

## FRANCHISE DISCLOSURE DOCUMENT



*Senior Living and Care Solutions*

Senior Care Authority, LLC, a California limited liability company  
755 Baywood Drive, Suite 200, Petaluma, California 94954  
Phone: (888) 809-1231 Website: [www.seniorcareauthority.com](http://www.seniorcareauthority.com)

As a franchisee, you will operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name "Senior Care Authority®."

The total investment necessary to begin operation of a Senior Care Authority® business is between \$73,140 to \$99,040. This includes \$63,395 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Senior Care Authority® Multi-Unit business is between \$115,640 and \$262,040, with a minimum of \$105,895 and a maximum of \$226,395 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Frank Samson, Senior Care Authority, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: [frank@seniorcareauthority.com](mailto:frank@seniorcareauthority.com).

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: April 27, 2023

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and the multi-unit franchise agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or marketing and technology fee payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Unregistered Trademark.** The primary trademark (composite mark inclusive of word mark that is registered, but design mark that is not) that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a design mark that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.



## MICHIGAN SPECIFIC-NOTICE

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 of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure each 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 your Placement Agency 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, advertising, 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' 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 of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in the subdivision.

(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.

At your option, in the event that our most recent financial statements are unaudited and show a net worth of less than \$100,000.00 then we will, at your request, arrange for the escrow of your initial investment and other funds paid by you until our obligations to provide real estate, improvements, equipment, inventory, training, or other items included in this franchise offering are fulfilled.

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

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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## **ITEM 1**

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

To simplify the language in this disclosure document, “we”, “us,” or “our” means Senior Care Authority, LLC, the franchisor. “You” or “your” means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

#### **The Franchisor, its Parent, Predecessors, and its Affiliates**

We are a California limited liability company that was formed on March 25, 2014. Our principal business address is 755 Baywood Drive, Suite 200, Petaluma, California 94954. We do business under the name “Senior Care Authority<sup>®</sup>” and other trademarks we designate (the “Marks”).

We began offering franchises in 2014. We have not previously offered franchises in any other line of business. We operate a business of the type being franchised (which was previously operated by an affiliate). That business has operated since approximately May 2009.

We do not have any parent. We do not have any predecessors. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

#### **Unit Franchise**

We offer franchises that provide senior placement and consulting services. As a franchisee, you will assist families and seniors to find ideal locations for seniors to live and help them receive the necessary care and supervision for their daily living needs and activities (“Placement Agencies”). In addition, we provide eldercare consulting services, helping families to make informed care decisions and provide resources in their community including the selection of in-home care providers and caregivers. We also offer EASE (Employee Assistance Solutions for Eldercare), which is a program servicing companies as a benefit to their employees. Placement Agencies are operated under a system that includes our valuable know-how, information, trade secrets, training methods, Operations Manual, standards, designs, trademark usages, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Placement Agencies, all of which may be changed, improved, and further developed from time to time (the “System”).

Each Placement Agency will typically be conducted from your home office, although you have the option of operating from a small commercial space. You must operate your Placement Agency following our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”). Your Placement Agency must offer the products and services we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Placement Agency at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Placement Agency.

#### **Multi-unit Franchise**

We also offer a Multi-unit Franchise Agreement. Under this program, we identify and assign a development territory (the “Multi-unit Territory”) where you, if you are a Multi-unit franchisee, must open and operate multiple Placement Agencies on a schedule that you and we agree upon. The Multi-unit Territory may be 1 city, 1 or more counties, or some other geographically-defined area. You would sign a Multi-unit

Franchise Agreement (Exhibit B-2), which will describe your Multi-unit Territory and your Development Obligation.

For each Placement Agency you open under a Multi-unit Franchise Agreement, promptly after we accept the site for the Placement Agency, you will sign a separate Franchise Agreement on our then-current form. Each then-current franchise agreement may contain materially different terms from the franchise agreement included in this offering. In addition, you must sign a General Release (Exhibit E) as a condition to entering into the new Franchise Agreement.

### Market and Competition

The market for our services and products generally is competitive. You will primarily market your services to professional, medical and senior service organizations for referrals to families and individuals seeking consulting services and placement for seniors in residential care facilities. The demand for these services is not seasonal. You will have to compete with franchised operations, national chains and independently-owned companies providing senior placement services and similar services.

### Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, most states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your business, including occupational health and safety; labor; licensing and bonding; insurance; and advertising. You may need to obtain licensing and certifications (as required by your state or local law) to provide services from your Placement Agency. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

The services you provide will not include hiring any medical professionals which would require licensing in the State of California.

### Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### Founder and Chief Executive Officer: Frank M. Samson

Frank M. Samson has held this position since our inception in March 2014. Frank is also the Founder and President of our affiliate, SCA, located in Petaluma, California and has held that position since its inception in May 2009.

#### Vice President of Franchise Development: Laura Alexander

Laura Alexander has held this position since May of 2016. Laura is also the founder and CEO of Smart Franchise Consulting & Marketing, a franchise consulting firm based in Irvine, California, from November 2015 to present.

#### Vice President, Franchise Support and Training: Marcy Baskin

Marcy Baskin has held this position with the company since its inception in March 2014. She also operated our corporate franchise location since 2012 and now owns that franchise, located in Petaluma, California.

Business Consultant and Digital Marketing Specialist: Rob Gandley

Rob Gandley has held this position with the company since January 2023. From August 2020 to January 2023, Rob was our Vice President of Marketing and Business Development. From August 2015 to August 2020, Rob was the Vice President of Marketing and Business Development at SEO Samba, located in Colorado Springs, Colorado.

Franchise Business Consultant and Program Director – Beyond Driving with Dignity: Matt Gurwell

Matt Gurwell has held this position with the company since April 2021. From October 2008 to April 2021, Matt was the founder and CEO of Keeping Us Safe, LLC in Painesville, Ohio.

Franchise Development Manager: Sabine Nevermann

Sabine Nevermann has held this position with us company since August 2021. From February 2014 to December 2019, Sabine was Franchise Development Qualification Manager and Franchise Development Coordinator of Tutor Doctor in San Jose, California.

Chief Financial Officer and Board Advisor: Edward Goitia

Edward Goitia has served as our CFO and Board Advisor since January 2021. From 2018 to present Edward has served as a Partner for FranLaunch USA, located in Tucson, Arizona. Edward also serves as a Franchisor Consultant for Seven Brother Burgers in Kahuku, Hawaii, since March 2017. Additionally, since January 2015, Edward has been owner and manager of his real estate investment firm, Geneva Ventures, LLC, in Falmouth, Maine. From January 2013 to December 2017, Edward served at the Chief Executive Officer and Chief Financial Officer for Tilted Kilt Franchise Operating, LLC, located in Tempe, Arizona.

Vice President of International Development and Board Advisor: Ray Hays

Ray Hays has served as our VP of International Development and Board Advisor since January 2021, Ray also serves as Managing Partner of FranLaunch USA, LLC in Tucson, Arizona, from April 2015 to present. Additionally, from August 2004 to present, Ray has served as owner of Envoy Investments LLC in Tucson, Arizona.

**ITEM 3**

**LITIGATION**

Stewart vs. Smith, et al., Case No. CL22000113-00, filed on March 1, 2022, in the Circuit Court for the City of Staunton in the Commonwealth of Virginia. The Plaintiff is Freda Lorraine Stewart, and the Defendants are Amanda L. Smith aka Amanda L. Payton dba Horizon Residential Assisted Living Staunton, Kelly C. Myers, Joyful Living, LLC dba Senior Care Authority (Staunton), and Senior Care Authority, LLC. The Plaintiff alleges claims against all Defendants for violations of Virginia Consumer Protection Act, constructive fraud, and fraudulent misrepresentation. Plaintiff's claims are based on her allegations that she placed her husband in the defendant assisted living care facility through our franchisee Joyful Living, LLC, and alleges (among other things) that our franchisee and the assisted living care facility made false representations, and that she received substandard care and died shortly after leaving the assisted living care facility. We did not and do not have a relationship with the Plaintiff; she states that she was a client of

our franchisee. In the complaint, the Plaintiff demanded \$17,306.45 in actual damages, plus \$350,000 in punitive damages and attorneys' fees. On or about April 8, 2023 we entered into a full and final settlement with Plaintiff, whereby Plaintiff agreed to release us from all claims in exchange for a payment from our franchisee of \$15,000.

#### **ITEM 4**

#### **BANKRUPTCY**

No litigation is required to be disclosed in this Item.

#### **ITEM 5**

#### **INITIAL FEES**

##### **Unit Franchise Fee**

You must pay us an initial franchise fee of \$52,500 ("Initial Franchise Fee") in a lump sum when you sign the Franchise Agreement.

If we terminate the Franchise Agreement due to your failure to perform your pre-opening obligations or to complete our Training Program to our satisfaction, we will refund to you 50% of the Initial Franchise Fee that you paid to us.

##### **Onboarding Fee**

You must pay us an onboarding fee of \$10,000 ("Onboarding Fee") in a lump sum when you sign the Franchise Agreement, which pays for training, website development, customer relationship management ("CRM") software programming and press release development relating to the opening of your business.

##### **Marketing and Technology Fee**

You must pay us a marketing and technology fee of \$895 per month ("Marketing and Technology Fee") for the term of the Franchise Agreement, starting on the first day of the first full month after the Franchise Agreement is signed. It pays for a dedicated website (URL), one license for the CRM, up to two email addresses, and other marketing and technology related services and products. The Marketing and Technology Fee is described in detail in Item 8.

##### **Multi-unit Rights Fee**

If you sign a Multi-unit Franchise Agreement, you are committing to open a minimum of two (2), and a maximum of seven (7), Placement Agencies. Your fee for these locations ("Multi-Unit Rights Fee") will be as follows:

- For two (2) Placement Agencies, your Multi-Unit Rights Fee will be ninety-five thousand dollars (\$95,000).
- For three (3) Placement Agencies, your Multi-Unit Rights Fee will be one hundred and fifteen thousand five hundred dollars (\$115,500).

- For five (5) Placement Agencies, your Multi-Unit Rights Fee will be one hundred sixty-five thousand five hundred dollars (\$165,500).
- For seven (7) Placement Agencies, your Multi-Unit Rights Fee will be two hundred fifteen thousand five hundred dollars (\$215,500).

Once you pay us the Multi-Unit Rights Fee, you will not owe us a separate initial franchise fee for the Placement Agencies you commit to opening under the Multi-unit Franchise Agreement, although you will be required to pay our Onboarding Fee.

If we terminate the Multi-unit Franchise Agreement due to your failure to complete our Training Program to our satisfaction, we will refund to you 50% of the Multi-Unit Rights Fee that you paid to us.

The initial fees are not refundable under any circumstances other than those described above. These initial fees are uniform to all franchisees under this offering.

## **ITEM 6**

### **OTHER FEES<sup>1</sup>**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	8% of your Gross Sales, subject to the following monthly minimum required payments: \$0 a month during the first five months after we sign the Agreement; \$400 a month, during the last seven months of the first full year after we sign the Agreement; \$600 a month, during your second full year of operations; and \$800 a month <u>each</u> year, starting in your third full year of operations (Note 2).	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	Based on your Gross Sales during the previous month.
Marketing and Technology Fee	\$895 per month (starting in your first full month after we sign the Agreement).  If you operate multiple Placement Agencies under a Multi-unit Franchise Agreement with us, you will pay a combined reduced rate of \$895 for the first Placement Agency, plus \$200 for each additional Placement Agency.	Payable monthly on the first day of each month, or other day of the month we or our supplier designate in the Operations Manual.	Includes a dedicated website (URL) and our efforts to conduct keyword Search Engine Optimization (SEO) for the System, one license for the CRM, up to two email addresses, unlimited file space on Google Drive, our website for the System, email marketing, customized newsletters to your contacts, podcast marketing, our social media platform, and



Type of Fee	Amount	Due Date	Remarks
	This fee is subject to increases no more frequently than annually.		support for these items. You may be required to pay this fee directly to our supplier instead of us.
Additional CRM Licenses	\$100.00 per month for each additional CRM license (in excess of one per territory).	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	This fee is subject to increases no more frequently than annually.
Additional Email Addresses	\$15.00 per month for each additional email address (in excess of two per territory), which includes Google Workspace Products.	Payable monthly on the first day of each month, or other day of the month we designate in the Operations Manual.	This fee is subject to increases no more frequently than annually.
Referral Fee	Our then-current referral fee as published in the Operations Manual, which is a percentage of the total commission payment that you receive from the applicable facility where you place the customer that was referred to you, subject to adjustment on a case by case basis.	Within five days of your receiving your commission payment.	If another Placement Agency refers a customer to you, you will pay that Placement Agency this fee for referring the customer to you. We have the right to adjust, revise, or add to this fee annually.
Additional Requested Training and One-on-One Coaching	Our then-current tuition fee as published in the Operations Manual; currently \$350 a session for one-on-one coaching, and \$500 per day for on-site assistance. Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters.	Prior to our providing any such training or advice	In the event you are not operating your Placement Agency according to the Operations Manual, we have the right to require you and your staff to attend additional training, which will occur (at our option) either at your Placement Agency or at another Placement Agency we select. You must pay all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a Placement Agency other than yours.
Transfer Fee	\$30,000	Date we approve your transfer.	Applicable only if you choose to transfer your Franchise Agreement to an individual or company; includes compensation for our efforts in assisting you in your sale.

Type of Fee	Amount	Due Date	Remarks
Onboarding Fee for Transfer (unit franchise)	\$10,000	Upon closing of your transfer.	Applicable only if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.
Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month.	As incurred.	Payable only if the audit shows an understatement greater than 3% of reported amounts.
Management Fee	\$500 per day that we manage your Placement Agency, plus our direct expenses incurred on your behalf	As incurred	Due when we (or a third party) manage your Placement Agency after your death or disability, or by exercising our step-in rights.
Late or Dishonored Payment Fee	\$100 for each late and/or dishonored payment.	Payable when any payment you owe us is overdue, or when you do not send us a report on time.	Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason.
Supplier or Product Approval Fee	Reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between \$500 and \$1,000. If the supplier is approved, we will refund to you.	Upon demand	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Meetings, conferences, or conventions	Amount we designate, currently up to \$1,500 per conference, meeting, or convention.	Prior to the conference, meeting, or convention	We may conduct periodic conferences, meetings, or conventions for all franchisees and managers. If we make attendance mandatory, you must pay this fee even if you don't attend.
Costs, administrative expenses, and attorneys' fees (Note 5)	Will vary under circumstances	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of your contract.	Due when you do not comply with your contract.
Customer Service and Complaint Resolution	Varies; reasonable costs we incur for responding to a customer.	On invoice	Payable if a customer of your Placement Agency contacts us with a complaint and we provide a credit or refund to the customer as part of our addressing its complaint, or if we determine that we

Type of Fee	Amount	Due Date	Remarks
			need to provide assistance directly to your customers.
Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Non-Compliance Fee (Multi-Unit Franchise Agreement)	\$1,000 per month that you are beyond the deadline for opening a Placement Agency under your Development Obligation, up to a maximum of six (6) months.	Upon demand.	We have the right to charge this fee if you are a multi-unit franchisee and you have not opened the required number of Placement Agencies within the applicable Development Period. If your non-compliance continues for more than six (6) months, we have the right to terminate your multi-unit agreement.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Indemnification	Will vary under circumstances	As incurred	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your Placement Agency.
Liquidated Damages	See Note 5.	Within fifteen (15) days of the early termination of your franchise.	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.
Securities Offering Fee (Multi-Unit)	\$5,000	Due only when you ask us to review a proposed securities offering for your entity, like an initial public offering (IPO) or a private placement memorandum (PPM).	If you plan to offer securities by private offering, you must obtain our approval. You must submit all documents we reasonably request and pay this fee.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid, other than the Initial Franchise Fee. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees.

