
6. The Franchise Agreement as hereby amended is the sole franchise agreement between the parties hereto relating to the geographic service area that is covered by the Franchise Agreement.
7. Except as herein amended, the Franchise Agreement is hereby ratified and confirmed.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Interim HealthCare Inc. shall be amended by the addition of the following language:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- II. 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.

**INTERIM HEALTHCARE HOSPICE
NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement for Interim HealthCare Inc. shall be amended by the addition of the following Section 20:

20. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Section 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.
- K. 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)

waiting 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.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

For franchises and franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Item 17:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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.

**INTERIM HEALTHCARE HOSPICE
RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE
STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:**

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.
2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.
3. Sections 19.8(a) – 19.8(f) are hereby removed from 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 undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
SOUTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT**

1. Neither the franchisor nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.
2. Although the Franchise Agreement requires all arbitration proceedings to be held where the American Arbitration Association designates, the site of any arbitration started pursuant to the Franchise Agreement will be at a site mutually agreed upon by you and us.
3. We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.
4. The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Florida.
5. Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.
6. Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.
7. Section 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.
8. 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.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

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

Additional Disclosure: The following statements are added to Item 17:

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 ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

**INTERIM HEALTHCARE HOSPICE
WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise.
2. In any litigation involving a franchise purchased in Washington, the litigation site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the litigation, or as determined by the judge.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, shall prevail.
4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**INTERIM HEALTHCARE HOSPICE
WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's annual earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.

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 undersigned does hereby acknowledge receipt of this addendum.

Dated this ____ day of _____, 20_____.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**INTERIM HEALTHCARE HOSPICE
WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF WISCONSIN

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Item 17:

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the 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.

**INTERIM HEALTHCARE HOSPICE
WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to franchisees. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

Sections 19.8(a) – 19.8(f) are hereby removed from the Franchise Agreement.

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 undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

INTERIM HEALTHCARE, INC.

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

Business Associate Agreement

THIS AGREEMENT (“Agreement”) is made and entered into by and between _____ (hereinafter called “PROVIDER”), a _____ corporation, with its principal place of business located at _____, and INTERIM HEALTHCARE INC. (hereinafter called “BUSINESS ASSOCIATE”), a Florida corporation, with its principal place of business located at 1551 Sawgrass Corporate Parkway, Suite 230, Sunrise, Florida 33323.

Recitals

- A. BUSINESS ASSOCIATE performs, or assists in the performance, of a function or activity or provides services of a type for PROVIDER that makes BUSINESS ASSOCIATE a “business associate” for purposes of the HIPAA privacy regulations.
- B. PROVIDER will disclose protected health information to BUSINESS ASSOCIATE in conjunction with the function, activity, or services performed or provided by BUSINESS ASSOCIATE.
- C. PROVIDER will disclose electronic protected health information to BUSINESS ASSOCIATE in conjunction with the function, activity, or services performed or provided by BUSINESS ASSOCIATE.
- D. PROVIDER and BUSINESS ASSOCIATE desire to enter into an agreement as required by the HIPAA privacy and security regulations to provide satisfactory assurance to PROVIDER that BUSINESS ASSOCIATE will appropriately safeguard protected health information disclosed to it by PROVIDER.

Agreement

NOW THEREFORE, PROVIDER and BUSINESS ASSOCIATE agree as follows:

- (1) **Definitions.** All terms and phrases in this Agreement shall have the same meanings as defined in 45 CFR §160 and §164, subparts A, C, D, and E. Without limiting the generality of the foregoing, as used in this Agreement, the following terms shall have the following meanings:
 - (a) “HIPAA privacy regulations” shall mean the regulations at 45 CFR §160 and §164, subparts A and E.
 - (b) “HIPAA security regulations” shall mean the regulations at 45 CFR §160 and 164, subpart C.
 - (c) “HIPAA Breach Notification Rule” shall mean the regulations at 45 CFR §164, subpart D.
 - (d) “HIPAA Rules” shall mean the HIPAA privacy regulations, the HIPAA security regulations, the HIPAA Breach Notification Rule, and the HIPAA enforcement rule at 45 CFR §160, subpart C.
 - (e) “Secretary” shall mean the Secretary of the United States Department of Health and Human Services (“HHS”) or any other officer or employee of HHS to whom the authority involved has been delegated.

- (f) “Protected health information” shall mean individually identifiable health information regardless of whether it is maintained in electronic or non-electronic form.
 - (g) “Electronic protected health information” shall mean individually identifiable health information that is transmitted by or maintained in electronic media. It includes devices in computers and any removable/transportable digital memory medium. Transmission media include the Internet, extranet or intranet, leased lines, dial-up lines, private networks, and physical movement of removable/transportable media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media if the information being exchanged did not exist in electronic form immediately before the transmission.
 - (h) “Security incident” shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
- (2) **Restriction on Use and Disclosure of Protected Health Information.** Except as permitted or required by this Agreement or as required by law, BUSINESS ASSOCIATE shall not use, de-identify, or further disclose any protected health information disclosed or otherwise made available to it by PROVIDER.
- (3) **Authorized Uses and Disclosures.** Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE is hereby authorized to use and disclose protected health information for the following purposes:
- (a) **Generally.** BUSINESS ASSOCIATE may use or disclose protected health information on behalf of, or to provide services to, PROVIDER for the following purposes, if such use or disclosure of protected health information would not violate the HIPAA privacy regulations if done by PROVIDER or the minimum necessary policies and procedures of PROVIDER:

BUSINESS ASSOCIATE may use or disclose protected health information as required to satisfy its obligations under any Interim Healthcare franchise agreement heretofore or hereafter executed between BUSINESS ASSOCIATE and PROVIDER, and all related agreements.
 - (b) **Management and Administration.** BUSINESS ASSOCIATE may use and disclose protected health information for the proper management and administration of BUSINESS ASSOCIATE or to carry out the legal responsibilities of BUSINESS ASSOCIATE, provided:
 - (1) The disclosure is required by law; or,
 - (2) BUSINESS ASSOCIATE obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person and the person will immediately notify BUSINESS ASSOCIATE of any instances of which it is aware in which the confidentiality of the information

has been breached.

- (c) **Data Aggregation Services.** BUSINESS ASSOCIATE may use and disclose protected health information to provide data aggregation services relating to the health care operations of PROVIDER.
- (d) **Violations of Law.** BUSINESS ASSOCIATE may use protected health information to report violations of law to appropriate Federal and State authorities, consistent with 45 CFR §164.502(j)(1).

(4) **BUSINESS ASSOCIATE'S Obligations.**

- (a) **Representation and Acknowledgment.** BUSINESS ASSOCIATE represents that it has complied and will comply with the requirements of the HIPAA Rules applicable to it and acknowledges that it is aware that it is subject to the tiered civil and criminal penalties of section 1176 and 1177 of the Social Security Act.
- (b) **Safeguards.** BUSINESS ASSOCIATE shall use appropriate safeguards, and comply, where applicable, with the HIPAA security regulations with respect to electronic protected health information, to prevent use or disclosure of protected health information other than as permitted or required by this Agreement or as required by law.
- (c) **Security of Electronic Protected Health Information.** BUSINESS ASSOCIATE shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of PROVIDER.
- (d) **Reporting.** BUSINESS ASSOCIATE shall report to PROVIDER any use or disclosure of protected health information not permitted by this Agreement of which it becomes aware, including breaches of unsecured protected health information as required by the HIPAA Breach Notification Rule. Furthermore, BUSINESS ASSOCIATE shall report to PROVIDER any security incident of which it becomes aware. This report shall be given to PROVIDER as soon as possible after BUSINESS ASSOCIATE discovers the impermissible use or disclosure but not more than 20 days after the discovery.
- (e) **Subcontractors.** BUSINESS ASSOCIATE shall ensure that any subcontractors that create or receive protected health information on behalf of BUSINESS ASSOCIATE agree to the same restrictions and conditions that apply to BUSINESS ASSOCIATE with respect to such information.
- (f) **Providing Electronic Protected Health Information to Agents or Subcontractors.** BUSINESS ASSOCIATE shall ensure that any agent, including a subcontractor, to whom it provides electronic protected health information, agrees to implement reasonable and appropriate safeguards to protect the electronic protected health information.
- (g) **Individual's Access to Information.** BUSINESS ASSOCIATE shall make available protected health information about an individual to PROVIDER as necessary to satisfy

PROVIDER's obligations under 45 CFR §164.524.

- (h) **Amendment of Protected Health Information.** BUSINESS ASSOCIATE shall make available to PROVIDER protected health information for amendment and incorporate any amendments to protected health information in accordance with 45 CFR §164.526.
 - (i) **Accounting of Disclosures.** BUSINESS ASSOCIATE shall document such disclosures of protected health information and information related to such disclosures as would be required for PROVIDER to respond to a request by an individual for an accounting of disclosures of protected health information in accordance with 42 CFR §164.528. BUSINESS ASSOCIATE shall make available the information required to provide an accounting of disclosures in accordance with 42 CFR. §164.528. Such information shall be given to PROVIDER by BUSINESS ASSOCIATE within twenty (20) days after PROVIDER notifies BUSINESS ASSOCIATE of PROVIDER's need for the information.
 - (j) **Comply with PROVIDER's Obligations.** To the extent BUSINESS ASSOCIATE is to carry out PROVIDER's obligations under the HIPAA privacy regulations, BUSINESS ASSOCIATE shall comply with the requirements of the HIPAA privacy regulations that apply to PROVIDER in the performance of such obligations.
 - (k) **Practices, Books and Records.** BUSINESS ASSOCIATE shall make its internal practices, books, and records relating to the use and disclosure of protected health information received from, or created or received by BUSINESS ASSOCIATE on behalf of PROVIDER, to the Secretary for the purpose of determining PROVIDER's compliance with the HIPAA privacy regulations.
 - (l) **Mitigation.** BUSINESS ASSOCIATE shall mitigate, to the extent practicable, any harmful effect that is known to BUSINESS ASSOCIATE or to PROVIDER resulting from a use or disclosure of protected health information in violation of BUSINESS ASSOCIATE's policies and procedures, this Agreement, or the HIPAA privacy or security regulations.
- (5) **PROVIDER's Obligations.**
- (a) **Provisions for PROVIDER to Inform BUSINESS ASSOCIATE of Privacy Practices and Restrictions.**
 - (1) PROVIDER shall notify BUSINESS ASSOCIATE of any limitations(s) in its Notice of Privacy Practices of PROVIDER in accordance with 45 CFR §164.520, to the extent that such limitation may affect BUSINESS ASSOCIATE's use or disclosure of protected health information.
 - (2) PROVIDER shall notify BUSINESS ASSOCIATE of any changes in, or revocation of, permission by an individual to use or disclose protected health information, to the extent that such changes may affect BUSINESS ASSOCIATE's use or disclosure of protected health information.
 - (3) PROVIDER shall notify BUSINESS ASSOCIATE of any restriction on the use or disclosure of protected health information that PROVIDER has agreed to in

accordance with 45 CFR §164.522, to the extent that such restriction may affect BUSINESS ASSOCIATE's use or disclosure of protected health information.

(b) Permissible Requests by PROVIDER.

PROVIDER shall not request BUSINESS ASSOCIATE to use or disclose protected health information in any manner that would not be permissible under the HIPAA privacy regulations if done by PROVIDER.

(6) Breach Notification.

(a) Notice to PROVIDER. In the event of its discovery of a breach of unsecured protected health information disclosed or made available to it by PROVIDER, BUSINESS ASSOCIATE shall provide notification of such breach to PROVIDER as required by the HIPAA Breach Notification Rule. Provided, however, notwithstanding anything in that Rule to the contrary, such notice shall be given to PROVIDER by BUSINESS ASSOCIATE as soon as possible after BUSINESS ASSOCIATE's discovery of the breach, but in no case more than 20 days after its discovery of the breach.

(b) Notice of Breach to Affected Individuals; Costs. Whether or not notification of the breach shall be given to affected individuals and, if so, the method by which the notification shall be given shall be determined by PROVIDER, in its sole discretion. PROVIDER shall give any such notice(s) at such times and in such manner as determined by PROVIDER. BUSINESS ASSOCIATE shall pay to PROVIDER the reasonable costs incurred by PROVIDER in connection with the provision of such notices. Such costs shall include, but are not limited to, printing and copying costs, postage, delivery charges, telephone charges and employee wages.

(c) Proof of Encryption. In the event of a breach of secured protected health information, BUSINESS ASSOCIATE shall notify PROVIDER of the breach as stated in subparagraph (6)(a), above, and, within 20 days after giving such notice to PROVIDER, provide proof satisfactory to PROVIDER that such protected health information was not unsecured protected health information.

(7) Term and Termination.

(a) Generally. This Agreement shall be effective when executed on behalf of both of the parties hereto and shall terminate when all of the protected health information provided by PROVIDER to BUSINESS ASSOCIATE, or created or received by BUSINESS ASSOCIATE on behalf of PROVIDER, is destroyed or returned to PROVIDER, or, if it is not feasible to return or destroy protected health information, protections are extended to such information, in accordance with the termination provisions in this Paragraph (7).

(b) Mutual Agreement. This Agreement may be terminated by mutual written agreement of the parties.

(c) Termination for Cause. Upon PROVIDER's knowledge of a material breach of this Agreement by BUSINESS ASSOCIATE, PROVIDER shall either:

- (1) Provide an opportunity for BUSINESS ASSOCIATE to cure the breach or end the violation and terminate this Agreement if BUSINESS ASSOCIATE does not cure the breach or end the violation within the time specified by PROVIDER;
- (2) Immediately terminate this Agreement if BUSINESS ASSOCIATE has breached a material term of this Agreement and cure is not possible.

(d) Effect of Termination.

- (1) Except as provided in paragraph (2), below, upon termination of this Agreement, for any reason, BUSINESS ASSOCIATE shall return or destroy all protected health information received from PROVIDER, or created or received by BUSINESS ASSOCIATE on behalf of PROVIDER that BUSINESS ASSOCIATE maintains in any form. This provision also shall apply to protected health information that is in the possession of subcontractors of BUSINESS ASSOCIATE. BUSINESS ASSOCIATE shall retain no copies of the protected health information.
- (2) In the event that BUSINESS ASSOCIATE determines that returning or destroying the protected health information is not feasible, BUSINESS ASSOCIATE shall provide to PROVIDER notification of the conditions that make return or destruction not feasible. BUSINESS ASSOCIATE shall extend the protections of this Agreement to such protected health information and limit further uses and disclosures of such protected health information to those purposes that make the return or destruction not feasible, for so long as BUSINESS ASSOCIATE maintains such protected health information.

(8) Injunction. Notwithstanding any other rights or remedies provided for in this Agreement, PROVIDER retains all rights to injunctive relief to prevent or stop the unauthorized use or disclosure of protected health information by BUSINESS ASSOCIATE, or any agent, subcontractor or other third party that received protected health information from BUSINESS ASSOCIATE.

(9) Indemnification. BUSINESS ASSOCIATE shall indemnify and hold PROVIDER harmless from and against any and all loss, cost, damage, or expense, including reasonable attorneys' fees, that arise out of: any breach by BUSINESS ASSOCIATE of this Agreement, the HIPAA privacy regulations; the HIPAA security regulations, or the HIPAA Breach Notification Rule, or, the need for PROVIDER to enforce any provision of this Agreement.

PROVIDER shall indemnify and hold BUSINESS ASSOCIATE harmless from and against any and all loss, cost, damage, or expense, including reasonable attorneys' fees, that arise out of: any breach by PROVIDER of this Agreement, the HIPAA privacy regulations; the HIPAA security regulations, or the HIPAA Breach Notification Rule, or, the need for BUSINESS ASSOCIATE to enforce any provision of this Agreement.

(10) Subpoena. In the event BUSINESS ASSOCIATE receives a subpoena for any protected health information in BUSINESS ASSOCIATE's possession, BUSINESS ASSOCIATE shall immediately notify PROVIDER of the subpoena and deliver a copy of the subpoena to PROVIDER. BUSINESS ASSOCIATE shall respond to the subpoena only in accordance with the

HIPAA privacy regulations.

- (11) **Notices.** Any notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, first class postage prepaid, return receipt requested, or by prepaid overnight delivery service such that proof of delivery will be obtained, and shall be addressed as set forth below or to such other address as may be specified in a prior written notice to the other party:

- (a) If to PROVIDER:

Attn.: _____
Phone: _____
Fax: _____

- (b) If to BUSINESS ASSOCIATE:

Interim HealthCare Inc.
1551 Sawgrass Corporate Parkway, Ste. 230
Sunrise, Florida 33323
Attn.: Legal Department
Phone: 954-858-6000
FAX: 954-858-4801
Email: Legal@interimhealthcare.com

Such notice shall be deemed to be given on the date it is deposited in the mail as stated above, on the date it is given to the overnight delivery service, or the date it is given personally to the party to whom it is directed. A notice shall be deemed to have been given personally to a party if it is handed to the representative of the party to whom the notice must be addressed or if left at his or her office located at the street address to which a notice would be mailed.

- (12) **Amendment.** This Agreement may not be changed, modified, or amended except by a written agreement executed on behalf of each of the parties.

- (13) **No Waiver.** No waiver of one or more of the provisions of this Agreement or the failure to enforce any provision of this Agreement by either party shall be construed as a waiver of any subsequent breach of this Agreement, nor a waiver of the right at any time thereafter to require strict compliance with all of its terms.
- (14) **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the parties as to the matters contained in it, and supersedes all prior discussions, agreements, and understandings of every kind and nature between them.
- (15) **Headings.** The headings placed before the various paragraphs and subparagraphs of this Agreement are inserted for ease of reference only, do not constitute a part of this Agreement, and shall not be used in any way whatsoever in the construction or interpretation of this Agreement.
- (16) **Interpretation.** Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the HIPAA Privacy Rule, 45 CFR § 164.500 *et seq.*, the HIPAA Security Rule, 45 CFR § 164.302 *et seq.*, and the HIPAA Breach Notification Rule, 45 CFR § 164.400 *et seq.*, as each may be amended from time to time.
- (17) **Governing Law.** This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the dates set forth below:

(PROVIDER)

By: _____

Title: _____

Date: _____

INTERIM HEALTHCARE INC.

By: _____

Title: _____

Date: _____

EXHIBIT D

DEPOSIT REMITTANCE FORM

DEPOSIT REMITTANCE FORM

Date: _____

Interim HealthCare Inc.
1551 Sawgrass Corporate Parkway, Suite 230
Sunrise, FL 33323

Sir or Madam:

I am enclosing my check in the amount of \$10,000 as a deposit to be applied toward the Initial Franchise Fee for an Interim HealthCare Home Care franchise. I understand and agree that you will reserve, for 30 days after your receipt of my deposit, all portions of the territory I have selected below not previously sold or otherwise reserved as of the date you receive my deposit. I further understand and agree that this deposit is fully-earned and non-refundable, in consideration of your removal of the territory from the market for 30 days and your lost or deferred opportunity to franchise it to others.

Please reserve the following territory for me:

(Insert Zip Codes)

I agree that if I do not enter into a Franchise Agreement with you within 30 days after your receipt of this deposit you may keep my deposit and sell the territory described above without further obligation to me. This Deposit Remittance Form constitutes the entire agreement between us relating to my deposit, and supersedes all prior agreements and representations, oral or otherwise. This agreement is governed by the laws of the state of Florida, without regard to its conflict of laws principles. The federal and state courts located within Broward County, Florida have exclusive jurisdiction in any controversy relating to or arising out of this agreement. I understand and certify that no representations concerning the franchise we are acquiring have been made by Interim HealthCare Inc. other than those contained in the FDD. In particular, no representations have been made to us concerning the financial prospects of the franchise we are acquiring other than those in the FDD. Nothing contained in this remittance form shall act as a release, estoppel, or waiver of any liability arising under any state franchise registration or disclosure law.

By: _____

Name: _____

Date: _____

EXHIBIT E

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Our agent for service of process in Florida is:

Patricia M. McGillan
General Counsel & Chief Compliance Officer
Interim HealthCare Inc.
1551 Sawgrass Corporate Parkway, Suite 230
Sunrise, Florida 33323

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following as our agents for service of process in those states:

<u>CALIFORNIA</u>	<u>NORTH DAKOTA</u>
Commissioner of Corporations Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013-2344	North Dakota Securities Department Fifth Floor 600 East Boulevard Bismarck, North Dakota 58505
CSC-Lawyers Incorporating Service 2710 Gateway Oaks Drive, Suite 150N Sacramento, California 95833-3505	Prentice-Hall Corporation System, Inc. 600 S 2nd St., Suite 155 Bismarck, North Dakota 58504
<u>HAWAII</u>	<u>OREGON</u>
Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310
CSC Services of Hawaii, Inc. Pauahi Tower 1003 Bishop Street, Suite 1600 Honolulu, Hawaii 96813	Prentice-Hall Corporation System, Inc. 1127 Broadway Street NE, Suite 310 Salem, Oregon 97301

<u>ILLINOIS</u>	<u>RHODE ISLAND</u>
Illinois Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706	Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903-4232
Illinois Corporation Service Company 801 Adlai Stevenson Drive Springfield, Illinois 62703	Prentice-Hall Corporation System, Inc. 222 Jefferson Blvd. Suite 200 Warwick Rhode Island 02888
<u>INDIANA</u>	<u>SOUTH DAKOTA</u>
Indiana Secretary of State 201 State House Indianapolis, Indiana 46204	South Dakota Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563
Prentice-Hall Corporation System, Inc. 135 North Pennsylvania Street, Suite 1610 Indianapolis, Indiana 46204	Prentice-Hall Corporation System, Inc. 503 South Pierre Street Pierre, South Dakota 57501
<u>MARYLAND</u>	<u>VIRGINIA</u>
Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020	Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219
Prentice-Hall Corporation System, Inc. 7 St. Paul Street, Suite 820 Baltimore, Maryland 21202	Prentice-Hall Corporation System, Inc. 100 Shockoe Slip, 2nd Floor Richmond, Virginia 23219

<u>MICHIGAN</u>	<u>WASHINGTON</u>
Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 G. Mennen Williams Building Lansing, Michigan 48913	Administrator Department of Financial Institutions Securities Division 210 – 11th Street S.W., 3rd Floor West Olympia, Washington 98504
Prentice-Hall Corporation System, Inc. 3410 Belle Chase Way, Ste 600 Lansing, Michigan 48911	Prentice-Hall Corporation System, Inc. 300 Deschutes Way SW, Suite 304 Tumwater, Washington 98501
<u>MINNESOTA</u>	<u>WISCONSIN</u>
Minnesota Dept. of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101	Commissioner of Securities Division of Securities Department of Financial Institutions 201 W. Washington Avenue, 3rd Floor Madison, Wisconsin 53703
Prentice-Hall Corporation System, Inc. 2345 Rice Street Roseville, Minnesota 55113	Prentice-Hall Corporation System, Inc. 33 East Main Street, Suite 610 Madison, Wisconsin 53703
<u>NEW YORK</u>	<u>NEW MEXICO</u>
New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231 (518) 473-2492	Prentice-Hall Corporation System, Inc. 110 E Broadway Street Hobbs, New Mexico 88240
Prentice-Hall Corporation System, Inc. 80 State Street Albany, New York 12207	

EXHIBIT F

LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

CALIFORNIA

Commissioner of Corporations
Department of Financial Protection and
Innovation

320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7505

HAWAII

Department of Commerce and
Consumer Affairs
Business Registration Division
Commissioner of Securities
P. O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

ILLINOIS

Illinois Attorney General
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

MICHIGAN

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G. Mennen Williams Building
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Minnesota Dept. of Commerce
Securities-Franchise Registration
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

North Dakota Securities Department
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903-4232
(401) 277-3048

SOUTH DAKOTA

South Dakota Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street
9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
210 – 11th Street S.W., 3rd Floor West
Olympia, Washington 98504
(360) 902-8760

WISCONSIN

Commissioner of Securities
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, 3rd Floor
Madison, Wisconsin 53703
(608) 266-1064

EXHIBIT G

LIST OF FRANCHISES/TERMINATED FRANCHISES

**LIST OF FRANCHISEES
(As of December 31, 2022)**

CALIFORNIA

Saint Andrew's Abbey (661) 365-0200
1050 East Palmdale Blvd Suite 209
Palmdale, CA 93550
(1 Territory)

INDIANA

Jamie Wesner and Steve Alessandro (260) 482-9405
111 E Ludwig Rd, Suite 105
Ft. Wayne, IN 46825
(2 Territories)

MICHIGAN

CLM Enterprises, Inc. 616-575-0216
1971 E. Beltline NE Suite 216
Grand Rapids, MI 49525
(1 Territory)

MINNESOTA

Crown Capital Strategies LLC 507-200-1111
2659 Superior Drive NW Suite 200
Rochester, MN 55901
(1 Territory)

SOUTH CAROLINA

InvestSouth IHC, LLC (864) 627-1200
16 Hyland Road
Greenville, SC 29615

InvestSouth IHC, LLC (803) 830-7072
250 Berryhill Road Suite 404
Columbia, SC 29210

WISCONSIN

Wesner, Alessandro, & Byl 715-377-9617
625 Commerce Dr., Suite 200
Hudson, WI 54016

Wesner, Alessandro, & Byl
1600 Shawano Ave. Suite 201
Green Bay, WI 54303

(920) 494-9444

Wesner, Alessandro, & Byl
510 N 17th Ave., Suite A
Wausau, WI 54401

(715) 842-7707

**FRANCHISES TERMINATED, CANCELED OR NOT RENEWED,
OR WHO OTHERWISE CEASED TO OPERATE
(As of December 31, 2022)**

Minnesota
Jeff Danielson (507) 200-1111
No office location
Mankato, MN

**FRANCHISEES WITH SIGNED FRANCHISE AGREEMENTS, BUT NOT OPEN
(As of December 31, 2022)**

Illinois
Wesner, James and Alessandro, Steve (847) 433-5650
(This owner group has 2 signed, but not yet opened Franchise Agreements in Illinois.)