All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

2. "Gross Sales" means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from your Placement Agency, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to your Placement Agency including insurance proceeds and/or condemnation awards for loss of sales, profits or business, as will the full retail value of any gift certificate or coupon sold for use at your Placement Agency (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales); provided, however, that Gross Sales will not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, and the amount of cash refunds to, and coupons used by customers, provided such amounts have been included in Gross Sales, but will not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then. Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you.

3. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys' fees and court costs. In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or your Placement Agency, as a result of any claimed or actual act, error or omission of you or your Placement Agency, then you will be liable for our reasonable attorneys' fees incurred by us in the action or proceeding.

If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with the Franchise Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents.

4. Liquidated damages are determined by multiplying the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us, beginning with the date on which you open your Placement Agency through the date of early termination, multiplied by the greater of: (i) 24 months, or (ii) the number of full months remaining in the Term.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT (UNIT FRANCHISE)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$52,500	Wire Transfer	At Signing of Franchise Agreement	Us
Onboarding Fee	\$10,000	Wire Transfer	At Signing of Franchise Agreement	Us
Real Estate/Rent <sup>1</sup>	\$0 to \$1,350	As Arranged	Before Beginning Operations	Landlord

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Utilities and Deposits	\$0 to \$500	As Arranged	Before Beginning Operations	Suppliers
Certification: Certified Senior Advisor <sup>2</sup>	\$1,000 to \$1,200	As Arranged	Within the first year of operation	Society of Certified Senior Advisors
Certification: Certified Dementia Practitioner® <sup>3</sup>	\$195	As Arranged	Within the first year of operation	National Council of Certified Dementia Practitioners
Market Launch Promotion <sup>4</sup>	\$3,000 to \$5,000	As Arranged	Within the first nine months of operation	Approved Suppliers, Suppliers
Initial Supply of Brochures, Folders, and Business Cards	\$300 to \$700	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment and Supplies	\$1,000 to \$2,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Signage	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Insurance	\$1,500 to \$2,000	As Arranged	Before Beginning Operations	Required Insurance Company
Computer Systems	\$0 to \$3,000	As Arranged	First 3 Months of Operation	Suppliers
Marketing and Technology Fee	\$895	As Arranged	Before Beginning Operations	Us
Vehicle	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Furniture, Fixtures & Equipment	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits <sup>5</sup>	\$0 to \$1,000	As Arranged	Before Beginning Operations	Licensing Authorities
Leasehold Improvements	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Legal & Accounting	\$500 to \$3,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Branded Apparel	\$100 to \$300	As Arranged	Before Beginning Operations	Approved Suppliers
National Placement and Referral Alliance (NPRA) Membership <sup>6</sup>	\$400	As Arranged	Within the first six-months of operation	National Placement and Referral Alliance
FastTrack to Market <sup>7</sup>	\$0 to \$6,000	As Arranged	Within the first six-months of operation	Approved Suppliers
Additional Funds <sup>8</sup> (3 months)	\$1,750 to \$5,000	As Arranged	As Necessary	Utilities, Internet Expense, & Other Suppliers
Total Estimated Investment <sup>9</sup>	\$73,140 to \$99,040			

**YOUR ESTIMATED INITIAL INVESTMENT (MULTI-UNIT FRANCHISE)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Multi-unit Rights Fee	\$95,000 to \$215,500	Wire Transfer	At Signing of Multi-unit Agreement	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Onboarding Fee	\$10,000	Wire Transfer	At Signing of Franchise Agreement	Us
Real Estate/Rent <sup>1</sup>	\$0 to \$1,350	As Arranged	Before Beginning Operations	Landlord
Utilities and Deposits	\$0 to \$500	As Arranged	Before Beginning Operations	Suppliers
Certification: Certified Senior Advisor® <sup>2</sup>	\$1,000 to \$1,200	As Arranged	Within the first year of operation	Society of Certified Senior Advisors
Certification: Certified Dementia Practitioner® <sup>3</sup>	\$195	As Arranged	Within the first year of operation	National Council of Certified Dementia Practitioners
Market Launch Promotion <sup>4</sup>	\$3,000 to \$5,000	As Arranged	Within the first nine months of operation	Approved Suppliers, Suppliers
Initial Supply of Brochures, Folders, and Business Cards	\$300 to \$700	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment and Supplies	\$1,000 to \$2,000	As Arranged	Before Beginning Operations	Approved Suppliers, Suppliers
Signage	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Insurance	\$1,500 to \$2,000	As Arranged	Before Beginning Operations	Required Insurance Company
Computer Systems	\$0 to \$3,000	As Arranged	First 3 Months of Operation	Suppliers
Marketing and Technology Fee	\$895	As Arranged	Before Beginning Operations	Us
Vehicle	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Furniture, Fixtures & Equipment	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Licenses & Permits <sup>5</sup>	\$0 to \$1,000	As Arranged	Before Beginning Operations	Licensing Authorities
Leasehold Improvements	\$0 to \$1,000	As Arranged	Before Beginning Operations	Suppliers
Legal & Accounting	\$500 to \$3,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Branded Apparel	\$100 to \$300	As Arranged	Before Beginning Operations	Approved Suppliers
National Placement and Referral Alliance (NPRA) Membership <sup>6</sup>	\$400	As Arranged	Within the first six-months of operation	National Placement and Referral Alliance
FastTrack to Market <sup>7</sup>	\$0 to \$6,000	As Arranged	Within the first six-months of operation	Approved Suppliers
Additional Funds <sup>8</sup> (3 months)	\$1,750 to \$5,000	As Arranged	As Necessary	Utilities, Internet Expense, & Other Suppliers
Total Estimated Investment <sup>9, 10</sup>	\$115,640 to \$262,040			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Placement Agency. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

We will refund a portion of your Initial Franchise Fee under the circumstances described in Item 5. Other than the Initial Franchise Fee, we do not refund any money that you pay us. We do not know whether any of the money you pay to third parties will be refundable. In compiling this chart, we relied on the experience of our affiliate, SCA, as the owner and operator of a Placement Agency similar to the franchise being offered to you.

1. Real Estate/Rent. We expect that you will operate your Placement Agency from an office you set up in your or your Designated Manager's home. The low estimate of \$0 is based on the assumption that you will operate your Placement Agency from your home. The high estimate is based on the assumption that you will lease a shared office suite. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. Estimated rental costs for 3 months are included with the category "Additional Funds."
2. Certified Senior Advisor® Certification. Within the first year of operation, you must attend the certified senior advisor training program and pay for the costs to go through this training program, and you must obtain the certification provided. There may be costs for travel, certification or other expenses related to this process if the program is not offered near your home. We have not included the costs of travel here.
3. Certified Dementia Practitioner® Certification. Within the first year of operation, you must attend the Certified Dementia Practitioner® certification program and pay for the costs to go through this training program, and you must obtain the certification provided. There may be costs for travel, certification or other expenses related to this process if the program is not offered near your home. We have not included the costs of travel here
4. Market Launch. We require you to spend a certain amount of money promoting your Placement Agency within your Territory as a market launch to introduce your products and services to potential clients and referral sources. We will provide you with optional content and promotional assistance.
5. Licenses & Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office and storage area. . In addition to business and operating licenses and permits, you may need to obtain specific licensing to offer placement services, licensing depending on your state or region. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.
6. National Placement and Referral Alliance (NPRA) Membership. NPRA is an organization that represents our industry with various initiatives including lobbying efforts on a national basis. The fee included here is the amount of your annual membership fee.
7. FastTrack to Market. At your option, we will provide you with our "FastTrack to Market" support. Working with our Digital Marketing Team, you will implement a pay-per-click marketing program to bring in potential clients for placement and consulting services. This program would start once our Vice-President of Training and Franchise Support determines you are ready to begin consulting with families. The minimum investment for this program is \$3,000.

8. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including sales taxes, recruiting, on-site training expenses, as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This estimate does not include the estimated cost of salaries for any employees, as we do not expect you to hire employees during your first three months of operation.

9. Figures May Vary. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Placement Agency. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Placement Agency. You should conduct your own independent investigation of the costs of opening a Placement Agency in the geographic area in which you intend to open your Placement Agency. Additional funds for the operation of your Placement Agency will be required after the first three months of operation if sales produced by your Placement Agency are not sufficient to produce positive cash flow. You should also review the figures listed in this Item 7 carefully with a business advisor before making any decision to purchase a Placement Agency franchise.

10. Multi-Unit Fees. The Multi-unit Franchise Agreement total initial investment is computed by adding the Multi-unit Rights Fee to the costs of establishing your first Placement Agency only. The estimate does not include the build-out of any Placement Agency other than the first one.

## **ITEM 8**

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

To help ensure a uniform image and uniform quality of products and services throughout the Senior Care Authority System, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the "Operations Manual") that we will loan to you.

#### Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved equipment and other items or services necessary to operate your Placement Agency ("Approved Supplies List"). From time to time we, our affiliate or a third-party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing and we will be required to consider your request. The procedure for submitting a request will be outlined in the Operations Manual. We will require you to reimburse us for our reasonable costs incurred by us with respect to evaluating a supplier or product for which you request our approval, which will typically be between \$500 and \$1,000. If the supplier is approved, we will refund the fee to you. We will not require you to pay us any fees, or reimburse us for any costs, in connection with the process of evaluating or approving new suppliers. We will have up to 30 days to conduct our evaluation before we



render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We may re-inspect the facilities and products of any supplier of an approved supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) ability to make product in conformity with our specifications; (2) reputation and integrity of supplier; (3) financial condition and insurance coverage of the supplier; and (4) system uniformity. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

### Required Purchases or Leases

A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Operations Manual. Other than the marketing and technology fee products, neither we nor our affiliates currently are approved suppliers for any products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, in the future.

### *Marketing and Technology Fee*

You will be required to pay us a monthly marketing and technology fee, which will be used to provide you (for each territory you purchase) one license and user identification name for our CRM Software, and two licenses to access to our Google based products including Google Drive, Google Docs, and Google business email. We will also provide you with certain website, social media, and other marketing services. We (or our affiliate) are the only approved suppliers for these items.

### *Certifications*

You will be required to obtain two certifications in connection with your Placement Agency from the approved suppliers within the first year you operate your Placement Agency: The Certified Senior Advisor certification and the Certified Dementia Practitioner® certification. You will be required to maintain these certifications on an ongoing basis. We are not an approved supplier of the certifications.

### *Computer System and Software*

You will be required to use a cloud-based software system with your Placement Agency. This software can be used on most common computer and smartphone operating systems, including Windows, Apple, iOS, and Android. Upgrades to the Computer System may be required periodically. We are not currently a supplier of the Computer System.

We, or our third-party suppliers, will provide you with certain technology products or updates, and maintain technology services for the System, in exchange for the fees noted in Item 6. Otherwise, we are not an approved supplier of the computer system.

### *Bookkeeping*

If fail for more than three (3) months to keep your books updated and accurate, we will require you to use the services of a third-party bookkeeper to maintain your books for your Placement Agency.

### *Marketing Materials*

You will be required to purchase from approved suppliers the marketing materials for your Placement Agency, both for your market launch and on an ongoing basis. Your “Starter Kit” of required collaterals including your business cards, brochures, rack cards, presentation folders will be ordered for you. All subsequent orders will be placed by you directly through our supplier portal. We (or our affiliate) are not an approved supplier of these materials.

### *Real Estate*

Although we permit you to operate your Business Office from your home, we do require you have a business address that is not your home address. To fulfill this requirement, you can rent a shared office suite or a mailbox from a service that will provide you a “Suite” number but not a post office box (P.O. box) number. We are not an approved supplier of real estate for your Placement Agency.

### *Insurance*

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party. You must purchase your policy through our designated insurance broker. We are not an approved supplier of the required insurance policies.

#### Required Insurance.

You must purchase and maintain, through our designated insurance broker, throughout the term of the Agreement: (1) professional liability (errors & omissions) and general liability insurance written on Occurrence Form coverage for the franchised business with limits of at least \$1,000,000 per occurrence, \$3,000,000 aggregate limit, and \$100,000 damage to rented premises per occurrence; (2) personal and advertising injury coverage of \$1,000,000 per occurrence; (3) automobile liability, covering any automobile, including any hired or non-owned vehicles used in your Placement Agency’s operation, of \$1,000,000 coverage or higher amount if required by applicable law; (4) network security insurance (cyber insurance) with a minimum of \$250,000 aggregate, maximum \$5,000 retention /deductible (retro inception) which is comprised of: electronic information security event coverage up to \$250,000 and notification expense coverage up to \$250,000, and (5) other insurance to comply with applicable law.

We also recommend (but do not require) the following types of insurance: (1) if you have employees, employment practices liability insurance in an amount of \$1,000,000 for each loss and \$1,000,000 in costs (\$2,000,000 total); (2) crime bond insurance in an amount recommended by your insurer, without a conviction clause; (3) abuse and molestation coverage in the amount of \$100,000 per occurrence, \$300,000 aggregate; and, (4) excess or umbrella liability insurance with limits of not less than \$1,000,000 per occurrence, \$1,000,000 aggregate.

The professional liability (errors & omissions), general liability, and network security (cyber insurance) insurance policies must be endorsed to Senior Care Authority, LLC, as additional insured, and contain a waiver by the insurance carrier of all subrogation rights against us. You must submit proof of all insurance coverages each year.

We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Operations Manual.

#### Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Placement Agency, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 20% and 80% of your total cost to establish a Placement Agency and between 20% and 70% of your total cost of operating a Placement Agency (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We currently negotiate agreements with several national and regional assisted living and memory care communities on behalf of our franchisees, and we reserve the right to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees.

We reserve the right to derive a profit from our arrangements with certain approved suppliers, but as of the issuance date of this Franchise Disclosure Document, we have not yet derived any profit from our arrangement with any approved supplier. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases.

Our total revenue in 2022, as disclosed in our audited financial statements (Exhibit C to this Disclosure Document) was \$2,136,778.36. Our revenue from all required purchases and leases by franchisees was \$387,613, which was 29.6% of our total revenue.