Indiana
Salo, Inc. (614) 436-9404
(This owner group has 5 signed, but not yet opened Franchise Agreements in Indiana.)

New Mexico
Brandon and Gwen Saylor (505) 633-8620
(This owner has 1 signed, but not yet opened Franchise Agreement in New Mexico.)

Pennsylvania
Salo, Inc. (614) 436-9404
(This owner group has 1 signed, but not yet opened Franchise Agreements in Pennsylvania.)

South Carolina
Inspirium Health, LLC (864) 627-1200
(This owner group has 2 signed, but not yet opened Franchise Agreements in South Carolina.)

EXHIBIT H

INTERIM HEALTHCARE INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

Financial Statements and Report of
Independent Certified Public
Accountants

Interim HealthCare Inc.

December 30, 2022 and December 31, 2021

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Statements of stockholder's equity	7
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GRANT THORNTON LLP

801 Brickell Ave., Suite 2450
Miami, FL 33131

D +1 305 341 8040

F +1 305 341 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Interim HealthCare Inc.

Opinion

We have audited the financial statements of Interim HealthCare Inc. (a Florida corporation) (the "Company"), which comprise the balance sheets as of December 30, 2022 and December 31, 2021, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2022 and December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 for one year after the date the financial statements are available to be issued.

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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Miami, Florida
April 30, 2023

Interim HealthCare Inc.

BALANCE SHEETS

December 30, 2022 and December 31, 2021
(Amounts in Thousands, Except Share Data)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash	\$ 758	\$ 3,012
Restricted cash with fiscal agents	134	194
Accounts receivable, net of allowance for doubtful accounts of \$2,805 in 2022 and \$2,799 in 2021	2,147	2,003
Tax receivable	983	2,729
Note receivable from related party	1,550	1,462
Other current assets	<u>2,084</u>	<u>2,120</u>
Total current assets	7,656	11,520
Goodwill, net	26,171	35,533
Trademarks	53,518	53,518
Intangible assets, net	50,421	53,262
Property and equipment, net	427	469
Right of use asset, net	354	-
Designated investments	2,089	2,778
Due from related party	13,498	7,951
Other assets	<u>305</u>	<u>305</u>
Total assets	<u>\$ 154,439</u>	<u>\$ 165,336</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 3,274	\$ 1,826
Accrued expenses	2,103	2,996
Operating lease liability, current	65	-
Due to related party, current	<u>2,841</u>	<u>2,841</u>
Total current liabilities	8,283	7,663
Long-term liabilities		
Other liabilities	5,396	5,881
Operating lease liability, net of current portion	353	-
Deferred tax liability	23,045	22,585
Due to related party, net of current portion	<u>83,853</u>	<u>92,822</u>
Total long-term liabilities	112,647	121,288
Stockholder's equity		
Common stock - par value \$10.00; 10,000 shares authorized, issued and outstanding at both December 30, 2022 and December 31, 2021	100	100
Additional paid-in capital	73,159	73,159
Retained earnings (accumulated deficit)	<u>(39,750)</u>	<u>(36,874)</u>
Total stockholder's equity	<u>33,509</u>	<u>36,385</u>
Total liabilities and stockholder's equity	<u>\$ 154,439</u>	<u>\$ 165,336</u>

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

Interim HealthCare Inc.

STATEMENTS OF OPERATIONS

Years ended December 30, 2022 and December 31, 2021
(Amounts in Thousands)

	<u>2022</u>	<u>2021</u>
Net revenue	\$ 36,092	\$ 35,301
Operating costs and expenses		
Selling, general and administrative	23,233	23,709
Depreciation and amortization	<u>12,450</u>	<u>12,420</u>
Total operating costs and expenses	<u>35,683</u>	<u>36,129</u>
Income (loss) from operations	409	(828)
Other expense (income)		
Interest and financing expense (income), net	(295)	6,812
Loss on early extinguishment of debt	<u>-</u>	<u>217</u>
Income (loss) before provision for income taxes	704	(7,857)
Provision (benefit) for income taxes	<u>3,580</u>	<u>(1,228)</u>
NET LOSS	<u>\$ (2,876)</u>	<u>\$ (6,629)</u>

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

Interim HealthCare Inc.

STATEMENTS OF STOCKHOLDER'S EQUITY

Years ended December 30, 2022 and December 31, 2021
(Amounts in Thousands, Except Share Data)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholder's Equity
	Shares	Amount			
Balance, December 25, 2020	10,000	\$ 100	\$ 71,152	\$ (30,245)	\$ 41,007
Stock-based compensation	-	-	2,017	-	2,017
Option redemption	-	-	(10)	-	(10)
Net loss	-	-	-	(6,629)	(6,629)
Balance, December 31, 2021	10,000	100	73,159	(36,874)	36,385
Net loss	-	-	-	(2,876)	(2,876)
Balance, December 30, 2022	<u>10,000</u>	<u>\$ 100</u>	<u>\$ 73,159</u>	<u>\$ (39,750)</u>	<u>\$ 33,509</u>

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

Interim HealthCare Inc.

STATEMENTS OF CASH FLOWS

Years ended December 30, 2022 and December 31, 2021
(Amounts in Thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (2,876)	\$ (6,629)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	247	217
Amortization of intangible assets	12,203	12,203
Amortization of right of use asset	88	-
Stock-based compensation	-	2,017
Loss from extinguishment of debt	-	217
Amortization of deferred financing cost	-	154
Provision for doubtful accounts	24	6
Provision (benefit) for deferred income taxes	897	(2,365)
Changes in operating assets and liabilities:		
Accounts receivable	(168)	11
Other assets and tax receivable	1,345	(1,076)
Accounts payable	1,447	586
Accrued expenses, operating lease liability and other liabilities	(563)	(320)
	<u>12,644</u>	<u>5,021</u>
Net cash flows provided by operating activities		
	<u>12,644</u>	<u>5,021</u>
Cash flows from investing activities:		
Due from related parties	(5,636)	(6,270)
Purchases of property and equipment	(205)	(197)
Sales/purchases of designated investments, net	(148)	198
	<u>(5,989)</u>	<u>(6,269)</u>
Net cash flows used in investing activities		
	<u>(5,989)</u>	<u>(6,269)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	5
Payment for exercise of stock options	-	(15)
Sub-debt payments	-	(31,700)
Revolver payments	-	(4,700)
Principal repayments on term loan	-	(63,335)
Advances from Ultimate Parent	-	99,435
Repayment of advances from Ultimate Parent	(8,969)	(3,772)
	<u>(8,969)</u>	<u>(4,082)</u>
Net cash flows used in financing activities		
	<u>(8,969)</u>	<u>(4,082)</u>
CHANGE IN CASH AND RESTRICTED CASH	<u>(2,314)</u>	<u>(5,330)</u>
Cash and restricted cash, beginning of year	<u>3,206</u>	<u>8,536</u>
Cash and restricted cash, end of year	<u>\$ 892</u>	<u>\$ 3,206</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ 7,572
Income taxes	\$ 1,374	\$ 924
Operating lease liabilities arising from obtaining right of use asset	\$ 429	\$ -

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

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS

December 30, 2022 and December 31, 2021

NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

Company

Interim HealthCare Inc. (the “Company”) was incorporated on August 25, 1965 in the State of Florida. The Company is a wholly owned subsidiary of IH Acquisition Corporation, which is a wholly owned subsidiary of Caring Brands International, Inc., which was part of a corporate group which was ultimately wholly owned by CBI Parent, L.P. (the “Former Parent”). CBI-Gator Acquisition, LLC (the “Ultimate Parent”) was formed on September 21, 2021 in the State of Delaware to acquire the businesses ultimately owned and conducted by the Former Parent. On October 25, 2021, the Ultimate Parent acquired all of the outstanding interests of CBI Parent, L.P. The Company elected not to apply push down accounting with respect to the acquisition of the Former Parent in the financial statements of the Company.

Business

Through its network of franchised offices, the Company provides a comprehensive, fully integrated range of home nursing services to individuals with non-acute illnesses, long-term chronic health conditions, permanent disabilities, terminal illnesses or post-procedural needs. The franchised offices are located throughout the United States and there is one office in Saudi Arabia. Offices within the network share a common brand name and operating procedures.

Fiscal Year-End

The Company’s fiscal year is comprised of 52 or 53 weeks, ending on the last Friday in December. The years ended December 30, 2022 and December 31, 2021 were comprised of 52 and 53 weeks, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company’s actual results in subsequent periods could differ from these estimates.

Fair Value of Financial Instruments

Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. There is a three-tier fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace, such as quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and
- Level 3 - Unobservable inputs which are supported by little or no market activity.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company measures its designated investments at fair value. The Company's designated investments are in Level 1 because these investments consist of mutual funds that are valued using quoted market prices in active markets.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the relatively short maturity of the respective instruments.

Revenue from Contracts with Customers

Net revenue consists primarily of royalties, national advertising and insurance fund contributions, and initial franchise fees.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and most other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement. With respect to new franchisees, the Company has identified the initial training of the franchisees' staff and the provision of an opening office and marketing package as distinct performance obligations.

Royalties, including franchisee contributions to national advertising and insurance funds, are calculated as a percentage of franchise sales in the period in which the franchisee provides the service over the term of the franchise agreement. Under our franchise agreements, advertising contributions paid by franchisees must be spent on advertising, marketing and related activities. Franchisee participation in the Company's insurance programs is optional and insurance funds are assessed based on actuarial models and must be spent on claims-related activities. Initial franchise fees are payable by the franchisee upon signing a new franchise agreement. The Company's franchise royalties, as well as the national advertising and insurance fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur.

Additionally, initial franchise fees, except for the portion of the transaction price allocated to training and opening office and marketing package performance obligations, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. The Company recognizes revenue for the training obligation when the training is completed, while revenue related to the opening office and marketing package is recognized when the related services/goods are delivered.

The Company capitalizes the costs of commissions earned for the sale of new franchises and amortizes those costs on a straight-line basis over the term of the respective franchise agreement.

Net revenue consisted of the following for the years ended December 30, 2022 and December 31, 2021 (amounts in thousands):

	2022	2021
Royalty	\$ 31,723	\$ 31,479
Initial franchise fees	614	450
National advertising fund	1,325	1,429
Insurance fund	2,189	1,662
Other	241	281
Net revenue	\$ 36,092	\$ 35,301

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Contract assets and contract liabilities arising from contracts with customers consisted of the following as of December 30, 2022 and December 31, 2021 (amounts in thousands):

	2022	2021
Accounts receivable, net	\$ 2,147	\$ 2,003
Contract assets - prepaid commissions	938	681
Contract liabilities - deferred initial franchise fees	2,849	2,193

Cash and Restricted Cash with Fiscal Agent

Deposits in banks may exceed the amount of insurance provided on such deposits. The Company performs reviews of the creditworthiness of its depository banks. The Company believes that its deposits are held by institutions that are creditworthy and pose a low risk of loss. In support of the Company's workers' compensation policy, the Company had \$72,700 and \$92,800 in the custody of the insurance carrier at December 30, 2022 and December 31, 2021, respectively. Additionally, the Company entered into a contractual agreement with its bank in April 2015 to maintain a compensating balance for all present and future indebtedness of the Company to the bank. In support of this agreement, the Company had \$61,500 and \$101,000 in the custody of the insurance carrier at December 30, 2022 and December 31, 2021, respectively. These amounts, plus accrued interest, are classified as restricted cash with fiscal agents in the accompanying balance sheets.

Designated Investments

The Company funds its deferred compensation plan for certain employees (see Note G) through the purchase of mutual fund investments which are classified as trading securities. These investments are designated for the payment of amounts due to these employees under the deferred compensation plan.

Allowance for Doubtful Accounts

The Company carries accounts and notes receivable at the amount it deems to be collectible. Accordingly, the Company provides allowances for accounts it deems to be uncollectible based on management's best estimates. The Company evaluates delinquency of accounts on a specific review basis and charges off trade receivables when deemed uncollectible. Recoveries are recognized in the period they are received. The ultimate amount of accounts that become uncollectible could differ from the estimated amounts.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Additions to property and equipment and major improvements or replacements are capitalized. Maintenance and repair costs, which do not improve or extend useful lives of the assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful life or the lease term using the straight-line method.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets and other identifiable intangibles with estimable useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. No impairment of long-lived assets was recognized during the years ended December 30, 2022 and December 31, 2021.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair market value of the net assets acquired in acquisitions accounted for under Accounting Standard Codification ("ASC") 805, *Business Combinations*. The Company adopted an accounting alternative that allows non-public companies to amortize goodwill on a straight-line basis over a period not to exceed ten years. The Company is amortizing goodwill over a 10-year life, which management believes is the most appropriate life. Goodwill is tested for impairment at the entity level only when events or circumstances indicate that the fair value of the goodwill may be less than its carrying amount. No triggering events were identified during the year ended December 30, 2022 or December 31, 2021.

Intangible assets with finite lives consist of franchise relationships that are being amortized on a straight-line basis over their estimated life and are tested for impairment if indicators of impairment arise.

Accrued Self-Insurance Losses

The Company maintains insurance policies covering general liability, professional liability, automobile liability, umbrella liability, employment practices liability and crime/employee dishonesty. These policies cover the Ultimate Parent's owned locations and are offered to franchise locations. The Company also purchases financial/executive risk policies that cover corporate exposures of errors and omissions, directors and officers, special risks, cyber and fiduciary liabilities.

The Company retains a portion of the risk under its HealthCare staff commercial liability package. The Company maintains primary limits of \$1,000,000 per claim/occurrence or \$3,000,000 in the aggregate with \$250,000 self-insured retention with a \$7,000,000 single limit umbrella policy. The Company maintains general liability exposures incurred on an occurrence basis and professional liability exposures on a claims made basis that are covered by the commercial liability package for policy periods under which the participants operated. The Company also has exposures incurred through contractual obligations relative to skilled and non-skilled staffing.

The Company had approximately \$552,000 and \$768,000 in reserves, prior to the consideration of insurance recoveries, included in both accrued expenses and other liabilities on the accompanying balance sheets for its nursing staff professional and physician malpractice liability risk retention at December 30, 2022 and December 31, 2021, respectively. The Company has recorded approximately \$85,000 of estimated future insurance recoveries in other non-current assets on the accompanying balance sheets at both December 30, 2022 and December 31, 2021.

The Company has recorded reserves totaling approximately \$308,000 in other liabilities in the accompanying balance sheets for claims that may arise from prior years for which a claims-made policy was held at December 30, 2022 and December 31, 2021. Reserves recorded reflect the non-discounted estimated liabilities, including claims incurred but not reported.

The Company intends to renew the existing nursing staff professional liability claims-made policy annually and expects to be able to obtain such coverage. If coverage is not renewed, management intends to purchase an extended reporting period endorsement to provide professional liability coverage for losses incurred prior to, but reported subsequent to, the termination of the claims-made policies.

The Company maintains employment practices liability insurance with a \$5,000,000 claims made combined single limit policy aggregate, with a self-insurance retention limited to \$25,000. As of December 30, 2022 and December 31, 2021, the Company estimates that the risk exposure of the general and employee practices liability programs policies are inconsequential to the financial statements.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

The Company maintains a guaranteed cost program for workers' compensation insurance via a Professional Employer Organization ("PEO"). Prior to this current program, the Company maintained a large deductible program for workers' compensation insurance. Under the prior policy, the Company was insured per statutory mandate and up to \$1,000,000 per employer liability accident or disease for prior policy years. No aggregate stop loss limit was purchased for prior policy years. The risk retained by the Company was \$250,000 per claim.

Assets of \$72,700 and \$92,800 as of December 30, 2022 and December 31, 2021, respectively, held to pay reported and future claims under the workers' compensation insurance program are included as a component of restricted cash with fiscal agents on the accompanying balance sheets. In addition, the Company has obtained an irrevocable letter of credit for drawings up to \$168,381 to pay reported and future claims, if required.

A liability attributable to the workers' compensation insurance program for unpaid claims and the associated claim expenses, including claims incurred but not reported losses, is actuarially determined and reflected in the accompanying balance sheets as an accrued liability. At December 30, 2022 and December 31, 2021, the total workers' compensation liability, prior to the consideration of insurance, of \$271,000 and \$269,000, respectively, are included in both accrued expenses and other liabilities on the accompanying balance sheets. The Company has recorded approximately \$220,000 of estimated future insurance recoveries in other non-current assets at both December 30, 2022 and December 31, 2021.

The Company applies actuarial techniques that consider, among other things, historical and industry equivalent loss data to estimate its incurred but not reported reserves for all its self-insured and high-risk retention programs. These self-insured insurance liabilities are based on estimates, and while management believes that the amounts recorded are adequate, there can be no assurance that changes to management's estimates may not occur due to limitations inherent in the estimation process. Changes in the estimates of these accruals are charged or credited to operations in the period determined.

Stock-Based Compensation Plans

FASB ASC 718, *Compensation - Stock Compensation* ("FASB ASC 718") defines a fair value method of accounting for stock options and similar equity instruments. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. Refer to Note H.

Income Taxes

The Company accounts for income taxes under FASB ASC 740, *Income Taxes*. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company includes tax related interest and penalties as a component of the provision for income taxes, if incurred.

In assessing the need to record a valuation allowance against its deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the year in which temporary differences will reverse and within allowable carry-forward periods for certain tax attributes.

As required by ASC 740-10, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. The Company incurred advertising costs of approximately \$2.2 million and \$2.3 million for the years ended December 30, 2022 and December 31, 2021, respectively.

Debt Issuance Costs

The Company capitalized costs relating to its debt financing (see Note C) and was amortizing these costs over the life of the related debt using the effective-interest method.

Accounting Changes

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires balance sheet recognition of a liability and right-of-use asset for substantially all leases. The ASU and all subsequently issued amendments replaced the existing lease accounting guidance in US GAAP. The Company adopted this ASU on January 1, 2022 using the current period transition method. Under this method, the ASU is applied prospectively and prior year amounts are not retrospectively adjusted.

Leases

The Company leases its headquarters under an operating lease that expires in 2026. The lease requires payment of common area maintenance charges, taxes, and insurance. The lease contains provisions for future rent increases, rent free periods or periods in which rent payments are reduced (abated). Effective January 1, 2022, the Company recognizes and measures its lease in accordance with FASB ASC 842, *Leases*. Upon adoption of ASC 842, the Company recognized an operating lease liability of approximately \$429,000, based on the present value of lease payments over the remaining expected lease term, and corresponding right-of-use ("ROU") asset of approximately \$441,000. Lease expense is recognized on a straight-line basis over the lease term and the ROU asset is amortized on a straight-line basis over the lease term. Upon adoption of ASC 842, the Company elected the 'package of practical expedients', which permits the Company to not reassess under the new standard any prior conclusions about lease identification, lease classification and initial direct costs.

The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are modified. The Company now recognizes a lease liability, based on the present value of future lease payments over the remaining lease term, and a corresponding ROU asset at the commencement date of the lease. The lease term commences on the date when the Company has the right to control the use of the leased property. The Company elected the accounting alternative that allows the use of a risk-free discount rate for a similar term as the term of its lease.

NOTE C - DEBT

Credit Facility

The Company had a Credit Facility with a syndicate of lenders (the "Credit Facility") that provided up to \$71.2 million in borrowings, which included a revolving credit facility of up to \$5 million (the "Revolving Credit Facility") and a term loan of \$66.2 million (the "Term Loan"). The Credit Facility also provided the Former Parent with up to £35.5 million in borrowings, including a revolving credit facility up to £2 million and a term loan of £33.5 million. The Credit Facility was to terminate on December 17, 2022. In conjunction with the acquisition of the Former Parent, this agreement was paid in full and terminated on October 25, 2021.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Borrowings under the Credit Facility bore interest at a rate per annum equal to, at the Company's option, London InterBank Offered Rate ("LIBOR") (subject to a minimum rate of 1.00%) plus an applicable margin or the Base Rate plus an applicable margin. The applicable margins were dependent upon the Company's Senior Net Leverage Ratio. If the Senior Net Leverage Ratio was greater than 4.5 then the applicable margin would be 4.5% for LIBOR loans and 3.5% for Base Rate loans. If the Senior Net Leverage Ratio was less than 4.5 then the applicable margin would be 4.25% for LIBOR loans and 3.25% for Base Rate loans. The "Base Rate" was determined by reference to the greatest of (1) Bank of Montreal's prime commercial rate, (2) the average of the rates per annum by two or more Federal funds brokers plus ½ of 1% (the "Federal Funds Rate"), (3) LIBOR plus 1%, or (4) the Base Rate Floor of 2%. As of October 25, 2021, the interest rate under the Credit Facility was 6.5%.

The Lenders charged a commitment fee to the Company at the rate of ½ of 1% annum on the average daily unused portion of each Lender's average daily unused revolving credit commitment during the preceding quarter (approximately \$17,600 for the period ended October 25, 2021).

As of October 25, 2021, there was no amount outstanding under the Revolving Credit Facility and the interest rate was 6.5%.

Senior Subordinated Notes Payable

The Company entered into a Senior Subordinated Note Purchase Agreement on September 29, 2015, with Levine Leichtman Capital Partners V, L.P. and LLC Co-Investment Fund, L.P. to finance a merger of the Former Parent, refinance prior indebtedness and to provide ongoing working capital to the Company. The Senior Subordinated Notes had an original total principal amount of \$31,700,000. There were no required scheduled prepayments under these notes until their maturity. The Senior Subordinated Notes were to mature on June 15, 2023, as amended on September 24, 2018. Interest was accrued on the principal at the rate of 15% per annum. Monthly cash payments for interest were due in arrears on the last business day of each calendar month. In addition, the Senior Subordinated Notes were subject to mandatory prepayment upon the occurrence of certain corporate events. In conjunction with the acquisition of the Former Parent, this agreement was paid in full and terminated on October 25, 2021.

Deferred Loan Costs

The total amount of amortization expense was \$371,000 for the period ended October 25, 2021. Amortization expense included \$217,000 of accelerated amortization as a result of the acquisition of the Former Parent.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of December 30, 2022 and December 31, 2021, consist of the following (amounts in thousands):

	Estimated Useful Lives	2022	2021
Equipment	3 years	\$ 657	\$ 593
Furniture and fixtures	8 years	104	97
Software	3 - 5 years	888	757
Leasehold improvements	Lesser of lease term or useful life	222	219
		1,871	1,666
Accumulated depreciation		(1,444)	(1,197)
Total		\$ 427	\$ 469

Depreciation expense totaled approximately \$247,000 and \$217,000 for the years ended December 30, 2022 and December 31, 2021, respectively.

NOTE E - GOODWILL AND INTANGIBLE ASSETS

Goodwill subject to amortization, as of December 30, 2022 and December 31, 2021, consists of (amounts in thousands):

	2022	2021
Goodwill	\$ 94,067	\$ 94,067
Accumulated amortization	(67,896)	(58,534)
Goodwill, net	\$ 26,171	\$ 35,533

Amortization of goodwill totaled approximately \$9,362,000 for each of the years ended December 30, 2022 and December 31, 2021. Amortization of goodwill is expected to be approximately \$9,362,000 per year for each of the next two years and \$7,447,000 in 2025.

Intangible assets subject to amortization, as of December 30, 2022 and December 31, 2021, consist of (amounts in thousands):

	2022	2021
Intangible assets:		
Franchise relationships	\$ 71,016	\$ 71,016
Accumulated amortization	(20,595)	(17,754)
Intangible assets, net	\$ 50,421	\$ 53,262

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Amortization of franchise relationships totaled approximately \$2,841,000 for each of the years ended December 30, 2022 and December 31, 2021. Franchise relationships are being amortized using the straight-line method over a period of 25 years. Estimated amortization of intangible assets is expected to be approximately \$2,841,000 per year for each of the next five years.