Some of our officers own an equity interest in us (the franchisor) and our affiliates, and we may be an approved supplier. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

**ITEM 9**

**FRANCHISEE’S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section In Agreement</b>	<b>Item In FDD</b>
a	Site Selection & Acquisition/Lease	Sections 3.1 – 3.4, and Addenda 1, 4, and 5 of the Franchise Agreement; Sections 3.2 and 7.1 of the Multi-unit Franchise Agreement	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.2 – 3.4, 9.2, and 9.4 of the Franchise Agreement	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 – 3.6 of the Franchise Agreement; Section 7.1 of the Multi-unit Franchise Agreement	Items 7, 8, and 11

	<b>Obligation</b>	<b>Section In Agreement</b>	<b>Item In FDD</b>
d	Initial & Ongoing Training	Sections 10.1 – 10.5 of the Franchise Agreement; Article 6 of the Multi-unit Franchise Agreement	Items 6, 7, and 11
e	Opening	Section 3.5 of the Franchise Agreement	Item 11
f	Fees	Article 6 of the Franchise Agreement; Article 5 of the Multi-unit Franchise Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 9 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2, 9.3, 9.4, 9.5, 9.6, 9.8, 9.9, & 9.11 of the Franchise Agreement	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Section 9.9 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Section 2.1 of the Franchise Agreement; Section 2.1 of the Multi-unit Franchise Agreement	Item 12.
l	Ongoing Product/Service Purchases	Sections 9.2, 9.3, 9.4, 9.5, 9.6 & 9.8 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.6 & 9.8 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement; Sections 8.3 and 11.2 of the Multi-unit Franchise Agreement	Item 6
q	Owner's Participation, Management, Staffing	Section 9.1 of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Section 6.5, Article 11, and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 of the Franchise Agreement	Items 6 and 11
t	Transfer	Article 15 of the Franchise Agreement; Article 8 of the Multi-unit Franchise Agreement	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement; Sections 4.2, 9.1, 9.2, and 9.3 of the Multi-unit Franchise Agreement	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement; Section 9.1 of the Multi-unit Franchise Agreement	Items 15 and 17; Exhibit H

	<b>Obligation</b>	<b>Section In Agreement</b>	<b>Item In FDD</b>
x	Dispute Resolution	Article 19 of the Franchise Agreement; Article 15 of the Multi-unit Franchise Agreement	Item 17
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6

### **ITEM 10**

### **FINANCING**

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

### **ITEM 11**

#### **FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, Senior Care Authority, LLC is not required to provide you with any assistance.**

Pre-Opening Assistance. Prior to the opening of your Placement Agency, we will provide the following initial services:

1. Grant you a franchise to operate a Placement Agency, or to develop multiple Placement Agencies under the Multi-Unit Agreement. (Franchise Agreement, Article 2; Multi-Unit Agreement, Article 2)
2. If you have a Multi-Unit Agreement, we will approve the establishment of future Placement Agencies and any territories for those Placement Agencies. Our then-current standards for territories will apply. (Multi-Unit Agreement, Article 7)
3. We do not provide you with necessary equipment, signs, fixtures, opening inventory, and supplies for your Placement Agency, but we will provide you with the names of approved suppliers as well as our written specifications for them. (Franchise Agreement, Article 3)
4. Before the opening of your Placement Agency, you are required to take our training program, which will be online, or other designated location (the “Training Program”) on the operation of a Placement Agency. We describe the Training Program later in this Item. (Franchise Agreement, Article 10)
5. Loan to you, or provide you with electronic access to, one copy of the Operations Manual. We describe the Operations Manual later in this Item. (Franchise Agreement, Article 9)

#### Site Selection

Because your Placement Agency does not require a physical location, we do not anticipate that you will operate your Franchised Business from any physical location (other than managing your Franchised Business from your home office). You may need office space (through a shared suite) or a mailbox with a “suite number” address for your Placement Agency that must be located in your Territory, but we do not need to review or approve your site or lease. We do not select any location of your Franchised Business. We do not own any premises or lease them to you. (Franchise Agreement, Article 3).

### Time to Open.

We estimate that there will be an interval of time of 60 to 120 days between the execution of the Franchise Agreement and the opening of your Placement Agency. The factors that may affect this length of time include time for obtaining local licenses, weather conditions, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and delayed shipping of equipment. You must open your Placement Agency within 120 days of signing the Franchise Agreement. If you do not open your Placement Agency within that time period, we have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement for this reason, we will refund to you 50% of the Initial Fee you paid us. (Franchise Agreement, Article 3).

### Post-Opening Obligations. During the operation of your Placement Agency, we will:

1. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Article 10)
2. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Article 10)
3. At your request (or if we require it in the case that you are performing below our System standards), provide you with additional training or one-on-one consultation. We have the right to charge you our then-current tuition fee as published in the Operations Manual (currently, \$500 per person who attends training, per day). Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct the training away from our headquarters. (Franchise Agreement, Article 10)
4. In the event that you refer a customer to another Placement Agency and that customer is placed by the Placement Agency in a facility, we will use reasonable efforts to ensure that the Placement Agency benefitting from your referral pays to you the referral fee required under that Placement Agency's contract with us. (Franchise Agreement, Article 10)
5. In exchange for your payment of the Marketing and Technology Fee, we will provide you with one license for our CRM Software, up to two email addresses, and unlimited file support on Google Drive. We will also provide you with access to certain other technology products, like our website and information technology support. We will also use the Marketing and Technology Fee to pay for our search engine optimization efforts for the System as a whole. (Franchise Agreement, Article 6)

### Post-Opening Optional Assistance. During the operation of your Placement Agency, we may:

6. Conduct up to: (a) one training or guest lecture webinar; and (b) one conference call, per month, during which we will discuss with you and other Placement Agencies new developments and present to you guest lecturers on issues relating to the operation of your Placement Agency.
7. Conduct annual or other periodic conferences and/or meetings for all franchisees and managers. We have the right to require you and your Designated Manager to attend these programs for up to three (3) days per year. We have the right to charge a fee we designate for any such meeting, which is currently up to \$1,500 per attendee. If we designate such a meeting as mandatory, you must pay us the meeting fee regardless of whether you actually attend. (Franchise Agreement, Article 10)
8. Advise you of operating problems found at your Placement Agency by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in

connection with the operation of your Placement Agency as we deem appropriate. (Franchise Agreement, Article 10)

9. Coordinate the presence of the System on the Internet, including but not limited to e-commerce, web site use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Placement Agencies and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the Franchise Agreement, we will list your Placement Agency location on our Internet website. We reserve the right to de-list or remove your Placement Agency from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use of social media by you that mentions or uses the Marks. (Franchise Agreement, Article 7)

10. We are responsible for all product research and development, on which you may provide input and recommendations. We will periodically make changes to the products that we authorize and require you to sell at your Placement Agency. (Franchise Agreement, Article 9)

11. At your option, provide you with our “FastTrack to Market” support. Working with our Digital Marketing Team, you will implement a pay-per-click marketing program to bring in potential clients for placement and consulting services. This program would start once our Vice-President of Training and Franchise Support determines you are ready to begin consulting with families. (Franchise Agreement, Article 6)

There is no specified date or period of time for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Placement Agency. We do not assist franchisees in establishing prices such as setting minimum and/or maximum prices at which the franchisee must sell products and services.

### Advertising

#### *Market Launch Promotion.*

Our Franchise Support and Training Department will guide you, in a progressive series of meetings with other new franchisees, in creating your Market Event to introduce you and your business to your senior provider community (“Market Launch Promotion”). You are required to budget up to \$5,000 on this event. This must be executed within your first year of business. We will determine the exact dollar amount of your required Market Launch Promotion after assessing your Territory and the area surrounding your Placement Agency, and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, content of the promotion, sponsorships, the time of year of opening and other similar factors.

#### *Local Advertising*

We may conduct national or regional marketing initiatives or promotions with networks of hospitals or assisted living facilities, and if any such network has a presence in your Territory, we have the right to require you to: (a) spend money on advertising or public relations efforts to participate in such national or regional promotions; or (b) offer discounted rates or fees as part of such initiatives or promotions. We will not require you to spend, or provide rate or fee discounts amounting to, more than \$5,000 towards such an initiative or promotion on an annual basis.

All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising

and marketing policies that we periodically require. We require you to obtain our approval before you conduct any advertising on the Internet.

Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within five (5) days after we receive the materials from you, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Article 8.2).

### *Marketing & Technology Fee*

The Marketing and Technology Fee you pay us is partially allocated towards marketing initiatives, including website development and email marketing. You may obtain information regarding the use of the Marketing and Technology Fee at any time by submitting a written request to us. We do not regularly audit the total use of each franchisee's Marketing and Technology Fee but do internally track and monitor the total use of such fee. We make no representations or guarantees as to whether that advertising will directly benefit your Placement Agency.

For 2022, we collected a total of five hundred seventy thousand one hundred thirty-four dollars (\$570,134) in Marketing and Technology Fees from all franchisees. Of that amount, 25.06% was used for Technology (Salesforce, G-Suite, LMS software, and technology support), and 74.94% was used for marketing (websites, social media, public relations, podcasts, email marketing, online leads, and marketing support). Of the dollars spent on marketing, 63% was spent on search engine optimization, 22% was spent on SaaS products, and 15% was spent on other brand marketing.

The Marketing and Technology Fees are not used by us to solicit new franchise sales. All franchisees under this franchise offering will be assessed the same fee, but franchisees that commenced operations in prior years under earlier franchise offerings may pay a lower Marketing and Technology Fee. All franchisees receive comparable services regardless of the total amount paid as Marketing and Technology Fees. Locations owned by us also pay Marketing and Technology Fees at the same rate as other franchisees that commenced operations during the same year.

### *Advertising Programs*

Other than our advertising and marketing-related uses of the Marketing and Technology Fee, we do not have an advertising program for the franchise system. We do not have an advertising council comprised of franchisees, but we reserve the right to create one. We do not require you to participate in a local or regional advertising cooperative. We do not require you to participate in any advertising fund or program.

### Computer System

You must purchase and use in your Placement Agency a Computer System meeting our requirements. The Computer System will consist of the items below:

<b>HARDWARE</b>
Computer with Windows or Macintosh operating system (any version)
1 Smartphone with App capability per admin employee (with data services enabled)
Approved Phone System and 1 phone per employee



Color Printer and Scanner
<b>REQUIRED SOFTWARE</b>
Quickbooks Pro/Quickbooks online (current edition compatible with our reporting software).
Operational Software (currently Salesforce) – proprietary to Senior Care Authority
Google Docs (included with Google Workspace) or current editions of Microsoft Office Suite with Word, Excel, PowerPoint (1 license per computer). This is most economical to purchase with your computer or online version.
We will provide you with access to Salesforce and Google Workspace, which includes Google Drive and Corporate Gmail.

We estimate that the cost of purchasing or leasing the Computer System will range from \$0 to \$3,000 (depending on whether you already own equipment meeting our standards). If you lease your equipment, the monthly leasing fee will depend on factors such as lease term, lease rate, down payment, residual value, credit worthiness of lease. You will also be required to pay us a monthly Marketing and Technology Fee (presently, \$895 a month) for access to certain of the software products, including the CRM Software. The Marketing and Technology Fee is also allocated towards marketing initiatives, including website development and email marketing. You may obtain information regarding the use of the Marketing and Technology Fee at any time by submitting a written request to us. We do not regularly audit the total use of each franchisee’s Marketing and Technology Fee but do internally track and monitor the total use of such fee. For 2022, we collected a total of five hundred seventy thousand one hundred thirty-four dollars (\$570,134) in Marketing and Technology Fees from all franchisees. Of that amount, 25.06% was used for Technology (Salesforce, G-Suite, LMS software, and technology support).

You will be responsible to upgrade or update the Computer System during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms.

We reserve the right to require you to upgrade or update the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology.

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future. The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the Computer System or Information Technology supplier, which we estimate to be \$2,000 annually.

You are required to use the Computer System to record all revenue received by your Placement Agency, and we will have the unlimited right to independently access all of the information that is generated or stored on your Computer System. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. (Franchise Agreement, Article 11).

Operations Manual

We give you electronic access to the Operations Manual after you sign the Franchise Agreement. Any required standards in the Operations Manual exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the Operations Manual or other written materials. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

We may modify the Operations Manual at any time. The approximate total number of pages is 250. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. We disclose the Table of Contents to the Operations Manual as Exhibit D to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

### Training Program

Our initial Training Program on the System, System guidelines, and operational and brand standards (the “Training Program”) is self-paced and typically lasts for approximately six to eight weeks, depending on your progress and performance. Contained within the online training are one-on-one coaching sessions delivered by corporate personnel and seasoned franchisees. We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Business. We offer the program as often as necessary to accommodate our new franchisees. The Training Program that we provide will be provided online.

The Training Program is free of charge. You and your Designated Manager must complete the training program to our reasonable satisfaction, as determined by the specific program instructors listed in the training schedule below. You and your employees are welcome to attend and/or re-take the Training Program, or any other training program we create, at any time, but prior to permitting your employees to attend or take the Training Program you must have each employee sign a Confidentiality Agreement (Exhibit H) and Franchise Relationship Acknowledgment (Exhibit I).

Training is mandatory for you and your Designated Manager. We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the Operations Manual and will change from time to time.

If you ask us to permit your new hires to attend the Training Program, or if we believe that one of your employees has not been adequately trained by you, we reserve the right to require that such person attend the Training Program.

If you ask us to provide any part of the Training Program or one-on-one coaching to you in-person, we will ask you to reimburse us for our travel, lodging, and other costs related to our providing in-person training.

We plan to provide the training listed in the table below. This training schedule is fully detailed in the Operations Manual and will change from time to time (Franchise Agreement, Articles 9 and 10).

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Orientation	1	0	Online, phone or at your location
Business Finances	2	0	
Vendor Overview	3	0	
Operations	16	4	
Technology and Operating Systems	10	2	
Provider Evaluation and Contracting	8	20	
Marketing	30	18	
<b>TOTAL</b>	<b>70</b>	<b>44</b>	

The “classroom” training above refers to video lectures and web-based presentations, which will be available for your review post-training. Throughout your training you will participating in one-on-one coaching sessions on various key operational topics (sometimes in groups of two or three new franchisees). “On-The-Job Training refers” to in-person coaching and training that is conducted at your place of business, or within your Territory or via the phone and live webinar, upon completion of on-line training.

The instructional materials used for all topics of training will consist of the Operations Manual and other online materials.

#### Our Trainers

##### *Frank Samson - Trainer for All Training Topics*

Frank Samson is our founder of Senior Care Authority. He was the founder and president of InHouse Travel Group in Chicago that he franchised in 1995. Frank is a Certified Senior Advisor and member of the Society of Certified Senior Advisors.

##### *Marcy Baskin - Trainer for All Training Topics*

Marcy is a Certified Senior Advisor, Certified Dementia Practitioner, and a Certified Alzheimer's Disease and Dementia Care Trainer.

##### *Matt Gurwell – Trainer for Beyond Driving with Dignity*

Matt is the developer of the “Beyond Driving with Dignity” program and previously served as the founder and CEO of Keeping Us Safe. In 2021, Matt retired from Keeping Us Safe and now serves as a member of the Senior Care Authority team.

##### *Rob Gandley – Trainer for All Digital Marketing*

As Digital Marketing Trainer, Rob leads the development of new digital marketing technology, franchise and brand campaign development as well as sales training for Senior Care Authority franchisees. Rob’s also honored to be a contributing author for The Franchise Bible, 9th Edition, on how marketing AI technology is shaping the future of franchise marketing.

We may also feature other guest lecturers, who will have extensive experience in the senior care industry including nursing, geriatric care, assisted living, hospital administration, in-home care, dementia, elder law, hospice, senior move management, financial planning and long-term care insurance.