NOTE F - INCOME TAXES

The components of deferred income tax assets and liabilities consist of the following at December 30, 2022 and December 31, 2021 (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Noncurrent:		
Receivables	\$ 957	\$ 904
General accrued expenses	972	696
Workers' compensation reserve	(9)	(9)
Interest expense carryforward	3,972	3,832
Property and equipment	(25)	28
Goodwill and other intangibles, net	(28,199)	(28,012)
Net operating loss carryforward	-	48
Credits and other	<u>(713)</u>	<u>(24)</u>
Total noncurrent	(23,045)	(22,537)
Net deferred tax liability before valuation allowance	(23,045)	(22,537)
Valuation allowance	<u>-</u>	<u>(48)</u>
Net deferred tax liabilities	<u>\$ (23,045)</u>	<u>\$ (22,585)</u>

The Company utilized most of its general business credit carryover of approximately \$593,800 through December 30, 2022. The credits are expected to be fully utilized at December 30, 2022.

Changes of ownership occurred on May 19, 2006, October 31, 2012, and October 25, 2021, which limit the utilization of net operating losses and other tax attributed under Internal Revenue Code ("IRC") Section 382 and Section 383. In 2021, 100% of the shares of the Company were acquired by a new US consolidated group. This acquisition resulted in a Section 383 limitation on the general business credits. The previous ownership change on September 29, 2015 did not cause any limitations under IRC Section 382 because there were no net operating losses incurred subsequent to the ownership change on October 31, 2012.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

The income tax provision (benefit) consists of the following for the years ended December 30, 2022 and December 31, 2021, (amounts in thousands):

	2022	2021
Current:		
Federal	\$ 1,747	\$ 902
State	936	235
Total current	2,683	1,137
Deferred:		
Federal	239	(1,789)
State	658	(576)
Total deferred	897	(2,365)
Total (benefit) provision	\$ 3,580	\$ (1,228)

The Company has no uncertain tax positions. Tax years subsequent to 2019 remain subject to federal examination, and tax years subsequent to 2017 remain subject to state examination.

The following is a reconciliation of income taxes at the federal statutory rate to the provision for income taxes:

	2022	2021
Statutory federal rate	21.0%	21.0%
State and local income taxes	219.0%	5.2%
Prior years adjustment	73.7%	(1.5)%
State rate changes	282.1%	0.5%
Goodwill and other permanent differences	729.7%	(4.3)%
	1,325.5%	20.9%

NOTE G - EMPLOYEE BENEFIT PLANS

The Company maintains a voluntary defined contribution 401(k) profit sharing plan covering all eligible employees as defined in the plan documents. The plan provides a discretionary matching contribution of up to 25% of employee contributions up to 6% of compensation contributed by eligible employees. In years when budget objectives are attained, the plan provides for up to an additional 25% discretionary matching contribution. Contributions, net of forfeitures, by the Company under this plan amounted to approximately \$59,000 and \$69,000 for the years ended December 30, 2022 and December 31, 2021, respectively.

The Company also maintains a deferred compensation plan for certain other employees. The plan was amended on July 1, 2011, and allows this defined group of employees to defer up to 75% of gross wages and the Company participates at the same levels as it contributes to the 401(k) profit sharing plan for non-highly compensated employees. Prior to October 1, 2011, the plan credited each participating employee's deferral and Company match with a fixed rate of interest. Effective October 1, 2011, the Company fully funded the plan and credited earnings are now based on the performance of the underlying investments, which are presented as designated investments in the accompanying balance sheets.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Deferred compensation, included in other liabilities on the accompanying balance sheets, was approximately \$2,056,000 and \$2,894,000 at December 30, 2022 and December 31, 2021, respectively. The Company incurred approximately \$48,000 and \$30,000 in expense for the deferred compensation plan for the years ended December 30, 2022 and December 31, 2021, respectively.

NOTE H - STOCK-BASED COMPENSATION

On December 3, 2015, the 2015 Option Plan (the "2015 Plan") was adopted by the Board of Directors of the Former Parent. In connection with the acquisition of the Former Parent, the Plan was terminated.

The Company applied the fair value recognition provisions of FASB ASC 718 for recognizing, recording and disclosing activity related to stock options and stock rights.

The Former Parent issued stock options with service and performance-based conditions under the 2015 Option Plan. Compensation cost for the service condition options were being recognized ratably over the vesting period using the straight-line attribution method.

The vesting period for service condition stock options issued under the 2015 Plan were as follows:

1. 162 options vest in annual one-fifth increments on each anniversary date of the vesting start date of September 29, 2015; and
2. 961 options vest in annual one-fifth increments on each anniversary date of the vesting start date of January 14, 2019.
3. 141 options vest in annual one-fifth increments on each anniversary date of the vesting start date of February 13, 2020; and
4. 33 options vest in annual one-fifth increments on each anniversary date of the vesting start date of April 4, 2020.

The 2,272 performance condition options outstanding under the 2015 Option Plan vested 20% each year and would become exercisable if the Company were to achieve defined EBITDA targets over a five-year period.

The 1,151 return vesting options outstanding under the 2015 Option Plan vested upon the sale of the Former Parent provided this is consummated prior to January 14, 2029, and other performance measurements are obtained.

The Company recorded compensation costs of approximately \$2,017,000 related to these options for the year ended December 31, 2021, as part of the selling, general and administrative expense line item in the statement of operations. Awards granted under the 2015 Plan were granted at an option price equal to market value of the stock on the date of the grant.

The Company estimated forfeitures of stock options and recognized compensation cost only for those awards expected to vest. Forfeiture rates were determined for three groups: 1) non-employee directors; 2) senior management; and 3) all other employees, based on historical experience. Estimated forfeiture rates were adjusted from time to time based on actual forfeiture experience.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

NOTE I - RELATED PARTY TRANSACTIONS

The Company's Senior Subordinated Note was owed to a majority shareholder of the Former Parent. The majority shareholder of the Former Parent had the right to charge the Company an annual management fee of \$600,000, however no amounts were charged under this arrangement during the year ended December 31, 2021. In conjunction with the acquisition of the Former Parent, this agreement was terminated on October 25, 2021.

During the year ended December 31, 2021, the Company facilitated the repurchase of partnership units in the Former Parent held by former employees. The Company was to be reimbursed by the Parent; therefore, these amounts have been recorded as due from related party in the accompanying balance sheets. During the year ended December 30, 2022, the Company advanced approximately \$5,600,000 to franchise offices affiliated through common ownership, for working capital requirements.

During the year ended December 31, 2021, the Company advanced funds to an affiliate as part of the Former Parent and the Ultimate Parent's purchase of businesses. In addition, the Ultimate Parent advanced funds to the Company during the year ended December 31, 2021 to facilitate the repayment of all amounts due under the Credit Facility and the Senior Subordinated Notes (see Note C). These amounts are included in due to related party in the accompanying balance sheets at December 30, 2022 and December 31, 2021. Amounts due to related parties are non-interest bearing and are due on demand. The Company pays the scheduled principal and interest on behalf of the Ultimate Parent in respect of a credit facility between the Ultimate Parent and its lender. The principal amount due within one year of the year end date, under the Ultimate Parent's credit facility is included as a current liability in the accompanying balance sheets.

The Company recorded royalty revenue of approximately \$749,000 and \$343,000 from franchise offices affiliated through common ownership during the years ended December 30, 2022 and December 31, 2021, respectively.

For the year ended December 31, 2021, selling, general and administrative expenses included approximately \$2.8 million of acquisition related costs allocated to the Company from the Ultimate Parent.

NOTE J - COMMITMENTS AND CONTINGENCIES

Operating Leases

Fixed rent expense for the years ended December 30, 2022 and December 31, 2021 was approximately \$99,000 and \$187,000, respectively. Variable rent expense, consisting of common area maintenance, taxes and insurance, for the years ended December 30, 2022 and December 31, 2021 was approximately \$69,000 and \$132,000, respectively. As of December 30, 2022, the discount rate used to calculate the Company's operating lease liability is 1.37% and the remaining lease term is 4 years.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 30, 2022 and December 31, 2021

Future minimum lease commitments under the operating lease as of December 30, 2022 are as follows (amounts in thousands):

	<u>Minimum Lease Commitments</u>
2023	\$ 65
2024	122
2025	126
2026	118
Total	<u>431</u>
Less effects of discounting	<u>(12)</u>
Lease liability recognized	<u>\$ 419</u>

Guarantees

Under the terms of the Ultimate Parent's credit facility with its lenders, the Company has provided guarantees in the event of a default by the Ultimate Parent. At December 30, 2022, the amount outstanding under the credit facility was \$300,271,275. The Company is not aware of any events of default and no amounts have been accrued with respect to this guarantee in the accompanying balance sheets at December 30, 2022 or December 31, 2021.

Litigation

The Company is involved in various client and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

NOTE K - CONCENTRATION

The Company recorded royalty revenue from one franchisee representing 14% and 15% of total royalty revenue during the years ended December 30, 2022 and December 31, 2021, respectively.

NOTE L - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 30, 2022 through April 30, 2023, the date the Company's financial statements were available to be issued.

Financial Statements and Report of
Independent Certified Public
Accountants

Interim HealthCare Inc.

December 31, 2021 and December 25, 2020

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GRANT THORNTON LLP

801 Brickell Ave., Suite 2450
Miami, FL 33131

D +1 305 341 8040

F +1 305 341 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Interim Healthcare Inc.

Opinion

We have audited the financial statements of Interim Healthcare Inc. (a Florida corporation) (the "Company"), which comprise the balance sheets as of December 31, 2021 and December 25, 2020, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 25, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 for one year after the date the financial statements are available to be issued.

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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

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

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

Grant Thornton LLP

Miami, Florida
May 6, 2022

Interim HealthCare Inc.

BALANCE SHEETS
(Amounts in Thousands, Except Share Data)

December 31, 2021 and December 25, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 3,012	\$ 8,353
Restricted cash with fiscal agents	194	183
Accounts receivable, net of allowance for doubtful accounts of \$2,799 in 2021 and \$2,889 in 2020	2,003	2,020
Tax receivable	2,729	2,238
Note receivable from related party	1,462	-
Other current assets	<u>2,120</u>	<u>1,535</u>
Total current assets	11,520	14,329
Goodwill, net	35,533	44,471
Trademarks	53,518	53,518
Intangible assets, net	53,262	56,103
Property and equipment, net	469	489
Designated investments	2,778	3,007
Due from related party	7,951	3,143
Other assets	<u>305</u>	<u>305</u>
Total assets	<u>\$ 165,336</u>	<u>\$ 175,365</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	\$ 1,826	\$ 1,240
Accrued interest	-	696
Accrued expenses	2,996	4,839
Due to related party, current	2,841	-
Term loan, current	<u>-</u>	<u>562</u>
Total current liabilities	7,663	7,337
Long-term liabilities		
Other liabilities	5,881	4,398
Deferred tax liability non-current	22,585	23,821
Due to related party, net of current portion	92,822	-
Subordinated debt with related parties:	-	31,700
Line of credit	-	4,700
Term loan, net of current portion:		
Term loan principal amount, net of current portion	-	62,774
Less unamortized debt issuance costs	<u>-</u>	<u>372</u>
Term loan, net of current portion less unamortized debt issuance costs	<u>-</u>	<u>62,402</u>
Total long-term liabilities	121,288	127,021
Stockholder's equity		
Common stock - par value \$10.00; 10,000 shares authorized, issued and outstanding at both December 31, 2021 and December 25, 2020	100	100
Additional paid-in capital	73,159	71,152
Retained earnings (accumulated deficit)	<u>(36,874)</u>	<u>(30,245)</u>
Total stockholder's equity	<u>36,385</u>	<u>41,007</u>
Total liabilities and stockholder's equity	<u>\$ 165,336</u>	<u>\$ 175,365</u>

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

Interim HealthCare Inc.

STATEMENTS OF OPERATIONS

Years ended December 31, 2021 and December 25, 2020
(Amounts in Thousands)

	<u>2021</u>	<u>2020</u>
Net revenue	\$ 35,301	\$ 32,248
Operating costs and expenses		
Selling, general and administrative	23,709	17,380
Depreciation and amortization	<u>12,420</u>	<u>12,378</u>
Total operating costs and expenses	<u>36,129</u>	<u>29,758</u>
(Loss) income from operations	(828)	2,490
Other expense		
Interest and financing expense, net	6,812	8,995
Loss on early extinguishment of debt	<u>217</u>	<u>-</u>
Loss before provision for income taxes	(7,857)	(6,505)
(Benefit) provision for income taxes	<u>(1,228)</u>	<u>775</u>
NET LOSS	<u>\$ (6,629)</u>	<u>\$ (7,280)</u>

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

Interim HealthCare Inc.

STATEMENTS OF STOCKHOLDER'S EQUITY

Years ended December 31, 2021 and December 25, 2020
(Amounts in Thousands, Except Share Data)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholder's Equity
	Shares	Amount			
Balance, December 27, 2019	10,000	\$ 100	\$ 70,926	\$ (22,965)	\$ 48,061
Stock-based compensation	-	-	226	-	226
Net loss	-	-	-	(7,280)	(7,280)
Balance, December 25, 2020	10,000	100	71,152	(30,245)	41,007
Stock-based compensation	-	-	2,017	-	2,017
Option redemption	-	-	(10)	-	(10)
Net loss	-	-	-	(6,629)	(6,629)
Balance, December 31, 2021	<u>10,000</u>	<u>\$ 100</u>	<u>\$ 73,159</u>	<u>\$ (36,874)</u>	<u>\$ 36,385</u>

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

Interim HealthCare Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and December 25, 2020
(Amounts in Thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Net loss	\$ (6,629)	\$ (7,280)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property and equipment	217	175
Amortization of intangible assets	12,203	12,203
Stock-based compensation	2,017	226
Loss from extinguishment of debt	217	-
Amortization of deferred financing cost	154	281
Provision for doubtful accounts	6	25
Provision (benefit) for deferred income taxes	(2,365)	(31)
Changes in operating assets and liabilities:		
Accounts receivable	11	(158)
Other assets and tax receivable	(1,076)	198
Accounts payable	586	(306)
Accrued expenses, accrued interest and other liabilities	(320)	(1,675)
	<u>5,021</u>	<u>3,658</u>
Cash flows from investing activities:		
Due from related parties	(6,270)	(1,575)
Purchases of property and equipment	(197)	(338)
Collection of notes receivable	-	24
Sales of designated investments, net	198	142
	<u>(6,269)</u>	<u>(1,747)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	5	-
Payment for exercise of stock options	(15)	-
Revolver borrowings	-	4,700
Sub-debt payments	(31,700)	-
Revolver payments	(4,700)	-
Principal repayments on term loan	(63,335)	(64)
Advances from Ultimate Parent	99,435	-
Repayment of advances from Ultimate Parent	(3,772)	-
	<u>(4,082)</u>	<u>4,636</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(5,330)	6,547
Cash and restricted cash, beginning of year	8,536	1,989
Cash and restricted cash, end of year	\$ 3,206	\$ 8,536
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 7,572	\$ 9,057
Income taxes	\$ 924	\$ 2,058

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

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and December 25, 2020

NOTE A - ORGANIZATION AND DESCRIPTION OF BUSINESS

Company

Interim HealthCare Inc. (the “Company”) was incorporated on August 25, 1965 in the State of Florida. The Company is a wholly owned subsidiary of IH Acquisition Corporation, which is a wholly owned subsidiary of Caring Brands International, Inc., which was part of a corporate group which was ultimately wholly owned by CBI Parent, L.P. (the “Former Parent”). CBI-Gator Acquisition, LLC (the “Ultimate Parent”) was formed on September 21, 2021, in the State of Delaware to acquire the businesses ultimately owned and conducted by the Former Parent. On October 25, 2021, the Ultimate Parent acquired all of the outstanding interests of CBI Parent, L.P. The Company elected not to apply push down accounting with respect to the acquisition of the Former Parent in the financial statements of the Company.

Business

Through its network of franchised offices, the Company provides a comprehensive, fully integrated range of home nursing services to individuals with non-acute illnesses, long-term chronic health conditions, permanent disabilities, terminal illnesses or post-procedural needs. The franchised offices are located throughout the United States with one office in Saudi Arabia. Offices within the network share a common brand name and operating procedures.

Fiscal Year-End

The Company’s fiscal year is comprised of 52 or 53 weeks, ending on the last Friday in December. The years ended December 31, 2021 and December 25, 2020 were comprised of 53 and 52 weeks, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“US GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company’s actual results in subsequent periods could differ from these estimates.

Fair Value of Financial Instruments

Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. There is a three-tier fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace, such as quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company measures its designated investments at fair value. The Company's designated investments are in Level 1 because these investments consist of mutual funds that are valued using quoted market prices in active markets.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the relatively short maturity of the respective instruments. At December 25, 2020, the carrying amount of debt approximated its fair value given its terms.

Revenue from Contracts with Customers

Net revenue consists primarily of royalties, national advertising and insurance fund contributions, and initial franchise fees.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and most other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement. With respect to new franchisees, the Company has identified the initial training of the franchisees' staff and the provision of an opening office and marketing package as distinct performance obligations.

Royalties, including franchisee contributions to national advertising and insurance funds, are calculated as a percentage of franchise sales in the period which the franchisee provides the service over the term of the franchise agreement. Under our franchise agreements, advertising contributions paid by franchisees must be spent on advertising, marketing and related activities. Franchisee participation in the Company's insurance programs is optional and insurance funds are assessed based on actuarial models and must be spent on claims-related activities. Initial franchise fees are payable by the franchisee upon signing a new franchise agreement. The Company's franchise royalties, as well as the national advertising and insurance fund contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur.

Additionally, initial franchise fees, except for the portion of the transaction price allocated to training and opening office and marketing package performance obligations, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. The Company recognizes revenue for the training obligation when the training is completed, while revenue related to the opening office and marketing package is recognized when the related goods are delivered.

The Company capitalizes the costs of commissions earned for the sale of new franchises and amortizes those costs to expense on a straight-line basis over the term of the respective franchise agreement. Prior to ASC 340-40, such commissions were expensed when earned.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

Net revenue consisted of the following for the years ended December 31, 2021 and December 25, 2020 (amounts in thousands):

	2021	2020
Royalty	\$ 31,479	\$ 28,552
Initial franchise fees	450	276
National advertising fund	1,429	1,358
Insurance fund	1,662	1,722
Other	281	340
Net revenue	\$ 35,301	\$ 32,248

Opening and closing balances of receivables, contract assets and contract liabilities arising from contracts with customers consisted of the following as of December 31, 2021 and December 25, 2020 (amounts in thousands):

	Closing December 31, 2021	Opening December 25, 2020
Accounts receivable, net	\$ 2,003	\$ 2,020
Contract assets - prepaid commissions	681	675
Contract liabilities – deferred initial franchise fees	2,193	1,827

Cash and Restricted Cash with Fiscal Agent

Deposits in banks may exceed the amount of insurance provided on such deposits. The Company performs reviews of the creditworthiness of its depository banks. The Company believes that its deposits are held by institutions that are creditworthy and pose a low risk of loss. In support of the Company's workers' compensation policy, the Company had \$92,800 and \$81,900 in the custody of the insurance carrier at December 31, 2021 and December 25, 2020, respectively. Additionally, the Company entered into a contractual agreement with its bank in April 2015 to maintain a compensating balance for all present and future indebtedness of the Company to the bank. In support of this agreement, the Company placed \$100,000 into a money market account. These amounts, plus accrued interest, are classified as restricted cash with fiscal agents in the accompanying balance sheets.

Designated Investments

During 2011, the Company funded its deferred compensation plan for certain employees (see Note G) through the purchase of mutual fund investments which are classified as trading securities. These investments are designated for the payment of amounts due to these employees under the deferred compensation plan.

Allowance for Doubtful Accounts

The Company carries accounts and notes receivable at the amount it deems to be collectible. Accordingly, the Company provides allowances for accounts it deems to be uncollectible based on management's best estimates. The Company evaluates delinquency of accounts on a specific review basis and charges off trade receivables when deemed uncollectible. Recoveries are recognized in the period they are received. The ultimate amount of accounts that become uncollectible could differ from the estimated amounts.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

Property and Equipment

Property and equipment are recorded at cost. Additions to property and equipment and major improvements or replacements are capitalized. Maintenance and repair costs, which do not improve or extend useful lives of the assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of their estimated useful life or the lease term using the straight-line method.

Goodwill and Other Intangible Assets

The Company follows the provisions of the FASB ASC 350, *Intangibles – Goodwill and Other* (“FASB ASC 350”). Under the provisions of FASB ASC 350, purchased goodwill and intangible assets with indefinite lives were tested for impairment at least annually. The Company considers trademarks an indefinite-lived intangible asset. Intangible assets with finite lives are amortized over their useful lives. FASB ASC 350 requires a two-step impairment test for goodwill if a qualitative conclusion that no impairment is present cannot be reached. The first step is to compare the carrying amount of the Company’s assets to the fair value of the Company. If the carrying amount exceeds the fair value, then the second step is required to be completed, which involves allocating the fair value of the Company to each asset and liability, with the excess being implied goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. Indefinite-lived intangible assets are tested by comparing the estimated fair value of the assets to their carrying value.

In January 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-02 (“ASU 2014-02”) an accounting alternative update to FASB ASC 350, for companies that do not meet the new definition of a public business entity. This accounting alternative allows non-public companies to amortize, on a straight-line basis over 10 years, goodwill acquired in a business combination. The guidance also simplifies the goodwill impairment test, stating that a non-public company that elects to amortize goodwill will be required to perform a one-step impairment test at either the entity level or reporting unit level, only when an event of circumstance indicates that the fair value of the entity (or reporting unit) may be less than its carrying amount. Any impairment would be recognized for the difference between the fair value of the entity (or reporting unit) and its carrying amount. The amount of the changes would be limited to the entity’s (or reporting unit’s) carrying amount of goodwill.

The Company has elected to adopt this accounting alternative and therefore is amortizing goodwill over the 10-year period on a straight-line basis. The Company has also elected to perform the impairment test at the entity level only when an event or circumstance indicates that the fair value of the reporting unit may be less than its carrying amount. Accordingly, the Company recognized goodwill amortization of approximately \$9,362,000 for each year ended December 31, 2021 and December 25, 2020.

Intangible assets with finite lives consist of franchise relationships that are being amortized on a straight-line basis over their estimated life and are tested for impairment if indicators of impairment arise.

Accrued Self-Insurance Losses

The Company maintains insurance policies covering general liability, professional liability, automobile liability, umbrella liability, employment practices liability and crime/employee dishonesty. These policies covered the Company’s former company-owned locations and are offered to franchise locations. The Company also purchases financial/executive risk policies that cover corporate exposures of errors and omissions, directors and officers, special risks, cyber and fiduciary liabilities.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

The Company retains a portion of the risk under its HealthCare staff commercial liability package. The Company maintains primary limits of \$1,000,000 per claim/occurrence or \$3,000,000 in the aggregate with a \$150,000 deductible with a \$7,000,000 single limit umbrella policy and a \$2,000,000 single limit excess policy. The Company maintains exposures incurred on a claims made basis that are covered by the Commercial Liability Package for policy periods under which the participants operated under. The Company also has exposures incurred through contractual obligations relative to skilled and non-skilled staffing.

The Company had approximately \$768,000 and \$1,078,000 in reserves, prior to the consideration of insurance recoveries, in accrued expenses and other liabilities for its nursing staff professional and physician malpractice liability risk retention at December 31, 2021 and December 25, 2020, respectively. The Company has recorded approximately \$85,000 of estimated future insurance recoveries in other assets at December 31, 2021 and December 25, 2020.

The company has recorded reserves totaling approximately \$308,000 in accrued expenses for claims that may arise from prior years for which a claims-made policy was held at December 31, 2021 and December 25, 2020. Reserves recorded reflect the non-discounted estimated liabilities, including claims incurred but not reported.

The Company intends to renew the existing nursing staff professional liability claims-made policy annually and expects to be able to obtain such coverage. If coverage is not renewed, management intends to purchase an extended reporting period endorsement to provide professional liability coverage for losses incurred prior to, but reported subsequent to, the termination of the claims-made policies.

The Company maintains employment practices liability insurance on a claims-made basis of \$5,000,000 per occurrence and \$10,000,000 policy aggregate, with a self-insurance retention limited to \$25,000. As of December 31, 2021 and December 25, 2020, the Company estimates that the risk exposure of the general and employee practices liability programs policies are inconsequential to the financial statements.

Beginning in September 2008, the Company maintains a guaranteed cost program for workers' compensation insurance via a Professional Employer Organization ("PEO"). Prior to this new program, the Company maintained a large deductible program for workers' compensation insurance. Under the prior policy, the Company was insured per statutory mandate and up to \$1,000,000 per Employer Liability accident or disease for prior policy years. No aggregate stop loss limit was purchased for prior policy years. The risk retained by the Company was \$250,000 per claim.