We may use certain other employees of our affiliate, SCA, in the Training Program, but we have not yet determined which of them will be involved with the Training Program.

Periodically, you, your Designated Manager or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than 1 of these programs in any calendar year and these programs will not exceed 3 days during any calendar year. (Franchise Agreement, Article 10)

## **ITEM 12**

### **TERRITORY**

#### **Unit Franchise Agreement**

You will receive an exclusive territory that contains an area consisting of a minimum of 1,000 and maximum of 4,000 beds that are licensed by your state for the purpose of providing assisted living or memory care (the “Territory”). The Franchise Agreement specifies that we will not establish, nor license another party to establish, another Placement Agency under the System within the Territory, which will be identified on Addendum 1 to your Franchise Agreement. This proximity protection will remain for the initial franchise term.

We will identify your Territory. The exact size of your Territory will depend on several factors, including but not limited to the geographic location of your Placement Agency, population density, demographics, competition, proximity of other Placement Agencies, and site availability. In determining the total population of beds within your Territory, we generally consult the state department of social services or similar governmental entity in your state that approves assisted living facilities.

The franchise is not for a specific location or a location to be approved by us. You will operate your Placement Agency only within the Territory. You will not have the right to relocate your Placement Agency to anywhere outside of the Territory without our written approval, which we may withhold in our sole discretion.

We may grant you, in our sole discretion, the right to sell or service customers in an area adjacent to your Territory (an “Unassigned Area”) that has not been sold to, or is not being serviced by, another Placement Agency. You must, within ten (10) days of your receiving written notice from us, stop all sales and service efforts within the Unassigned Area.

You may use, reference or promote the Senior Care Authority Marks or System in connection with social media networks or platforms, but you may do so only with our approval. You are not permitted to have an individual website for your Placement Agency, but we (so long as you are in compliance with the Franchise Agreement) will provide you with a website that we will control.

Your Territory will not be altered during the initial term of the Agreement if there is a population increase or decrease. We have the right to terminate our grant, or reduce the size, of your Territory if you default under the Franchise Agreement for, among other things, failing to maintain our standards or failing to pay the royalty and other fees when they become due. Otherwise, your territorial exclusivity is not dependent upon achievement of a certain sales volume, market penetration or any other contingency.

On renewal, acquiring a successor franchise, or transferring your franchise, your Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for

territories, if the Territory is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Territory.

### Multi-unit Franchise Agreement

Under the Multi-unit Franchise Agreement, we grant you the right to open and operate a minimum of two (2), and maximum of seven (7), Placement Agencies at locations in a specified Multi-unit Territory, subject to our approval. The Multi-unit Territory may be 1 or more cities, counties, states, or some other defined area. During the term of the Multi-unit Franchise Agreement, we will not operate or grant a license or franchise to any other person to operate a Placement Agency at any location within your Multi-unit Territory.

Until the termination or expiration of the Multi-unit Franchise Agreement, you will retain your right of exclusivity if you comply with your Development Obligation and other obligations under the Multi-unit Franchise Agreement.

If you fail to meet any of your obligations under the Multi-unit Franchise Agreement, including your obligation to open and begin operating Placement Agencies within the applicable development period(s), or commit a material breach of any Franchise Agreement signed by you under the Multi-unit Franchise Agreement, or a material breach of any other agreement between you and us, we may terminate your right to further open and operate new Placement Agencies in the Multi-unit Territory, but the termination of the right to develop your Multi-unit Territory will not terminate any rights granted under the Franchise Agreements then in effect between you and us, absent a breach of the Franchise Agreement itself. After the expiration of the term of your Multi-unit Franchise Agreement, we may own, operate, franchise or license others to operate additional Placement Agencies anywhere, without restriction, including in your Multi-unit Territory, subject to the rights granted to you in the Territory established under any then-existing Franchise Agreement.

Under the Multi-unit Franchise Agreement, the continuation of your territorial exclusivity is dependent upon your compliance with your Development Obligation and other obligations under the Multi-unit Franchise Agreement, as described above.

### Limitations on Territorial Rights Under Franchise and Multi-Unit Franchise Agreements

Except as stated above, we and our affiliates retain all rights in the Territory and Multi-Unit Territory for engaging in any activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

- (1) The right to establish or operate or license any other person or entity to establish other facilities, businesses, kiosks, outlets, or Internet websites under trademarks or names other than the Marks that offer or sell products or services that are different from those offered at Senior Care Authority<sup>®</sup> Placement Agencies, inside or outside of your Territory or Multi-Unit Territory.
- (2) The right to advertise or market (or to permit other Placement Agencies to advertise or market) the System or Marks within your Territory or Multi-Unit Territory.
- (3) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods that are identical or similar to and/or competitive with those provided at Placement Agencies, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores which may include Senior Care Authority<sup>®</sup>-branded retail

stores, hardware stores, the Internet, and electronic media) both inside and outside your Territory or Multi-Unit Territory and on any terms and conditions we deem appropriate.

(4) The right to operate, and to grant others the right to operate Placement Agencies located anywhere outside your Territory or Multi-Unit Territory under any terms and conditions we deem appropriate and regardless of proximity to your Placement Agency.

(5) The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Placement Agencies, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating (including in your Territory or Multi-Unit Territory). We will not, however, permit any such service-based business located within your Territory or Multi-Unit Territory to operate under our Marks.

(6) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Placement Agencies, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your Territory or Multi-Unit Territory. We will not, however, permit any such service-based businesses located within your Territory or Multi-Unit Territory to operate under our Marks.

You may not provide products or services outside of your Territory, but you may advertise services or products outside of your Territory. If you find customers for placement in an area that is outside of your Territory but inside the territory of another Placement Agency, you must refer the customer to the applicable Placement Agency. That Placement Agency will be required in its agreement with us to pay you a referral fee from the commission it receives from the facility. The exact amount of the referral fee will be subject to your and their agreement. The referral fee is discussed in Item 6.

Other than the referral fee discussed above, neither we nor any other Placement Agency is required to pay you if we or they exercise any of the rights specified above within your Territory or Multi-Unit Territory.

#### Right of First Refusal

You will not have the right of first refusal to acquire additional franchises within your Territory. We do not customarily grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective territories, but we will consider doing so on a case-by-case basis.


#### Other Franchise Systems

Although we and our affiliates have the right to do so (as described above), neither we nor our affiliates have operated or franchised, and currently have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Territory.

**ITEM 13**

**TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Placement Agency. You may also use our other current or future trademarks to operate the Placement Agency. We have registered, or applied to register, the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

<b>Trademark</b>	<b>Registration Number Registration Date</b>	<b>International Class of Goods</b>
Senior Care Authority (Word Mark)	4141220  May 21, 2012; renewed February 2, 2022	43, 45
 (Design Mark)	N/A (Common Law Mark)	N/A (Common Law Mark)

We have filed all required affidavits relating to the registered Marks shown above. We intend to renew the registration for the Marks at the times required by law.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. We are unaware of any infringing uses that could materially affect your use of our Marks.

You will have the right to use all of our Marks in the operation of your Placement Agency. However, you must use the Marks only for the operation of your Placement Agency and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Placement Agency, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

## **ITEM 14**

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

#### **Patents and Copyrights**

No patents are material to the franchise.

We claim copyright protection of the Operations Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

#### **Improvements**

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of your Placement Agency, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work-made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Placement Agency, Operations Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

#### **Confidential Information**



We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Operations Manual and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a Placement Agency during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Placement Agency.

The Operations Manual will at all times remain our property exclusively. We may revise the Operations Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

## **ITEM 15**

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

Your Placement Agency must at all times be under your or your Designated Manager’s direct, day-to-day, full-time supervision. If you are a legal entity, you must have a Designated Manager, approved by us. Your Designated Manager does not need to have any equity interest in you. You and your Designated Manager will be required to attend and successfully complete our Training Program. If your Designated Manager is unable to complete (or pass) our Training Program, we will require you to designate an alternative manager that must attend and pass the Training Program. You or your Designated Manager must use his or her best efforts in the operation of your Placement Agency. If you have a Multi-unit Agreement, you must have a different Designated Manager for each Placement Agency.

If you have a Multi-unit Agreement and are a legal entity, you are required to designate one person as your “Operating Principal.” Your Operating Principal will be principally responsible for communicating and coordinating with us regarding business, operational and other ongoing matters concerning the Multi-unit Agreement and all of the Placement Agencies that you develop as part of the Multi-unit Agreement. Your Operating Principal will have the full authority to act on your behalf in regard to performing, administering or amending the Multi-unit Agreement and all Franchise Agreements executed as a result of your exercising your rights under the Multi-unit Agreement. The Operating Principal may, in our discretion, be the same person as a Designated Manager of one of your Placement Agencies.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Owner Agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Owner Agreement is attached to the Franchise Agreement as Addendum 2. If you are married, we require your spouse to sign the Owner Agreement.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, and any representatives and beneficial owners of the Franchise Agreement, sign the Owner Agreement, and you must forward a copy of these signed agreements to us. You also must ensure that your Designated Manager and any of your employees that have access to our trade secrets and confidential information each sign the Confidentiality/Non Competition Agreement (Exhibit H), and you must forward a copy of these signed agreements to us.

## **ITEM 16**

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

You are required to offer for sale only services and products that have been approved and specified by us in the Operations Manual and any updates that are incorporated in the Operations Manual from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your Placement Agency premises for any other purpose than the operation of a Placement Agency and the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Operations Manual. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not sell products or services within another franchisee’s Territory. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

## **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.**

#### **Franchise Agreement**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 5.1	Agreement starts on the date it is signed and ends 10 years after the date you open your Placement Agency for business.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire an unlimited number of additional terms of 5 years each if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not later than 270 days or earlier than 365 days, to renew; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, including a smaller geographic Territory; have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us, and not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; remodel your Placement Agency.

Provision	Section in Franchise Agreement	Summary
		If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d. Termination by franchisee	Section 17.6	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure, subject to state law.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 17.1 – 17.3	We can terminate the Agreement, automatically or by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. “Cause” defined - curable defaults	Section 17.3	<p>You have 30 days after notice to cure breaches relating to your:</p> <ul style="list-style-type: none"> <li>(a) owners engaging in a dispute with one another (deadlock) that materially affects the operation of your Placement Agency, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period;</li> <li>(b) failure to resolve customer complaints and/or disputes in a timely manner; or</li> <li>(c) failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of your failure to comply</li> </ul> <p>You have 10 days after notice to cure breaches relating to your failure to obtain or maintain required insurance coverage.</p> <p>You have 5 days after notice to cure breaches relating to your failure to pay us or our affiliates any amounts owed, or your failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations.</p> <p>You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed in Sections 17.1, 17.2, or 17.3.</p>
h. “Cause” defined – non-curable defaults	Sections 17.1 and 17.2	<p>Your Franchise Agreement will terminate automatically, without your ability to cure any defaults, if you:</p> <ul style="list-style-type: none"> <li>(a) Become insolvent or make a general assignment for the benefit of creditors;</li> <li>(b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent.</li> <li>(c) Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Franchised Business; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.</li> <li>(d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you.</li> <li>(e) Have a final judgment against you in the amount of twenty five thousand (\$25,000) dollars or more that remains unsatisfied or of record for thirty (30) days or longer.</li> </ul>

Provision	Section in Franchise Agreement	Summary
		<p>(f) Dissolve or liquidate.  (g) Have execution levied against your business or property.  (h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon.</p> <p>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</p> <p>(i) Fail to open your Placement Agency on or before the date required under the Franchise Agreement;  (j) Abandon your Placement Agency or fail to keep it open for a period of five (5) consecutive days, unless it is for a reason beyond your control;  (k) Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Placement Agency;  (l) Make an unauthorized transfer of the business;  (m) Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Placement Agency;  (n) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue;  (o) Violate any covenant not to compete or relating to confidential information;  (p) Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error;  (q) Engage in any activity that has a material adverse effect on the System or the Marks;  (r) Receive from us 2 or more notices of default under the Franchise Agreement within a 12 month period regardless of whether you cured those defaults;  (s) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks;  (t) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism;  (u) Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period; or  (v) Are absent from two (2) consecutive mandatory training courses, conferences, or conventions, and do not cure this default by attending all of the mandatory training courses, meetings, conferences, and conventions within the 12-month period following our notice to you of your default under this provision.</p>

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination you must cease operating as a Placement Agency, not compete with us, not use our confidential information, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Operations Manual, records, files and any materials relating to the operation of your Placement Agency, cancel or transfer all telephone numbers and directory listings to us, comply with all covenants, and pay us liquidated damages.
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee – defined	Section 15.2	Includes transfer of contract, premises of your Placement Agency, assets, or change of any portion of your ownership (if you are a legal entity)
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot transfer the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <ul style="list-style-type: none"> <li>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</li> <li>(b) We must have declined our right of first refusal;</li> <li>(c) Your transferee must have completed the Training Program to our satisfaction;</li> <li>(d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option);</li> <li>(e) You must pay us a: (i) a transfer fee of thirty thousand dollars (\$30,000); plus (ii) an onboarding fee of ten thousand dollars (\$10,000).</li> <li>(f) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns;</li> <li>(g) Your transferee must assume all of your liabilities and obligations relating to your Placement Agency;</li> <li>(h) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your Franchise Agreement;</li> <li>(i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our Affiliates.</li> <li>(j) You and your transferee must work out a transition plan to address the needs of your current and prospective customers.</li> <li>(k) If your sale is to a person or company to whom we introduced you, you must pay us a resale assistance fee in an amount we specify.</li> </ul>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 60 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Placement Agency.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent Placement Agency equipment supplier we select.
p. Death or disability of franchisee	Sections 15.6 and 17.8	The estate of the deceased or incapacitated person must, within one hundred eighty (80) days from the date of death or disability, appoint a new Designated Manager. If that does not happen, we have the ability to exercise our Step-In Rights and operate your Placement Agency until a new Designated Manager is appointed.
q. Non-competition covenants during the term of the franchise	Section 16.4	You must not be in a competing business anywhere and must not attempt to divert customers of your Placement Agency to any competitive business. Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in Placement Agencies (including but not limited to the Authorized Services); or (ii) sells or offers to sell products the same as or similar to the type of products sold in Placement Agencies (including but not limited to the Authorized Products), other than a Placement Agency operated under a valid Franchise Agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	You will not engage in a competing business within twenty-five (25) miles of your former Territory, or within twenty-five (25) miles of the Territory of any Placement Agency, for a period of 2 years after your Franchise Agreement is terminated. You may have no involvement in any business that: (i) provides or offers to provide services the same as or similar to the type of services sold in Placement Agencies; or (ii) sells or offers to dispense products the same as or similar to the type of products sold in Placement Agencies. You must not solicit customers or employees of your Placement Agency or any other Placement Agency for a period of two (2) years. Except in the operation of a Placement Agency under a valid franchise agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Operations Manual and other confidential materials provided to you by us. You may not divert any business from us or seek to employ any of our employees or franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 20.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
v. Choice of forum	Section 19.10	Subject to state law, any litigation must be pursued in courts located in Sacramento County, California. See any state-specific addendum attached in Exhibit F.
w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. The laws of your state will apply to interpret your covenants not to compete with us and to not use our confidential information. Otherwise, California law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

### **Multi-unit Agreement**

<b>Provision</b>	<b>Section in Multi-Unit Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 4.1	5 years or when you sign a Franchise Agreement for your last Placement Agency necessary to fully satisfy your Development Obligation on Addendum 2, whichever is earlier.
b. Renewal or extension of the term	Not applicable	Not applicable.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable.
d. Termination by franchisee	None	Not applicable, subject to state law.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section 10.1	We can terminate if you materially default under your Multi-unit Franchise Agreement, an individual Franchise Agreement, or any other agreement between you and us.
g. "Cause" defined - curable defaults	Sections 2.4 and 10.1	You have 30 days to cure any default not listed in Section (h), except for your failure to meet the Development Obligation. If you fail to meet the Development Obligation, you must pay us a penalty of one thousand dollars (\$1,000) per month, up to a maximum of six (6) months.  In the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control.
h. "Cause" defined – non-curable defaults	Section 10.1	Non-curable defaults include: unapproved transfers; your failure to pay any fee to us; your opening of a Placement Agency in your Multi-Unit Territory except as approved by us; any default of any other agreement between you and us; and any breach for unfair competition described in Article 9.
i. Franchisee's obligations on termination/non-renewal	Section 4.2	You will have no further right to develop or operate additional Placement Agencies which are not, at the time of termination, the subject of a then-existing Franchise Agreement between you and us. You may continue to own and operate all Placement Agencies under then-existing Franchise Agreements.
j. Assignment of contract by franchisor	Section 8.1	No restrictions on our right to assign.