Assets of \$92,800 and \$81,900 as of December 31, 2021 and December 25, 2020, respectively, held to pay reported and future claims under the workers' compensation insurance program are included as a component of cash with fiscal agents. In addition, the Company has obtained an irrevocable letter of credit for drawings up to \$168,381 to pay reported and future claims if required.

A liability attributable to the workers' compensation insurance program for unpaid claims and the associated claim expenses, including claims incurred but not reported losses, is actuarially determined and reflected in the balance sheets as an accrued liability. At December 31, 2021 and December 25, 2020, the total workers' compensation liability, prior to the consideration of insurance, of \$269,000 and \$277,000, respectively, are included in accrued expenses and other liabilities on the balance sheets. The Company has recorded approximately \$220,000 of estimated future insurance recoveries in other assets at December 31, 2021 and December 25, 2020.

The Company applies actuarial techniques that consider, among other things, historical and industry equivalent loss data to estimate its incurred but not reported reserves for all its self-insured and high-risk retentions programs. These self-insured insurance liabilities are based on estimates, and while management believes that the amounts recorded are adequate, there can be no assurance that changes

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

to management's estimates may not occur due to limitations inherent in the estimation process. Changes in the estimates of these accruals are charged or credited to operations in the period determined.

Stock-Based Compensation Plans

FASB ASC 718, *Compensation – Stock Compensation* ("FASB ASC 718") defines a fair value method of accounting for stock options and similar equity instruments. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. Refer to Note H for discussion of stock options.

Income Taxes

The Company accounts for income taxes under FASB ASC 740, *Income Taxes*. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company includes tax related interest and penalties as a component of the provision for income taxes.

In assessing the need to record a valuation allowance against its deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the year in which temporary differences will reverse and within allowable carry-forward periods for certain tax attributes.

As required by ASC 740-10, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

Advertising Costs

Advertising costs are charged to operations when the advertising first takes place. The Company incurred advertising costs of approximately \$2.3 million and \$2.4 million for the years ended December 31, 2021 and December 25, 2020, respectively.

Debt Issuance Costs

The Company capitalized costs relating to its debt financing (see Note C) and is amortizing these costs over the life of the related debt using the effective-interest method.

Reclassifications

Certain amounts reported in prior year's financial statements have been reclassified to conform to the current year presentation.

NOTE C - DEBT

Credit Facility

On December 17, 2015, the Company entered into a revolving credit and term loan agreement (the "Credit Facility") with Bank of Montreal, Madison Capital Funding LLC, and MidCap Financial Trust (collectively, the "Lenders") to refinance prior indebtedness and to provide ongoing working capital to the Company.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

The Credit Facility provided up to \$73.4 million in borrowings, including up to \$5 million, which was available as a revolving credit facility (the "Revolving Credit Loan Facility") and a term loan of \$68.4 million (the "Term Loan"). The Credit Facility also provided CBI International Parent Limited, a wholly owned subsidiary of the Parent, up to £27.2 million in borrowings, including up to £2 million, which was available as a revolving credit facility and a term loan of £25.2 million.

Amended Credit Facility

On September 24, 2018, the Credit Facility was amended (the "Amended Facility") as part of the Former Parent's decision to pay a dividend to its equity holders. The Amended Facility provided up to \$71.2 million in borrowings, including up to \$5 million, which was available as a revolving credit facility (the "Amended Revolving Credit Facility") and a term loan of \$66.2 million (the "Amended Term Loan"). The Former Parent's Credit Facility was also amended whereby, their Amended Facility provides up to £35.5 million in borrowings, including up to £2 million, which is available as a revolving credit facility and a term loan of £33.5 million. The Amended Facility was to terminate on December 17, 2022. In conjunction with the acquisition of the Former Parent, this agreement was paid in full and terminated on October 25, 2021.

Borrowings under the Credit Facility bore interest at a rate per annum equal to, at the Company's option, London InterBank Offered Rate ("LIBOR") (subject to a minimum rate of 1.00%) plus an applicable margin or the Base Rate plus an applicable margin. The applicable margins were dependent upon the Company's Senior Net Leverage Ratio. If the Senior Net Leverage Ratio was greater than 4.5 then the applicable margin would be 4.5% for LIBOR loans and 3.5% for Base Rate loans. If the Senior Net Leverage Ratio was less than 4.5 then the applicable margin would be 4.25% for LIBOR loans and 3.25% for Base Rate loans. The "Base Rate" was determined by reference to the greatest of (1) Bank of Montreal's prime commercial rate, (2) the average of the rates per annum by two or more Federal funds brokers plus ½ of 1% (the "Federal Funds Rate"), (3) LIBOR plus 1%, or (4) the Base Rate Floor of 2%. As of December 25, 2020, the interest rate under the Credit Facility was 6.5%.

The Lenders charged a commitment fee to the Company at the rate of ½ of 1% annum on the average daily unused portion of each Lender's average daily unused revolving credit commitment during the preceding quarter (approximately \$17,500 and \$5,200 for the years ended December 31, 2021 and December 25, 2020, respectively). The borrowings under the Credit Facility were collateralized by substantially all of the assets of the Company.

Term debt outstanding under the Amended Credit Facility consisted of the following as of December 25, 2020 (amounts in thousands):

	<u>2020</u>
Term loan	\$ 63,336
Less - current portion	<u>(562)</u>
Term loan, net of current portion	<u>\$ 62,774</u>

The total borrowings under this Amended Revolving Credit Facility, and any unpaid interest, were fully payable on December 17, 2022. Availability under the Revolving Credit Facility was \$5,000,000, less outstanding letters of credit. As of December 25, 2020, there was a \$4,700,000 outstanding balance under the Revolving Credit Facility and the interest rate was 6.5%.

Senior Subordinated Notes Payable

The Company entered into a Senior Subordinated Note Purchase Agreement on September 29, 2015, with Levine Leichtman Capital Partners V, L.P. and LLC Co-Investment Fund, L.P. to finance a merger of the

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

Former Parent, refinance prior indebtedness and to provide ongoing working capital to the Company. The Senior Subordinated Notes had an original total principal amount of \$31,700,000. There were no required scheduled prepayments under these notes until their maturity. The borrowings under this agreement were collateralized by substantially all of the assets of the Company. The Senior Subordinated Notes were to mature on June 15, 2023, as amended on September 24, 2018. Interest was accrued on the principal at the rate of 15% per annum. Monthly cash payments for interest were due in arrears on the last business day of each calendar month. In addition, the Senior Subordinated Notes were subject to mandatory prepayment upon the occurrence of certain corporate events. In conjunction with the acquisition of the Former Parent, this agreement was paid in full and terminated on October 25, 2021.

Loan Covenants and Deferred Loan Costs

The Amended Facility contained a quantitative financial covenant related to total debt to EBITDA, which was defined in the Amended Facility and calculated at the Former Parent level. In addition, the agreement contained certain restrictions that, among other things, limited the incurrence of additional indebtedness, limited the amounts of annual capital expenditures, limited the amount of annual capital leases and limited the payment of dividends or distributions.

Total unamortized debt issuance costs for the Amended Credit Facility and Senior Subordinated Note Payable was approximately \$371,000 as of December 25, 2020. The total amount of amortization expense was \$371,000 and \$281,000 for the years ended December 31, 2021 and December 25, 2020, respectively. Amortization expense included \$217,000 of accelerated amortization as a result of the acquisition of the Former Parent. Accumulated amortization was \$1,052,000 at December 25, 2020.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 and December 25, 2020, consist of the following (amounts in thousands):

	Estimated Useful Lives	2021	2020
Equipment	3 years	\$ 593	\$ 527
Furniture and fixtures	8 years	97	2
Software	3 - 5 years	757	730
Leasehold improvements	Lesser of lease term or useful life	219	210
		1,666	1,469
Accumulated depreciation		(1,197)	(980)
Total		\$ 469	\$ 489

Depreciation expense totaled approximately \$217,000 and \$175,000 for the years ended December 31, 2021 and December 25, 2020, respectively.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

NOTE E - GOODWILL AND INTANGIBLE ASSETS

Goodwill subject to amortization, as of December 31, 2021 and December 25, 2020, consists of (amounts in thousands):

	2021	2020
Goodwill	\$ 94,067	\$ 93,643
Accumulated amortization	(58,534)	(49,172)
Goodwill, net	\$ 35,533	\$ 44,471

Amortization of goodwill totaled approximately \$9,362,000 for the years ended December 31, 2021 and December 25, 2020. Goodwill is being amortized using the straight-line method over a period of 10 years.

Estimated amortization of goodwill is expected to be approximately \$9,362,000 per year for each of the next three years and \$7,447,000 in year four.

Intangible assets subject to amortization, as of December 31, 2021 and December 25, 2020, consist of (amounts in thousands):

	2021	2020
Intangible assets:		
Franchise relationships	\$ 71,016	\$ 71,016
Accumulated amortization	(17,754)	(14,913)
Intangible assets, net	\$ 53,262	\$ 56,103

Amortization of franchise relationships totaled approximately \$2,841,000 for the years ended December 31, 2021 and December 25, 2020. Franchise relationships are being amortized using the straight-line method over a period of 25 years.

Estimated amortization of intangible assets is expected to be approximately \$2,841,000 per year for each of the next five years.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

NOTE F - INCOME TAXES

The components of deferred income tax assets and liabilities consist of the following at December 31, 2021 and December 25, 2020 (amounts in thousands):

	2021	2020
Noncurrent:		
Receivables	\$ 904	\$ 928
General accrued expenses	696	991
Workers' compensation reserve	(9)	(18)
Interest expense carryforward	3,832	2,416
Property and equipment	28	55
Goodwill and other intangibles, net	(28,012)	(28,754)
Net operating loss carryforward	48	42
Credits and other	(24)	561
	<u>(22,537)</u>	<u>(23,779)</u>
Total noncurrent	(22,537)	(23,779)
Net deferred tax liability before valuation allowance	(22,537)	(23,779)
Valuation allowance	(48)	(42)
	<u>(22,585)</u>	<u>(23,821)</u>
Net deferred tax liabilities	<u>\$ (22,585)</u>	<u>\$ (23,821)</u>

Management has determined that a valuation allowance on the Company's Illinois net operating losses of \$48,000 is necessary at December 31, 2021 since it concluded based on present circumstances that a portion of the deferred tax asset may not be realized. During the year ended December 25, 2020, the Company decreased the state net operating loss valuation by approximately \$63,000, due to the expiration of certain Illinois net operating losses. The Company utilized most of its general business credit carryover of approximately \$1,100,000 through December 31, 2021. Approximately \$158,000 of these credits remain as a carryforward at December 31, 2021. Also, at December 25, 2020, the Company utilized the remaining net operating loss carryforward of approximately \$500,000.

Changes of ownership occurred on May 19, 2006, October 31, 2012, and October 25, 2021, which limit the utilization of net operating losses and other tax attributed under Internal Revenue Code ("IRC") Section 382 and Section 383. In the current year, 100% of the shares of the Company were acquired by a new US consolidated group. This acquisition will result in a Section 383 limitation on the general business credits. The previous ownership change on September 29, 2015 did not cause any limitations under IRC Section 382 because there were no net operating losses incurred subsequent to the ownership change on October 31, 2012.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

The income tax provision (benefit) consists of the following for the years ended December 31, 2021 and December 25, 2020, (amounts in thousands):

	2021	2020
Current:		
Federal	\$ 902	\$ 477
State	235	329
Total current	1,137	806
Deferred:		
Federal	(1,789)	50
State	(576)	(81)
Total deferred	(2,365)	(31)
Total (benefit) provision	\$ (1,228)	\$ 775

The Company has no uncertain tax positions. Tax years subsequent to 2018 remain subject to federal examination, and tax years subsequent to 2016 remain subject to state examination. During the year 2021, the IRS completed an examination of the Company's 2018 income tax return. The examination was concluded without material adjustments.