Provision	Section in Multi-Unit Agreement	Summary
k. "Transfer" by franchisee – defined	Section 8.3	Includes transfer of the Multi-unit Franchise Agreement or changes in ownership of the entity which owns it. If you are a business entity, shares of your entity may be offered for sale through the public offering of securities. Shares may be offered by private offering with our prior written consent.
l. Franchisor approval of transfer by franchisee	Section 8.3	Transfers require our prior written consent, which we can withhold for any reason. We generally do not permit multi-unit franchisees to transfer their Multi-unit Franchise Agreements, although we will permit them to transfer an individual Franchise Agreement once the Placement Agency has been established and is operating.
m. Conditions for franchisor approval of transfer	Section 8.3	<p>We generally will not permit you to transfer your Multi-unit Franchise Agreements, but we will permit you to transfer an individual Franchise Agreement once the Placement Agency has been established and is operating.</p> <p>Before shares of a franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Parent, officers, directors, manager(s), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them with the offering; and pay us a fee to reimburse us for our costs and expenses associated with reviewing the proposed offering, which fee is in addition to any transfer fee required under any Franchise Agreement.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable.	Not applicable.
o. Franchisor's option to purchase franchisee's business	None	Not applicable.
p. Death or disability of franchisee	Section 10.1	If your interest is not transferred within 60 days following your (or a major member, partner or shareholder's) death or legal incapacity, your Multi-unit Franchise Agreement will be automatically terminated.
q. Non-competition covenants during the term of the franchise	Section 9.1	You must not be in a competing business anywhere and must not attempt to divert customers of your Placement Agency to any competitive business. Unless we agree otherwise in writing, you may have no involvement in any business that: (i) sells or offers to sell services the same as or similar to the type of services sold in Placement Agencies (including but not limited to the Authorized Services); or (ii) sells or offers to sell products the same as or similar to the type of products sold in Placement Agencies (including but not limited to the Authorized Products), other than a Placement Agency operated under a valid Franchise Agreement with us.



Provision	Section in Multi-Unit Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 9.1	You will not engage in a competing business within twenty-five (25) miles of your former Territory, or within twenty-five (25) miles of the Territory of any Placement Agency, for a period of 2 years after your Franchise Agreement is terminated. You may have no involvement in any business that: (i) provides or offers to provide services the same as or similar to the type of services sold in Placement Agencies; or (ii) sells or offers to dispense products the same as or similar to the type of products sold in Placement Agencies. You must not solicit customers or employees of your Placement Agency or any other Placement Agency for a period of two (2) years. Except in the operation of a Placement Agency under a valid franchise agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Operations Manual and other confidential materials provided to you by us. You may not divert any business from us or seek to employ any of our employees or franchisees. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 11.10	The Multi-unit Franchise Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Section 15.4	Only the terms of the Multi-unit Franchise Agreement and any Franchise Agreement(s) are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document, Multi-unit Franchise Agreement and Franchise Agreement(s) may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 11.13	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 11.13	Subject to state law, any litigation must be pursued in courts located in Sacramento County, California. See any state-specific addendum attached in Exhibit F.
w. Choice of law	Section 11.14	Federal trademark law, and other federal laws govern where applicable. The laws of your state will apply to interpret your covenants not to compete with us and to not use our confidential information. Otherwise, California law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

**ITEM 18**

**PUBLIC FIGURES**

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

## ITEM 19

### FINANCIAL PERFORMANCE REPRESENTATIONS

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

The financial information provided in the following tables represents the actual range of performance of our franchise-owned Placement Agencies for the periods specified in the tables below. We obtained the data in this Item 19 from the Gross Sales numbers reported to us by franchisees through the Computer System. The numbers have not been audited, but we have no reason to doubt their accuracy. Written substantiation for the financial performance representation will be made available to prospective franchisees upon reasonable request.

All franchise-owned Placement Agencies that have been operated for more than one year, full-time, by the franchisee or its manager are presented below (a total of 77 Placement Agencies). We have not included information from franchise Placement Agencies where the franchisee or its manager does not spend her or his full time operating the Placement Agency (a total of 6 Placement Agencies). We do not include Placement Agencies that are not operated full-time because we no longer will accept any franchisee who does not intend to spend his or her full time operating the Placement Agency, or who will not hire a manager to do so. As a result, we believe that including information from part-time franchisees in this Item 19 would present an inaccurate picture of System financial performance information for the purposes of this Item. There are no characteristics of the Placement Agencies included below that may differ materially from those of a new franchisee’s outlet.

#### **Annual Gross Sales of Franchised Placement Agencies – Calendar Year 2022** **Total of 77 Placement Agencies**

<b>Time Owning Business</b>	<b>%/# of Franchisees</b>	<b>Gross Sales Range</b>	<b>Average Gross Sales</b>	<b>% Exceeding Average</b>	<b>Median Gross Sales</b>	<b>% Exceeding Median</b>
61 + months	15.69% (8)	\$108,190 - \$403,104	\$208,084	16.7%	\$174,334	50%
49-60 months	15.69% (8)	\$95,490 - \$360,678	\$248,191	66.7%	\$302,678	50%
37-48 months	21.57% (11)	\$70,275- \$857,757	\$314,555	37.5%	\$240,331	62.5%
25-36 months	31.37% (16)	\$57,754 - \$237,660	\$119,414	38.5%	\$117,294	38.5%

12-24 months	15.69% (8)	\$32,192 - 199,955	\$116,577	50%	\$117,080	50%
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**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.** See the notes below, which are a material part of this Item.

1. Gross Sales. “Gross sales” includes all consideration, whether by cash, credit, in kind or otherwise, that the Placement Agency reported receiving.

2. COVID-19. The table is a historic financial performance representation, relating to the results of our franchise-owned Placement Agencies during the specified time-period, which was during the COVID-19 pandemic. Our franchise-owned Placement Agencies have not experienced any material changes to their business model because of the COVID-19 pandemic and their operating results and sales levels have not materially changed.

Other than the representation given above, 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 Frank Samson at 755 Baywood Drive, Suite 200, Petaluma, CA 94954 (888) 809-1231, or email: frank@seniorcareauthority.com.

## ITEM 20

### OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1.  
**Systemwide Outlet Summary for Years 2020 through 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	60	67	+7
	2021	67	71	+4
	2022	71	77	+6
Company-Owned	2020	3	2	-1
	2021	2	4	+2
	2022	4	0	0
Total Outlets	2020	63	69	+6
	2021	69	75	+6
	2022	75	81	+6

TABLE NO. 2  
**Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2020 through 2022**

State	Year	Number of Transfers
Arizona	2020	0

State	Year	Number of Transfers
	2021	0
	2022	2
California	2020	1
	2021	0
	2022	4
Colorado	2020	2
	2021	0
	2022	0
Florida	2020	0
	2021	0
	2022	1
Georgia	2020	0
	2021	0
	2022	1
Louisiana	2020	0
	2021	0
	2022	1
Michigan	2020	0
	2021	2
	2022	0
Minnesota	2020	0
	2021	0
	2022	2
Missouri	2020	1
	2021	0
	2022	0
New Jersey	2020	0
	2021	1
	2022	0
Texas	2020	1
	2021	0
	2022	0
Total	2020	5
	2021	5
	2022	11

**TABLE NO. 3**  
**Status of Franchised Outlets for Years 2020 through 2022**

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Arizona	2020	6	0	0	0	0	1	5
	2021	5	0	0	0	0	0	5
	2022	5	0	3	0	0	0	2
California	2020	14	2	0	0	0	1	15
	2021	15	1	0	0	0	0	16
	2022	16	2	0	0	0	1	17
Colorado	2020	3	0	0	0	0	0	3

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Connecticut	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2020	1	0	0	0	0	0	1
Florida	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2020	4	1	0	0	0	0	5
Georgia	2021	5	2	0	0	0	0	7
	2022	7	2	0	0	0	1	8
	2020	0	1	0	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2020	0	0	0	0	0	0	0
Illinois	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Indiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2020	0	0	0	0	0	0	0
Iowa	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Kansas	2021	1	0	0	0	0	1	0
	2022	1	0	0	0	0	0	1
	2020	3	0	0	0	0	0	3
Louisiana	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2020	2	0	0	0	0	0	2
Maryland	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2020	0	0	0	0	0	0	0
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2020	0	3	0	0	0	0	3
Minnesota	2021	3	0	0	0	2	0	1
	2022	1	1	0	0	0	0	2
	2020	3	0	0	0	0	1	2
Missouri	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2020	1	0	0	0	0	0	1
Nebraska	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2020	0	0	0	0	0	0	0
Nevada	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2020	1	0	0	0	0	1	0
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New Jersey	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
New York	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
North Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
Ohio	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	4	1	0	0	0	0	5
South Carolina	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Texas	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Utah	2020	1	1	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Total Outlets	2020	60	11	0	0	0	4	67
	2021	67	7	0	0	2	1	71
	2022	71	13	3	0	0	3	78

**TABLE NO. 4**  
**Status of Company-Owned Outlets for 2020 through 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2020	2	0	0	0	1	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Michigan	2020	1	0	0	0	0	1
	2021	1	0	2	0	0	3
	2022	3	0	0	0	0	3
Total Outlets	2020	3	0	0	0	1	2
	2021	2	0	2	0	0	4
	2022	4	0	0	0	0	4

**TABLE NO. 5**  
**Projected Openings for 2023 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
Alabama	0	1	0
Arizona	0	1	0
California	0	1	0
Colorado	0	1	0
Connecticut	0	1	0
Delaware	0	1	0
Florida	0	1	0
Illinois	0	1	0
Indiana	0	1	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
Maine	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Mississippi	0	1	0
Missouri	0	1	0
Nebraska	0	1	0
New Hampshire	0	1	0
New Mexico	0	1	0
New York	0	1	0
North Carolina	0	1	0
Ohio	0	1	0
Oklahoma	0	1	0
Oregon	0	1	0
Pennsylvania	0	1	0
Rhode Island	0	1	0
South Carolina	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Utah	0	1	0
Vermont	0	1	0
Virginia	0	1	0
Washington	0	1	0
West Virginia	0	1	0
Wisconsin	0	1	0
Wyoming	0	1	0
Totals	0	39	0

Other than as noted in this Item 20 and Exhibit J, no franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, or has not communicated with us 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.

No Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

Our list of current franchisees is attached as Exhibit J-1. Our list of franchisees with agreements signed, but who are not yet open, is attached as Exhibit J-2. Our list of franchisees that left the system in 2022 is attached as Exhibit J-3.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Attached to this FDD as Exhibit C is our audited financial statements as of December 31, 2020, December 31, 2021, and December 31, 2022. Our fiscal year ends on December 31<sup>st</sup>.

We are also attaching non-audited financial statements dated March 31, 2023. THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

## **ITEM 22**

### **CONTRACTS**

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

#### **Exhibit B-1: the Franchise Agreement**

Addenda to Franchise Agreement:

1. Information Regarding You and the Franchised Business; Territory
2. Owner Agreement
3. Electronic Funds Transfer Authorization

#### **Exhibit B-2: the Multi-unit Franchise Agreement**

Addenda to Multi-unit Agreement:

1. Multi-Unit Territory
2. Development Obligation
3. Business Entity Information

Exhibit E: Form of General Release

Exhibit F: State-Specific Addendum

Exhibit G: Compliance Questionnaire

**We will not ask you to complete the Disclosure Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of**



**California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York,  
North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

Exhibit H: Confidentiality and Non-Compete Agreement

Exhibit I: Franchise Relationship Acknowledgement

**ITEM 23**

**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit K. Please complete both copies, detach and return the copy marked “Our Copy” to us and keep the other copy in the Franchise Disclosure Document for your own records.

Senior Care Authority, LLC

## EXHIBIT A

### **List of State Administrators and Agents for Service of Process**

**EXHIBIT A**  
**LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND**  
**STATE ADMINISTRATORS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	<p>California Department of Financial Protection and Innovation:</p> <p><u>Sacramento</u>            2101 Arena Boulevard            Sacramento, CA 95834</p> <p><u>Los Angeles:</u>            320 West 4<sup>th</sup> Street, Suite 750            Los Angeles, CA 90013</p> <p><u>San Diego:</u>            1455 Frazee Rd., Suite 315            San Diego, CA 92108</p> <p><u>San Francisco:</u>            One Sansome Street, Suite 600            San Francisco, CA 94104</p>	<p>Commissioner            Department of Financial Protection and Innovation            2101 Arena Boulevard            Sacramento, CA 95834            (866) 275-2677</p> <p>Website: <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a>            email: <a href="mailto:ask.dfpi@dfpi.ca.gov">ask.dfpi@dfpi.ca.gov</a></p>
Connecticut	<p>Connecticut Department of Banking            260 Constitution Plaza            Hartford, CT 06103-1800            (860) 240-8230</p>	<p>Banking Commissioner            260 Constitution Plaza            Hartford, CT 06103-1800            (860) 240-8230</p>
Florida	<p>Division of Consumer Services            Attn: Business Opportunities            Florida Department of Agriculture and Consumer Affairs            Mayo Building            Tallahassee, FL 32399-0800</p>	<p>Senior Consumer Complaint Analyst            Florida Department of Agriculture and Consumer Affairs            Mayo Building, Second Floor            Tallahassee, FL 32399-0800            (850) 922-2966 or (850) 488-2221</p>
Georgia	<p>Office of the Governor            Office of Consumer Affairs            2 Martin Luther King Jr. Drive SE            Plaza Level – East Tower            Atlanta, GA 30334</p>	<p>Office of Consumer Affairs            2 Martin Luther King Jr. Drive SE            Plaza Level – East Tower            Atlanta, GA 30334</p>

State	Agents for Service of Process	Administrators
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State Administrative Offices of the Secretary of State 200 W. Washington St., Room 201 Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 Saint Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce 85 7th Place East, Suite 280 Saint Paul, MN 55101 (651) 539-1500

State	Agents for Service of Process	Administrators
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	New York Department of State One Commerce Plaza 99 Washington Ave. Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-2222
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Securities Commissioner 5 <sup>th</sup> Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 <sup>th</sup> Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]

State	Agents for Service of Process	Administrators
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219
Washington	Washington Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 <sup>th</sup> Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 <sup>th</sup> Street NW Washington, DC 20580 (202) 326-3128

**Senior Care Authority, LLC**

**EXHIBIT B-1**

**Unit Franchise Agreement**

Senior Care Authority, LLC

## EXHIBIT B-2

### **Multi-unit Franchise Agreement**



**Senior Care Authority, LLC**

**EXHIBIT C**

**Financial Statements**

**Senior Care Authority, LLC**

## **EXHIBIT C-1**

### **Unaudited Financial Statements**

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

# Senior Care Authority

## Balance Sheet

As of March 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
106 SCA Franchise - 2385	4,740.95
<b>Total Bank Accounts</b>	<b>\$4,740.95</b>
Accounts Receivable	
110 Accounts Receivable	151,152.57
<b>Total Accounts Receivable</b>	<b>\$151,152.57</b>
Other Current Assets	<b>\$168,958.86</b>
<b>Total Current Assets</b>	<b>\$324,852.38</b>
Other Assets	<b>\$311,117.99</b>
<b>TOTAL ASSETS</b>	<b>\$635,970.37</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	\$223,381.44
Credit Cards	\$76,792.79
Other Current Liabilities	\$313,945.26
<b>Total Current Liabilities</b>	<b>\$614,119.49</b>
Long-Term Liabilities	<b>\$2,360,156.43</b>
<b>Total Liabilities</b>	<b>\$2,974,275.92</b>
Equity	<b>\$ -2,338,305.55</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$635,970.37</b>

# Senior Care Authority

## Profit and Loss

January - March, 2023

	TOTAL
Income	\$592,379.73
Cost of Goods Sold	\$114,730.75
<b>GROSS PROFIT</b>	<b>\$477,648.98</b>
Expenses	\$469,706.02
<b>NET OPERATING INCOME</b>	<b>\$7,942.96</b>
Other Income	\$ -780.00
Other Expenses	\$15,562.21
<b>NET OTHER INCOME</b>	<b>\$ -16,342.21</b>
<b>NET INCOME</b>	<b>\$ -8,399.25</b>

**Senior Care Authority, LLC**

**EXHIBIT C-2**

**Audited Financial Statements**

**SENIOR CARE AUTHORITY, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**SENIOR CARE AUTHORITY, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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***Independent Auditor's Report***

To the Members  
Senior Care Authority, LLC

**Opinion**

We have audited the accompanying financial statements of Senior Care Authority, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Senior Care Authority, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

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

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



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

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

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

*Velex & Hardy*

April 24, 2023  
Las Vegas, Nevada

**SENIOR CARE AUTHORITY, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 63,811	\$ 105,249
Accounts receivable, net	193,886	14,961
Other receivables	135,247	-
Prepaid expenses	12,897	16,525
Current maturities of deferred contract costs	24,315	-
Total current assets	<u>430,156</u>	<u>136,735</u>
<b>Intangible Assets, Net</b>	106,000	114,000
<b>Deferred Contract Costs, Net of Current</b>	207,118	-
<b>Total Assets</b>	<u>\$ 743,274</u>	<u>\$ 250,735</u>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 207,522	\$ 157,152
Accrued expenses	103,276	242,987
Deferred revenue	-	23,200
Current maturities of deferred franchise fees	295,441	253,437
Current maturities of long-term debt	216,533	85,673
Total current liabilities	<u>822,772</u>	<u>762,449</u>
<b>Long-Term Liabilities:</b>		
Deferred franchise fees, net of current	1,720,153	1,448,904
Long-term debt, net of current	532,188	584,906
Total long-term liabilities	<u>2,252,341</u>	<u>2,033,810</u>
<b>Total Liabilities</b>	3,075,113	2,796,259
<b>Members' Deficit</b>	<u>(2,331,839)</u>	<u>(2,545,524)</u>
<b>Total Liabilities and Members' Deficit</b>	<u>\$ 743,274</u>	<u>\$ 250,735</u>

*See accompanying notes to the financial statements.*

**SENIOR CARE AUTHORITY, LLC**  
**STATEMENTS OF INCOME AND MEMBERS' DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>Revenue</b>	<u>\$ 1,733,795</u>	<u>\$ 1,539,022</u>
<b>Operating Expenses:</b>		
Advertising	80,691	60,112
Amortization	8,000	6,000
Auto	13,896	16,163
Bad debt expense	-	17,915
Brand advertising	409,883	398,614
Commissions	39,310	238,290
Insurance	17,676	13,271
Office expense and other	186,375	82,358
Professional fees	407,850	396,602
Salaries, wages and related	710,327	539,592
Taxes and licenses	15,408	13,834
Technology	23,759	13,205
Travel and meals	23,758	25,073
Total operating expenses	<u>1,936,933</u>	<u>1,821,029</u>
<b>Loss from Operations</b>	<u>(203,138)</u>	<u>(282,007)</u>
<b>Other Income (Expense):</b>		
PPP loan forgiveness	82,141	51,366
Other income	135,247	-
Interest expense	(23,912)	(14,483)
Total other income (expense)	<u>193,476</u>	<u>36,883</u>
<b>Net Loss</b>	(9,662)	(245,124)
<b>Members' Deficit, Beginning of Year</b>	(2,545,524)	(2,392,902)
Member contributions	281,310	700,183
Member distributions	(57,963)	(607,681)
<b>Members' Deficit, End of Year</b>	<u><u>\$ (2,331,839)</u></u>	<u><u>\$ (2,545,524)</u></u>

*See accompanying notes to the financial statements.*

**SENIOR CARE AUTHORITY, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (9,662)	\$ (245,124)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Accrued interest	18,750	11,859
Amortization of intangible assets	8,000	6,000
Bad debt expense	-	17,915
PPP loan forgiveness	(82,141)	(51,366)
Changes in:		
(Increase) decrease in accounts receivable	(178,925)	(28,368)
(Increase) decrease in other receivables	(135,247)	-
(Increase) decrease in prepaid expenses	3,628	(16,525)
(Increase) decrease in deferred contract costs	(231,433)	-
Increase (decrease) in accounts payable	50,370	149,263
Increase (decrease) in accrued expenses	(139,711)	(25,259)
Increase (decrease) in deferred revenue	(23,200)	23,200
Increase (decrease) in deferred franchise fees	313,253	(203,171)
Net cash provided by operating activities	<u>(406,318)</u>	<u>(361,576)</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from debt borrowings	232,500	431,462
Principal debt payments	(90,967)	(86,009)
Member capital contributions	281,310	700,183
Member distributions	(57,963)	(607,681)
Net cash provided by (used in) financing activities	<u>364,880</u>	<u>437,955</u>
<b>Net Change in Cash</b>	(41,438)	76,379
<b>Cash, Beginning of Year</b>	<u>105,249</u>	<u>28,870</u>
<b>Cash, End of Year</b>	<u>\$ 63,811</u>	<u>\$ 105,249</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>		
Cash paid for interest	<u>\$ 5,162</u>	<u>\$ 2,624</u>
<b><u>Supplemental disclosure of non-cash financing activities:</u></b>		
Note payable obligation for acquisition of intangible assets	<u>\$ -</u>	<u>\$ 120,000</u>

See accompanying notes to the financial statements.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – NATURE OF THE BUSINESS**

The Company was organized in April 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name “Senior Care Authority”.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Senior Care Authority, LLC (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

**Use of Estimates in Preparation of Financial Statements**

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

**Cash and Cash Equivalents**

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

**Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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

**Accounts Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 193,886	\$ 14,961	\$ 4,508
Allowance for doubtful accounts	-	-	-
Accounts receivable, net	<u>\$ 193,886</u>	<u>\$ 14,961</u>	<u>\$ 4,508</u>

**Revenue Recognition**

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2022</u>	<u>2021</u>
Deferred franchise fees	\$ 2,015,594	\$ 1,702,341
Less: current maturities	<u>(295,441)</u>	<u>(253,437)</u>
	<u>\$ 1,720,153</u>	<u>\$ 1,448,904</u>

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2023	\$ 295,441
2024	295,441
2025	295,441
2026	279,977
2027	238,007
Thereafter	<u>611,287</u>
	<u>\$ 2,015,594</u>

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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

**Revenue Recognition (Continued)**

Brand advertising provided to franchisees is highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand advertising are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' deficit under the caption "revenue". Expenses incurred to provide brand advertising services are presented on the statements of loss and members' deficit under the caption "advertising".

The Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	<u>2022</u>	<u>2021</u>
Deferred contract costs	\$ 231,433	\$ -
Less: current maturities	<u>(24,315)</u>	<u>-</u>
	<u>\$ 207,118</u>	<u>\$ -</u>

Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

**Advertising**

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2022 and 2021, total advertising costs were \$80,691 and \$60,112, respectively.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2022, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2019.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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

**Reclassifications**

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year’s format. Members’ deficit was unchanged due to these reclassifications.

**NOTE 3 – INTANGIBLE ASSETS**

Amortizable intangible assets consisted of the following as of :

<b>Intangible asset (Amortization period)</b>	<b>December 31, 2022</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Intellectual property rights (15 years)	\$ 120,000	\$ (14,000)	\$ 106,000

<b>Intangible asset (Amortization period)</b>	<b>December 31, 2021</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net</b>
Intellectual property rights (15 years)	\$ 120,000	\$ (6,000)	\$ 114,000

Amortization expense related to intangible assets was approximately \$8,000 and \$6,000 for the years ended December 31, 2022 and 2021, respectively.

The estimated amortization expense related to amortizable assets for each of the five succeeding years and thereafter is as follows as of December 31, 2022:

Years ending December 31,

2022	\$ 8,000
2023	8,000
2024	8,000
2025	8,000
2026	8,000
Thereafter	66,000
Total	<u>\$ 106,000</u>



**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 4 – LONG-TERM DEBT**

As of December 31, long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>
On July 1, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended. The loan was subsequently amended in June 2021 for an aggregate amount of \$500,000. It matures in July 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in February 2023. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.	\$ 532,188	\$ 513,438
On February 16, 2021, the Company was granted a loan from a financial institution in the aggregate amount of \$81,462, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in February 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in July 2022. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Company's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan were forgiven as they were used for qualifying expenses as described in the CARES Act.	-	82,141
The Company has lines of credit, which originated from September 2022 to November 2022. The lines of credit have maturity dates that range from September 2023 to November 2023 and interest rates ranging from 8.07% to 8.43%.	109,033	-
Note payable of \$92,500 to an individual, maturing in December 2023, bearing no interest, and is unsecured. The note was fully paid in 2023.	92,500	-
Note payable of \$150,000 to an individual, with monthly payments of \$5,000, maturing in April 2023, bearing no interest and is unsecured.	15,000	75,000
Total long-term debt	748,721	670,579
Less: current maturities	(216,533)	(85,673)
	<u>\$ 532,188</u>	<u>\$ 584,906</u>

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

As of December 31, long-term debt matures as follows:

2023	\$	216,533
2024		-
2025		2,083
2026		12,577
2027		12,577
Thereafter		504,951
	\$	<u>748,721</u>

**NOTE 5 – REVENUE RECOGNITION**

For the years ended December 31, revenue sources were as follows:

	<u>2022</u>	<u>2021</u>
Initial franchise fees	349,247	731,924
Marketing and technology	506,405	398,614
Royalties	635,398	401,116
Other	242,745	7,368
	<u>1,733,795</u>	<u>1,539,022</u>

As of December 31, the timing and recognition of revenue was as follows:

	<u>2022</u>	<u>2021</u>
Services transferred at a point in time	\$ 1,384,548	\$ 807,098
Services transferred over time	349,247	731,924
	<u>\$ 1,733,795</u>	<u>\$ 1,539,022</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Company pays rent of \$3,750 per month to a member of the Company for shared office rent. It paid the member \$33,750 during 2022. There are no amounts due to the member as of December 31, 2022.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2022 AND 2021**

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**NOTE 7 – RESTATEMENT**

The Company discovered that previously issued financial statements included certain errors. It was determined that these errors were inadvertent and unintentional.

The following table sets forth the previously reported and restated amounts of selected items within the balance sheet as of December 31, 2021:

Selected data from the balance sheet as of December 31, 2021:	As Previously Reported	As Restated	Increase (Decrease)
Intangible assets, net	-	\$ 114,000	\$ 114,000
Current maturities of long-term debt	10,673	85,673	75,000
Members' deficit	(2,584,524)	(2,545,524)	39,000

The following table sets forth the previously reported and restated amounts of selected items within the statement of income and members' deficit as of December 31, 2021:

Selected data from the statement of income and members' deficit as of December 31, 2021:	As Previously Reported	As Restated	Increase (Decrease)
Amortization	\$ -	\$ 6,000	\$ 6,000
Professional fees	441,602	396,602	(45,000)
Members' deficit	(2,584,524)	(2,545,524)	39,000

**NOTE 8 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 24, 2023, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in the financial statements.