The following is a reconciliation of income taxes at the federal statutory rate to the provision for income taxes:

	2021	2020
Statutory federal rate	21.0%	21.0%
State and local income taxes	5.2%	5.3%
Expired General Business Credits and State NOLs	0.0%	(1.0)%
Release of (increase in) valuation allowance	0.0%	1.0%
Prior years adjustment	(1.5)%	(0.4)%
State rate changes	0.5%	0.0%
Goodwill and other permanent differences	(4.3)%	(37.8)%
	20.9%	(11.9)%

NOTE G - EMPLOYEE BENEFIT PLANS

The Company maintains a voluntary defined contribution 401(k) profit sharing plan covering all eligible employees as defined in the plan documents. The plan provides a discretionary matching contribution of up to 25% of employee contributions up to 6% of compensation contributed by eligible employees. In years when budget objectives are attained, the plan provides for up to an additional 25% discretionary matching contribution. Contributions, net of forfeitures, by the Company under this plan amounted to approximately \$69,000 and \$53,000 for the years ended December 31, 2021 and December 25, 2020, respectively.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

The Company also maintains a deferred compensation plan for certain other employees. The plan was amended on July 1, 2011, and allows this defined group of employees to defer up to 75% of gross wages and the Company participates at the same levels as it contributes to the 401(k) profit sharing plan for non-highly compensated employees. Prior to October 1, 2011, the plan credited each participating employee's deferral and Company match with a fixed rate of interest. Effective October 1, 2011, the Company fully funded the plan and credited earnings are now based on the performance of the underlying investments, which are presented as designated investments in the accompanying balance sheets. Deferred compensation, included in other liabilities was approximately \$2,894,000 and \$2,925,000 at December 31, 2021 and December 25, 2020, respectively. The Company incurred approximately \$30,000 and \$49,000 in expense for the deferred compensation plan for the years ended December 31, 2021 and December 25, 2020, respectively.

NOTE H - STOCK-BASED COMPENSATION

On December 3, 2015, the 2015 Option Plan (the "2015 Plan") was adopted by the Board of Directors of the Former Parent. In connection with the acquisition of the Former Parent, the Plan was terminated.

The Company applied the fair value recognition provisions of FASB ASC 718 for recognizing, recording and disclosing activity related to stock options and stock rights.

The Former Parent issued stock options with service and performance-based conditions under the 2015 Option Plan. Compensation cost for the service condition options were being recognized ratably over the vesting period using the straight-line attribution method.

The vesting period for service condition stock options issued under the 2015 Plan were as follows:

1. 162 options vest in annual one-fifth increments on each anniversary date of the vesting start date of September 29, 2015; and
2. 961 options vest in annual one-fifth increments on each anniversary date of the vesting start date of January 14, 2019.
3. 141 options vest in annual one-fifth increments on each anniversary date of the vesting start date of February 13, 2020; and
4. 33 options vest in annual one-fifth increments on each anniversary date of the vesting start date of April 4, 2020.

The 2,272 performance condition options outstanding under the 2015 Option Plan vested 20% each year and become exercisable if the Company were to achieve defined EBITDA targets over a five-year period.

The 1,151 return vesting options outstanding under the 2015 Option Plan vested upon the Sale of the Company provided this is consummated prior to January 14, 2029, and other performance measurements are obtained.

The Company recorded compensation costs of approximately \$2,017,000 and \$226,000 related to the options for the years ended December 31, 2021 and December 25, 2020, respectively, as part of the selling, general and administrative expense line item in the statements of operations. Awards granted under the 2015 Plan were granted at an option price equal to market value of the stock on the date of the grant.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

The Company estimated forfeitures of stock options and recognized compensation cost only for those awards expected to vest. Forfeiture rates were determined for three groups: 1) non-employee directors; 2) senior management; and 3) all other employees, based on historical experience. Estimated forfeiture rates were adjusted from time to time based on actual forfeiture experience.

The Company estimated the fair value of each stock option on the date of grant using a Black-Scholes option pricing formula, applying the following assumptions, and amortized to expense over the option's vesting period for service condition options and estimated performance period of five years for performance condition options:

	<u>Service Condition Options</u>	<u>Performance Condition Options</u>
<u>Year Ended December 25, 2020</u>		
Expected term (in years)	2.8	3.26
Risk-free interest rate	.17%	.17%
Expected volatility	27.8%	27.8%
Expected dividend yield	0%	0%

Expected Term: The expected term represents the period over which the shared-based awards are expected to be outstanding. Management determined that options were likely to be held for a period of time commencing with the issuance date through the estimated date of the Company satisfying its performance requirements as defined in the stock option agreements at which time all vested options are required to be exercised or, at the Company's election, cancelled in return for a pre-defined amount of cash consideration.

Risk-Free Interest Rate: The Company based the risk-free interest rate used in the assumptions on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the stock option award's expected term.

Expected Volatility: The volatility factor used in the assumptions is based on the blended historical volatility of several of the Company's competitors' stock over the most recent period commensurate with the expected term of the stock option award.

Expected Dividend Yield: The Company does not intend to pay dividends on common stock for the foreseeable future. Accordingly, a dividend yield of zero was applied in the assumptions.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

A summary of option activity under the 2015 Stock Option Plan as of, and for the year ended, December 31, 2021 are presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Yrs.)	Weighted Average Grant Date Fair Value
Options outstanding, beginning of period	4,744	\$ 1,221.17	3.28	\$ 254.08
Granted	-	-		-
Exercised	(16)	1,057.23	-	-
Forfeited	(8)	1,057.23	-	-
Settled	(4,720)	-	-	-
Outstanding at December 31, 2021	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

NOTE I - RELATED PARTY TRANSACTIONS

The Company's Senior Subordinated Note was owed to a majority shareholder of the Parent. The majority shareholder of the Former Parent had the right to charge the Company an annual management fee of \$600,000, however no amounts were charged under this arrangement during either the year ended December 31, 2021 or December 25, 2020. In conjunction with the acquisition of the Former Parent, this agreement was terminated on October 25, 2021.

During the years ended December 31, 2021 and December 25, 2020, the Company facilitated the repurchase of partnership units in the Former Parent held by former employees. The Company was to be reimbursed by the Parent; therefore, these amounts have been recorded as due from related party in the accompanying balance sheets.

During the year ended December 31, 2021, the Company advanced funds to an affiliate as part of the Former Parent and the Ultimate Parent's purchase of businesses. In addition, the Ultimate Parent advanced funds to the Company during the year ended December 31, 2021 to facilitate the repayment of all amounts due under the Amended Facility and the Senior Subordinated Notes (see Note C). These amounts are included in Due to Related Party in the balance sheet at December 31, 2021. Amounts due to related parties are non-interest bearing and are due on demand. The Company pays the scheduled principal and interest on behalf of the Ultimate Parent in respect of the credit facility between the Ultimate Parent and its lender. The principal amount due within one year of December 31, 2021, under the credit facility is included as a current liability in the accompanying balance sheet at December 31, 2021.

For the year ended December 31, 2021, selling, general and administrative expenses included approximately \$2.8 million of acquisition related costs allocated to the Company from the Ultimate Parent.

Interim HealthCare Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and December 25, 2020

NOTE J - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases substantially all of its offices, operating facilities, certain property and equipment under non-cancelable operating leases that expire between the years 2022 and 2026. Some of these leases contain provisions for future rent increases, rent free periods or periods in which rent payments are reduced (abated). The total amount of rental payment due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to deferred rent obligation, which is included in other liabilities in the accompanying balance sheets.

Future net minimum lease payments under cancelable operating leases as of December 31, 2021 are as follows (amounts in thousands):

	<u>Minimum Lease Commitments</u>
2022	\$ 115
2023	118
2024	122
2025	125
2026	<u>118</u>
Total	<u>\$ 598</u>

Rent expense, which includes common area maintenance, was approximately \$319,000 and \$441,000 for the years ended December 31, 2021 and December 25, 2020, respectively.

Guarantees

Under the terms of the Amended Facility, the Company had provided guarantees and cross collateral in the event of a default by CBI International Parent Limited. In conjunction with the acquisition of the Former Parent this agreement was terminated on October 25, 2021.

Under the terms of the Ultimate Parent's credit facility, the Company has provided guarantees in the event of a default by the Ultimate Parent. At December 31, 2021, the amount outstanding under the credit facility was \$301,122,500. The Company is not aware of any events of default and no amounts have been accrued with respect to this guarantee in the accompanying balance sheet at December 31, 2021.

Litigation

The Company is involved in various client and legal actions in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

NOTE K - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 31, 2021 through May 6, 2022, the date the Company's financial statements were available to be issued.

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

**Interim HealthCare Inc.
Balance Sheet
March 31, 2023**

Financial Row	Amount
ASSETS	
Current Assets	
Bank	\$1,533,868.58
Accounts Receivable	\$4,756,839.93
Other Current Asset	(\$67,735,136.98)
Total Current Assets	(\$61,444,428.47)
Fixed Assets	\$584,331.67
Other Assets	\$129,709,011.40
Total ASSETS	\$68,848,914.60
Liabilities & Equity	
Current Liabilities	
Accounts Payable	\$2,182,021.94
Credit Card	\$276,543.06
Other Current Liability	\$4,847,910.85
Total Current Liabilities	\$7,306,475.85
Long Term Liabilities	\$28,307,384.89
Equity	\$33,235,053.86
Total Liabilities & Equity	\$68,848,914.60

**Interim HealthCare Inc.
Income Statement
March 31, 2023**

Financial Row	Amount
Ordinary Income/Expense	
Income	\$8,909,237.91
Gross Profit	\$8,909,237.91
Expense	\$6,046,725.61
Net Ordinary Income	\$2,862,512.30
Other Income and Expenses	
Other Expense	\$3,135,908.58
Net Other Income	(\$3,135,908.58)
Net Income	(\$273,396.28)

EXHIBIT I

OPERATIONS MANUAL TABLE OF CONTENTS



OPERATIONS MANUAL
267 pages
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EXHIBIT J
FORM OF GENERAL RELEASE

GENERAL RELEASE

This General Release is made effective this ____ day of _____, 20___. In consideration for the grant by Interim HealthCare, Inc., a Florida corporation (“Franchisor”), to the undersigned of certain rights in connection with the operation of a Interim Hospice franchise and/or the transfer or renewal thereof, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally release, discharge, and acquit FRANCHISOR, its past and present subsidiaries and affiliates, and its and their shareholders, owners, directors, officers, managers, members, partners, employees, agents, representatives, successors and assigns, from any and all liabilities, damages, claims, demands, costs, expenses, debts, indemnities, suits, disputes, controversies, actions and causes of action of any kind whatsoever, whether known or unknown, fixed or contingent, regarding or arising out of any prior or existing franchise relationship, franchise agreement or any other agreement executed by any of the undersigned and FRANCHISOR (or any subsidiary or affiliate of FRANCHISOR), any Interim HealthCare franchise (whether currently or previously owned or operated by the undersigned or any of them), or any other prior or existing business relationship between any of the undersigned and FRANCHISOR (or any subsidiary or affiliate of FRANCHISOR), which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against FRANCHISOR (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims arising from contract, written or oral communications, alleged misrepresentations, and acts of negligence, whether active or passive. This General Release shall survive the assignment or termination of any of the franchise agreements or other documents entered into by and between FRANCHISOR and any of the undersigned. This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws nor is it intended to relieve FRANCHISOR or any other person, directly or indirectly, from liability imposed by the Maryland Franchise Registration and Disclosure Law. This General Release shall be governed by and construed in accordance with the laws of the State of Florida without regard to its conflicts of law provisions.

WITNESS:

By: _____
Name: _____
Title: _____

_____, Individually

_____, Individually

EXHIBIT K

STATE EFFECTIVE PAGE

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending Registration
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration
Maryland	Pending Registration
Michigan	December 16, 2022
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

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

EXHIBIT L

RECEIPTS

RECEIPTS

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

If Interim HealthCare Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen 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 and Rhode Island require that we give you this 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. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Interim HealthCare Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency.

The name, principal business address, and telephone number of each franchise seller is as follows:

Steven Kwon, Vice President, Franchise Development
Interim HealthCare Inc.
1551 Sawgrass Corporate Parkway, Suite 230
Sunrise, FL 33323
(954) 858-2782

Issuance Date: July 11, 2023.

We authorize the agents listed in Exhibit E to receive service of process for us. I have received a Disclosure Document dated July 11, 2023, that included the following Exhibits and other Attachments:

Exhibit A	Interim HealthCare Hospice Franchise Agreement	Exhibit G	List of Franchises/Terminated Franchises
Exhibit B	Additional Disclosures Required by Certain States	Exhibit H	Financial Statements
Exhibit C	Business Associate Agreement	Exhibit I	Operations Manual Table of Contents
Exhibit D	Deposit Remittance Form	Exhibit J	Form of General Release
Exhibit E	Agents for Service of Process	Exhibit K	State Effective Page
Exhibit F	List of State Administrators	Exhibit L	Receipts

Franchisee

Date

Print Name

(Please retain this copy for your records.)

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Franchisee

Date

Print Name

(Please return this copy to us.)