**SENIOR CARE AUTHORITY, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**SENIOR CARE AUTHORITY, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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*Independent Auditor's Report*

To the Members  
Senior Care Authority, LLC

Opinion

We have audited the accompanying financial statements of Senior Care Authority, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Senior Care Authority, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

Ellsworth & Stout, LLC

March 29, 2022  
Las Vegas, Nevada

**SENIOR CARE AUTHORITY, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 105,249	\$ 28,870
Accounts receivable, net	14,961	4,508
Prepaid expenses	16,525	-
<b>Total Assets</b>	<u>\$ 136,735</u>	<u>\$ 33,378</u>
 <b>LIABILITIES AND MEMBER'S DEFICIT</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 157,152	\$ 7,889
Accrued expenses	242,987	268,246
Deferred revenue	23,200	-
Current maturities of deferred franchise fees	253,437	264,888
Current maturities of long-term debt	10,673	59,989
Total current liabilities	<u>687,449</u>	<u>601,012</u>
<b>Long-Term Liabilities:</b>		
Deferred franchise fees, net of current	1,448,904	1,640,624
Long-term debt, net of current	584,906	184,644
Total long-term liabilities	<u>2,033,810</u>	<u>1,825,268</u>
<b>Total Liabilities</b>	2,721,259	2,426,280
<b>Members' Deficit</b>	<u>(2,584,524)</u>	<u>(2,392,902)</u>
<b>Total Liabilities and Members' Deficit</b>	<u>\$ 136,735</u>	<u>\$ 33,378</u>

*See accompanying notes to the financial statements.*



**SENIOR CARE AUTHORITY, LLC**  
**STATEMENTS OF INCOME AND MEMBERS' DEFICIT**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>	<u>\$ 1,539,022</u>	<u>\$ 941,914</u>
<b>Operating Expenses:</b>		
Advertising	60,112	125,460
Auto	16,163	14,692
Bad debt expense	17,915	-
Brand advertising	398,614	293,200
Commissions	238,290	255,648
Insurance	13,271	10,773
Office expense and other	82,358	64,260
Professional fees	441,602	102,914
Salaries, wages and related	539,592	358,972
Taxes and licenses	13,834	7,889
Technology	13,205	67,436
Travel and meals	25,073	23,283
Total operating expenses	<u>1,860,029</u>	<u>1,324,527</u>
<b>Loss from Operations</b>	<u>(321,007)</u>	<u>(382,613)</u>
<b>Other Income (Expense):</b>		
PPP loan forgiveness	51,366	-
Other income	-	6,000
Interest expense	(14,483)	(55,301)
Loss on disposal of property	-	(2,425)
Total other income (expense)	<u>36,883</u>	<u>(51,726)</u>
<b>Net Loss</b>	(284,124)	(434,339)
<b>Members' Deficit, Beginning of Year</b>	(2,392,902)	(50,138)
Member contributions	700,183	141,297
Member distributions	(607,681)	(433,693)
Adoption of accounting standards	-	(1,616,029)
<b>Members' Deficit, End of Year</b>	<u><u>\$ (2,584,524)</u></u>	<u><u>\$ (2,392,902)</u></u>

*See accompanying notes to the financial statements.*

**SENIOR CARE AUTHORITY, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (284,124)	\$ (434,339)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Accrued interest	11,859	2,657
Bad debt expense	17,915	-
Loss on disposal of property	-	2,425
PPP loan forgiveness	(51,366)	-
Changes in:		
(Increase) decrease in accounts receivable	(28,368)	4,128
(Increase) decrease in prepaid expenses	(16,525)	-
Increase (decrease) in accounts payable	149,263	7,889
Increase (decrease) in accrued expenses	(25,259)	212,423
Increase (decrease) in deferred revenue	23,200	-
Increase (decrease) in deferred franchise fees	(203,171)	289,483
Net cash provided by (used in) operating activities	<u>(406,576)</u>	<u>84,666</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from debt borrowings	431,462	274,172
Principal debt payments	(41,009)	(55,196)
Member capital contributions	700,183	141,297
Member distributions	(607,681)	(433,693)
Net cash provided by (used in) financing activities	<u>482,955</u>	<u>(73,420)</u>
<b>Net Change in Cash</b>	76,379	11,246
<b>Cash, Beginning of Year</b>	<u>28,870</u>	<u>17,624</u>
<b>Cash, End of Year</b>	<u>\$ 105,249</u>	<u>\$ 28,870</u>
<b><u>Supplemental disclosure of cash flow information:</u></b>		
Cash paid for interest	<u>\$ 2,624</u>	<u>\$ 52,644</u>

*See accompanying notes to the financial statements.*

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Senior Care Authority, LLC (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

### **Nature of the Business**

The Company was organized in April 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a senior placement and consulting agency assisting families and seniors to find ideal locations for the seniors to live under the name “Senior Care Authority”.

### **Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

### **Use of Estimates in Preparation of Financial Statements**

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

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

### **Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).

Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.



**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable (Continued)**

As of December 31, accounts receivable consisted of the following balances:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 14,961	\$ 4,508	\$ 8,636
Allowance for doubtful accounts	-	-	-
Accounts receivable, net	<u>\$ 14,961</u>	<u>\$ 4,508</u>	<u>\$ 8,636</u>

**Revenue Recognition**

From 2014 through 2018, the Financial Accounting Standards Board (“FASB”) issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries (“Topic 606”). The Company adopted Topic 606 at the beginning of the year ended December 31, 2020 using the modified retrospective method. Below is a discussion of how the Company’s revenues are earned, accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 (“Legacy GAAP”), accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 5 for information regarding the cumulative effect adjustment recorded to members’ deficit as of the beginning of the year ended December 31, 2020 to reflect the adoption of Topic 606. Also included in Note 5 is disclosure of the amount by which each balance sheet and income statement line item was impacted in the current reporting period as compared to Legacy GAAP.

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company’s approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Under Legacy GAAP, initial franchise fees were recognized as revenue upon the completion of initial training. Upon the adoption of Topic 606, the Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee’s right to use and benefit from intellectual property.

The Company’s contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2021</u>	<u>2020</u>
Deferred franchise fees	\$ 1,702,341	\$ 1,905,512
Less: current maturities	<u>(253,437)</u>	<u>(264,888)</u>
	<u>\$ 1,448,904</u>	<u>\$ 1,640,624</u>

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2022	\$	253,437
2023		253,437
2024		253,437
2025		253,437
2026		236,009
Thereafter		<u>452,584</u>
	\$	<u><u>1,702,341</u></u>

Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.

Upon adoption of Topic 606, the Company has determined that brand advertising provided to franchisees is highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand advertising are recognized on a monthly basis, as they are billed, and reflected on the statements of loss and members' deficit under the caption "revenue". Expenses incurred to provide brand advertising services are presented on the statements of loss and members' deficit under the caption "brand advertising".

**Advertising**

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2021 and 2020, total advertising costs were \$60,112 and \$125,460, respectively.

**Income Taxes**

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2021, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2018.



**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 2 – LONG-TERM DEBT**

As of December 31, long-term debt consisted of the following:

	<u>2021</u>	<u>2020</u>
On July 1, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended. The loan was subsequently amended in June 2021 for an aggregate amount of \$500,000. It matures in July 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in February 2023. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.	\$ 513,438	\$ 152,258
On February 16, 2021, the Company was granted a loan from a financial institution in the aggregate amount of \$81,462, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in February 2026 and bears interest at a fixed rate of 1% per annum, payable monthly commencing in July 2022. The loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Company's intent is to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.	82,141	-
On May 4, 2020, the Company was granted a loan from a financial institution in the aggregate amount of \$51,067, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was set to mature in May, 2022, but was forgiven during 2021.	-	51,366
Note payable to a business, with periodic payments based on a merchant financing arrangement. The loan was paid in full during 2021.	-	33,009
Note payable to an individual, with monthly payments of \$1,000, maturing in August 2021, and bearing no interest, unsecured.	-	8,000
Total long-term debt	<u>595,579</u>	<u>244,633</u>
Less: current maturities	<u>(10,673)</u>	<u>(59,989)</u>
	<u>\$ 584,906</u>	<u>\$ 184,644</u>

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 – LONG-TERM DEBT (CONTINUED)**

As of December 31, long-term debt matures as follows:

2022	\$	10,673
2023		22,325
2024		22,549
2025		38,296
2026		16,396
Thereafter		485,340
	\$	<u>595,579</u>

**NOTE 3 – REVENUE RECOGNITION**

For the years ended December 31, revenue sources were as follows:

	<u>2021</u>	<u>2020</u>
Initial franchise fees	731,924	268,390
Marketing and technology	398,614	293,200
Royalties	401,116	369,939
Other	7,368	10,385
	<u>1,539,022</u>	<u>941,914</u>

As of December 31, the timing and recognition of revenue was as follows:

	<u>2021</u>	<u>2020</u>
Services transferred at a point in time	\$ 807,098	\$ 673,524
Services transferred over time	731,924	268,390
	<u>\$ 1,539,022</u>	<u>\$ 941,914</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

Management is currently responding to the existing effects of the global pandemic and planning for the potential future effects that the pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 – ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS**

As discussed in Note 1, the Company adopted Topic 606 at the beginning of the year ended December 31, 2020, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2020 and the cumulative effect of this transition was recorded as an adjustment to members' deficit as of this date. As a result, the following adjustments were made to the balance sheet as of January 1, 2020:

	As Reported 12/31/19	Adjustments	Balances with Adoption of Topic 606 1/1/20
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 17,624	\$ -	\$ 17,624
Accounts receivable, net	8,636	-	8,636
Total current assets	26,260	-	26,260
<b>Property and Equipment, net</b>	2,425	-	2,425
<b>Total Assets</b>	<u>\$ 28,685</u>	<u>\$ -</u>	<u>\$ 28,685</u>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>			
<b>Current Liabilities:</b>			
Accrued expenses	\$ 55,823	\$ -	\$ 55,823
Current maturities of deferred franchise fees	-	264,889	264,889
Current maturities of long-term debt	15,000	-	15,000
Total current liabilities	70,823	264,889	335,712
<b>Long-Term Liabilities:</b>			
Deferred franchise fees, net of current	-	1,351,140	1,351,140
Long-term debt, net of current	8,000	-	8,000
<b>Total Liabilities</b>	78,823	1,616,029	1,694,852
<b>Member's Deficit</b>	(50,138)	(1,616,029)	(1,666,167)
<b>Total Liabilities and Member's Deficit</b>	<u>\$ 28,685</u>	<u>\$ -</u>	<u>\$ 28,685</u>

The Company recorded an increase in the deferred franchise fees liabilities of \$1,616,029 as part of the cumulative adjustment related to unamortized initial franchise fees, with a corresponding adjustment in the same amount to members' deficit.



**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 – ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS (CONTINUED)**

The following tables reflect the impact of Topic 606 on the Company’s balance sheet as of December 31, 2020 and on the Company’s statement of income (loss) for the year ended December 31, 2020:

**BALANCE SHEET**

	As Reported 12/31/20	Impact	Balances under Legacy GAAP 12/31/20
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 28,870	\$ -	\$ 28,870
Accounts receivable, net	4,508	-	4,508
<b>Total Assets</b>	<b>\$ 33,378</b>	<b>\$ -</b>	<b>\$ 33,378</b>
<b>LIABILITIES AND MEMBER'S DEFICIT</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 7,889	\$ -	\$ 7,889
Accrued expenses	268,246	-	268,246
Current maturities of deferred franchise fees	264,888	(264,888)	-
Current maturities of long-term debt	59,989	-	59,989
<b>Total current liabilities</b>	<b>601,012</b>	<b>(264,888)</b>	<b>336,124</b>
<b>Long-Term Liabilities:</b>			
Deferred franchise fees, net of current	1,640,624	(1,640,624)	-
Long-term debt, net of current	184,644	-	184,644
<b>Total Liabilities</b>	<b>2,426,280</b>	<b>(1,905,512)</b>	<b>520,768</b>
<b>Member's Deficit</b>	<b>(2,392,902)</b>	<b>1,905,512</b>	<b>(487,390)</b>
<b>Total Liabilities and Member's Deficit</b>	<b>\$ 33,378</b>	<b>\$ -</b>	<b>\$ 33,378</b>

The significant impact resulting from the adoption of Topic 606 on the Company’s balance sheet as of December 31, 2020, is consistent with those recorded as of January 1, 2020, as described previously.

**SENIOR CARE AUTHORITY, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 – ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS  
(CONTINUED)**

**STATEMENT OF INCOME (LOSS)**

	Year ended 12/31/20		
	As Reported	Impact	Balances under Legacy GAAP
<b>Revenue</b>	\$ 941,914	\$ 432,986	\$ 1,374,900
<b>Operating Expenses:</b>			
Advertising	125,460	-	125,460
Auto	14,692	-	14,692
Brand advertising	293,200	(231,075)	62,125
Commissions	255,648	-	255,648
Insurance	10,773	-	10,773
Office expense and other	64,260	-	64,260
Professional fees	102,914	-	102,914
Salaries, wages and related	358,972	-	358,972
Taxes and licenses	7,889	-	7,889
Technology	67,436	-	67,436
Travel and meals	23,283	-	23,283
Total operating expenses	<u>1,324,527</u>	<u>(231,075)</u>	<u>1,093,452</u>
<b>Income (Loss) from Operations</b>	<u>(382,613)</u>	<u>664,061</u>	<u>281,448</u>
<b>Other Income (Expense):</b>			
Other income	6,000	-	6,000
Interest expense	(55,301)	-	(55,301)
Loss on disposal of property	(2,425)	-	(2,425)
Total other income (expense)	<u>(51,726)</u>	<u>-</u>	<u>(51,726)</u>
<b>Net Income (Loss)</b>	<u>\$ (434,339)</u>	<u>\$ 664,061</u>	<u>\$ 229,722</u>

Upon the adoption of Topic 606, the timing and amount of revenue recognized from initial franchise fees changed from upfront recognition under Legacy GAAP to recognition over the term of the franchise agreement to which the fees relate. Upon the adoption of Topic 606, brand advertising requires gross presentation in the statement of income (loss).

**NOTE 6 – MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 29, 2022, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in the financial statements.

Senior Care Authority, LLC

## EXHIBIT D

### **Operations Manual Table of Contents**

# THE SENIOR CARE AUTHORITY TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL

Total Number of Pages in Operations Manual: 180

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Senior Care Authority, LLC

## EXHIBIT E

**Form of General Release**



**GENERAL RELEASE**

As a condition to Senior Care Authority, LLC's ("Franchisor") consent to **[grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement]** by **[name of franchisee]** ("Franchisee") under the Franchise Agreement dated \_\_\_\_\_ **[date of Franchise Agreement]**, the undersigned, and each of their respective corporate parents, subsidiaries, Affiliates, successors in interest, heirs and assigns, and each of their respective owners, Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

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

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

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

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

**Senior Care Authority, LLC**

## **EXHIBIT F**

**State-Specific Addendum to Franchise Disclosure Document  
and Agreements**

**EXHIBIT F**

**STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, MULTI-UNIT  
FRANCHISE AGREEMENT, AND UNIT FRANCHISE AGREEMENT**

The following modifications are to the Franchise Disclosure Document between Senior Care Authority, LLC (“Franchisor,” “we,” “us,” or “our”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and Multi-Unit Agreement between Franchisor and you (“you,” “you,” or “your” dated \_\_\_\_\_, 20\_\_.

The state-specific amendments of this State Law Addendum to Franchise Disclosure Document, Franchise Agreement, and Multi-unit Agreement (“**State Addendum**”) apply only to those persons residing or operating Placement Agencies in the following states:

**FOR THE STATE OF CALIFORNIA:**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**The Franchise Disclosure Document is hereby amended as follows:**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement and Multi-unit Agreement provide 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 and Multi-unit Agreement contain 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 contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

Item 11 of the FDD is amended to state: You must open your Placement Agency within 90 days of signing the Franchise Agreement. If you do not open your Placement Agency within that time period, we have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement for this reason, we will refund to you 50% of the Initial Fee you paid us. (Franchise Agreement, Article 3).

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.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

**The Franchise and Multi-unit Agreements are hereby amended as follows:**

Despite anything to the contrary in the Franchise Agreement and Multi-unit Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement and Multi-unit Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.
2. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Multi-unit Agreement contains a provision that is inconsistent with the law, the law will control.
3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the

purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us “clear title and possession” to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee’s landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Marketing and Technology Fees; c) Liquidated Damages; d) Transfer Fees; and e) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

“Fair market value of the franchise assets” means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

“Fair market value of the franchised business” means the “fair market value of the franchise assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

**The Franchise and Multi-unit Agreements and Franchise Disclosure Document are hereby amended as follows:**

Due to our financial condition, the California Department of Financial Protection and Innovation has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

**The Compliance Questionnaire is hereby amended as follows:**

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.

**FOR THE STATE OF CONNECTICUT:**

The following statement is added to the cover page of the Franchise Disclosure Document:

**The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

The following statement is added to Item 3 of the Franchise Disclosure Document:

There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The FDD, Franchise and Multi-unit Agreements are hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

**FOR THE STATE OF HAWAII:**

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

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.

**FOR THE STATE OF ILLINOIS:**

Illinois law governs the franchise agreements.

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

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

Franchisees rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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.

**FOR THE STATE OF INDIANA:**

Item 8 of the Franchise Disclosure Document is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

17(e) is amended subject to Indiana Code 23-2-2.7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise and Multi-unit Agreements and termination is not in bad faith.

17(m) is amended subject to Indiana Code 23-2-2.7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the Territory granted to you.

17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law.

17 (w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act.

Despite anything to the contrary in the Franchise and Multi-unit Agreements, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise and Multi-unit Agreements, or California law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise and Multi-unit Agreements, will supersede the provisions of the Agreement to the extent the Agreement may be inconsistent with such prohibition.

3. Any provision in the Franchise and Multi-unit Agreements which would require you to prospectively assent to a release, or, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The Franchise and Multi-unit Agreements will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise and Multi-unit Agreements:

No Limitation on Litigation. Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

See the last page of this Exhibit F for your signature.

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.

### **FOR THE STATE OF IOWA**

Any provision in the Franchise and Multi-unit Agreements or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise and Multi-unit Agreements:

#### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.



If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Frank Samson at Senior Care Authority, LLC, 755 Baywood Drive, Suite 200, or email: frank@seniorcareauthority.com, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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

**FOR THE STATE OF MARYLAND**

Pursuant to COMAR 02.02.0.8.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability arising under the Maryland Franchise Registration and Disclosure Law. 17(c) and 17(m) of the Franchise Disclosure Document and sections of the Franchise and Multi-unit Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law and those documents are hereby amended consistent with Maryland law.

The Compliance Statement (Exhibit H to the Franchise Disclosure Document) is hereby amended by stating that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of any 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.

17(v) of the Franchise Disclosure Document and Franchise and Multi-unit Agreements are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 17(w) of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise and Multi-unit Agreements provide 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 and Multi-unit Agreements and Franchise Disclosure Document are hereby amended as follows:**

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened. In addition, all development fees and initial payments by Multi-Unit franchisees shall be deferred until the first franchise under the Multi-Unit Agreement is opens.

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.

Senior Care Authority, LLC	you: _____
By: _____	By: _____
Print Name: _____	Print Name: _____
Its: _____	Its: _____
Date: _____	Date: _____

**FOR THE STATE OF MICHIGAN**

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

**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 prohibition on the right of a franchisee to join an association of franchisees.**

**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 will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.**

**A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.**

**A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of our intent not to renew the franchise.**

**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.**

**A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.**

**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 will include, but is not limited to:**

- (i) The failure of the proposed transferee to meet our 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.*

**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)**

**A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.**

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

**FOR THE STATE OF MINNESOTA:**

Despite anything to the contrary in the Franchise and Multi-unit Agreements, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise and Multi-unit Agreements that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document 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 Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.
4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and our System standards. Notwithstanding anything to the contrary in the Franchise and Multi-unit Agreements, we will protect your rights

under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise and Multi-unit Agreements and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise and Multi-unit Agreements that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise and Multi-unit Agreements.

7. The following language will be added to the Franchise and Multi-unit Agreements:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues.

**Items 5 and 7 of the Franchise and Multi-unit Agreements and Franchise Disclosure Document are hereby amended as follows:**

Due to our financial condition, the Minnesota Department of Commerce has required us to defer all initial fees until your business is open and operating. All of your initial fees, including your initial franchise fee (if any) will be deferred our initial obligations to you are complete and your business is open and operating.

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.

**FOR THE STATE OF NEW YORK:**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT.**

**HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-

waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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.

**FOR THE STATE OF NORTH DAKOTA:**

Sections of the Franchise Disclosure Document, Franchise and Multi-unit Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise and Multi-unit Agreements and Confidentiality / Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise and Multi-unit Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise and Multi-unit Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise and Multi-unit Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise and Multi-unit Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise and Multi-unit Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

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.

**FOR THE STATE OF OHIO:**

The following language will be added to the Franchise and Multi-unit Agreements:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

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**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Frank Samson at Senior Care Authority, LLC, 755 Baywood Drive, Suite 200, or email: frank@seniorcareauthority.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

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

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

Its: \_\_\_\_\_

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

**FOR THE STATE OF RHODE ISLAND:**

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



Disclosure Document and Franchise and Multi-unit Agreements are amended accordingly to the extent required by law.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise and Multi-unit Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise and Multi-unit Agreements and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration 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.

**FOR THE STATE OF VIRGINIA:**

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(h) of the Disclosure Document. 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 and Multi-unit Agreements does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following is added to the cover page of the Disclosure Document:

Please consider the following RISK FACTORS before you buy this franchise:

THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.

WE WERE INCORPORATED ON JANUARY 26, 2015 AND HAVE A BRIEF OPERATING HISTORY FOR YOU TO REVIEW. BECAUSE WE HAVE BEEN OPERATING FOR ONLY A SHORT PERIOD OF TIME, WE HAVE LIMITED RESOURCES WITH WHICH TO SUPPORT THE FRANCHISE SYSTEM. YOU MAY WANT TO CONSIDER THESE FACTORS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

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

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.

**FOR THE STATE OF WASHINGTON:**

**Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Franchise Agreement, Compliance Questionnaire, and related agreements**

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

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

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Unit Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the 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 earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for

inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

Sections 17(q) and 17(r) of the Franchise Disclosure Document is hereby amended to provide that such provisions are subject to state law.

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

**FOR THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise and Multi-unit Agreements if such provision is in conflict with that law. The Franchise Disclosure Document and Franchise and Multi-unit Agreements are amended accordingly.

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.

**ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise and Multi-unit Agreements dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and of the Franchise Disclosure Document. The parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise and Multi-unit Agreements between the parties.

Senior Care Authority, LLC

you: \_\_\_\_\_

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

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

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

Senior Care Authority, LLC

## EXHIBIT G

### **Compliance Questionnaire**

**EXHIBIT G**

**COMPLIANCE QUESTIONNAIRE**

As you know, Senior Care Authority, LLC and you are preparing to enter into a Franchise Agreement and, if applicable, Multi-unit Franchise Agreement (as applicable to you, the “Agreement”). In this questionnaire, Senior Care Authority, LLC will be referred to as “we” or “us.” The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question. If the answer you give calls for a written explanation and there is not enough room in the space we provide on this questionnaire to give a complete written explanation, please attach additional pages as necessary. **Please answer “Yes” or “No” to each question.**

**We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

Question	Answer by writing “YES” or “NO”
1. Have you received, studied and reviewed carefully the Franchise Disclosure Document and Agreement(s)?	_____
2. Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?	_____
3. Do you understand all of the information contained in the Agreement(s) and each Addendum, schedule, or exhibit attached to it or them?	_____
4. Do you understand all of the information contained in the Franchise Disclosure Document and each addendum or exhibit attached to it?	_____
<b>If your answer to questions 2 or 3 is “no,” please explain your answer here:</b>	
_____	
_____	
_____	
5. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a Senior Care Authority® franchise, or have you made the decision not to consult with one?	_____
6. Have any of our employees or any other persons speaking on our behalf made any statement, promise or agreement concerning the likelihood of success that you should or might expect to achieve from operating a Senior Care Authority® franchise?	_____

**If you answered “yes” to question 5, please tell us the statement, promise, or agreement made by our employee or person speaking on our behalf:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Question	Answer by writing "YES" or "NO"
----------	------------------------------------

7. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? \_\_\_\_\_

8. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the advertising, marketing, training, support, service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD? \_\_\_\_\_

9. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the costs you may incur in operating a Senior Care Authority® franchise that is contrary to, or different from, the information contained in the FDD? \_\_\_\_\_

10. Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with FDD or the Agreement(s), or any attached written addendum signed by you and an officer of ours? \_\_\_\_\_

**If you answered "yes" to questions 6, 7, 8, or 9, please tell us the statement, promise, or agreement made by our employees that differs from the information contained in the FDD:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

11. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for Senior Care Authority® products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? \_\_\_\_\_

12. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of a Senior Care Authority® franchise (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws? \_\_\_\_\_

13. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the Senior Care Authority brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? \_\_\_\_\_

**If you answered "yes" to questions 10, 11, or 12, please explain your answer:**

**Question**

**Answer by writing  
"YES" or "NO"**

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14. Have we or any of our employees or any other persons speaking on our behalf made any statements to you regarding the financial condition of our parent company or any of our affiliated companies?

Which of our representatives have you met with? \_\_\_\_\_

---

By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).**

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

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

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

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

**Senior Care Authority, LLC**

## **EXHIBIT H**

### **Confidentiality Agreement**



**EXHIBIT H**  
**CONFIDENTIALITY AGREEMENT**

THIS CONFIDENTIALITY AGREEMENT (“**Agreement**”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between (“**you**”); and \_\_\_\_\_ (“**Franchisee**”).

**RECITALS**

A. Franchisee has entered into a franchise agreement with Senior Care Authority, LLC (“**Senior Care Authority**”).

B. You are a Designated Manager, officer, director, or an entity affiliated with, or providing products or services to Franchisee.

C. As a result of Franchisee’s relationship with you, you will have access to certain confidential and proprietary information of Senior Care Authority.

**NOW, THEREFORE**, in consideration of the foregoing and in order to induce Senior Care Authority to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. **Senior Care Authority Is Third Party Beneficiary.** You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of Senior Care Authority, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. **Confidential Information.** It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of Senior Care Authority. In consideration of Senior Care Authority’s agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to Senior Care Authority and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Senior Care Authority (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers and clients, other franchisees, agencies, Suppliers, and other related information) (hereinafter, “**Confidential Information**”), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with Senior Care Authority and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. “Confidential Information” shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Senior Care Authority except strictly incidental to, and solely in furtherance and within the scope of, your relationship with Senior Care Authority and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee’s relationship with you, as the case may be), for any reason, you must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all other documents then in your possession or under your control containing or relating to any Confidential Information, whether in paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If you receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, you will immediately provide Franchisee and Senior Care Authority with written notice of the receipt of

such subpoena or process and a copy thereof, and will cooperate with Franchisee and Senior Care Authority in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to Senior Care Authority shall be given to its President.

3. **Non-solicitation.** While you are employed by or associated with Franchisee, and for two (2) years after your employment or relationship ends, you must not, without prior written permission of Senior Care Authority, directly or indirectly:

- (a) Employ or attempt to employ any person who at that time is employed, or within the prior six months has been employed by Senior Care Authority, Franchisee, or any affiliate of either of them.
- (b) Induce or attempt to induce any person to leave employment with Senior Care Authority, Franchisee, or any affiliate of either of them, or any other franchisee of Senior Care Authority.
- (c) Solicit or attempt to solicit any customers or clients for whom you provided services while you were employed by or affiliated with Franchisee.

4. **Breach of Agreement.** You acknowledge and agree that your violation or breach of the “disclosure of Confidential Information,” or the “Non-solicitation” provisions, as provided by this Agreement, will cause irreparable injury to Senior Care Authority for which there is no adequate remedy at law. Accordingly, you agree that in the event of any breach or violation of this Agreement, Senior Care Authority and/or Franchisee will be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief will be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding you from violating these provisions in the event there is a finding of breach. In addition, Senior Care Authority will be entitled to recover and obtain from you all costs including, without limitation, reasonable attorneys’ fees associated with any legal action arising out of your breach of any of the provisions of this Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but will not affect any other provisions of this Agreement, all of which will otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to Senior Care Authority hereunder are necessary to protect its legitimate business interests.

5. **Choice of Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the state in which Franchisee’s business is located, without respect to its conflict of laws principles.

<b>Senior Care Authority, LLC</b>	You: _____
By: _____	By: _____
Print Name: _____	Print Name: _____
Its: _____	Its: _____
Date: _____	Date: _____

Senior Care Authority, LLC

## EXHIBIT I

### **Franchise Relationship Acknowledgement**

**EXHIBIT I**

**FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT**

Welcome to the Senior Care Authority team. Because you are becoming a part of the Senior Care Authority franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by \_\_\_\_\_ (Legal Name of Franchisee) (“Franchisee”), which is an independent franchise owner in the Senior Care Authority franchise system (which we call the “System”). Although Franchisee looks the same, has the same name, and is operated the same way as other placement agencies in the System, Franchisee is not part of the same company as those other placement agencies in the System. Senior Care Authority, LLC is a completely separate company that owns the name and created the System. Senior Care Authority, LLC has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise placement agencies look and operate the same way as one another. This way, Senior Care Authority, LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Senior Care Authority placement agency.

It is important that you understand that Franchisee is your **only** employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. Senior Care Authority, LLC is **not** your employer. If Senior Care Authority, LLC representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all clients and referral sources of Senior Care Authority is the same at your place of work as it is at other placement agencies in the Senior Care Authority system. The fact that you are trained, or given direction or advice, by Senior Care Authority, LLC representatives does not somehow mean that Senior Care Authority, LLC is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED

\_\_\_\_\_

DATE:

\_\_\_\_\_

Senior Care Authority, LLC

EXHIBIT J-1

**List of Franchisees**

## List of Franchisees

As of December 31, 2022

Last Name	First Name	Address	Suite No.	City	State	ZIP
Johnson*	David and Leigh	10 North Section Street	Suite151	Fairhope	AL	36532
Lynch*	Ronald and Debra	5630 W Gail Dr		Chandler	AZ	85226
Baskin	Marcy	775 Baywood Drive	Suite 200	Petaluma	CA	94954
Bharadwaj	Nilesh and Sree	5857 Pine Avenue	Suite B	Chino Hills	CA	91709
Blood	Jennifer	1519 Vista Del Mar Drive		Ventura	CA	93001
Johal*	Harp and BJ	145 S Fairfax Ave	Suite 200	Los Angeles	CA	90036
Piyanontalee	DD	1452 N. Vasco Road	#123	Livermore	CA	94551
Simmons	Maureen	2201 Francisco Dr.	Suite 140-330	El Dorado Hills	CA	95762
Sunner	Roger and Kiran	2585 E. Perrin Ave.	Suite 111	Fresno	CA	93720
Villa	Steve	850 Columbine Ct.		Danville	CA	94526
Winkelman	Karl and Kathy	20 South Santa Cruz Avenue	Suite 300	Los Gatos	CA	95030
Wolff*	Mark and Karyn	6520 Lonetree Boulevard	Suite 1005	Rocklin	CA	95765
Hafenscher*	Kim	387 N Corona St	Suite 530	Denver	CO	80209
Randolph	Brandy	10754 Belle Creek Blvd.	Suite 109	Henderson	CO	80640
Dinicola	Melanie	139 Orange Street	Suite 401	New Haaven	CT	6510
Spitzfaden	Harold	SoundView Plaza, 1226 E Mian Street	Suite 700 R	Stamford	CT	6902
Bergman	Todd and Denise	2412 Irwin Street	Ste 39	Melbourne	FL	32901
Cassell	Laura and Sean	6901-A North 9th Avenue	#232	Pensacola	FL	32504
Glacer	Jodi	159 NW 70th St.	Unit 402	Boca Raton	FL	33487
Graves	Rocky and Jenny	1540 International Pkwy	Suite 2000	Lake Mary	FL	32746
Narducci*	James	4082 W Palm Aire Drive #7		Pompano Beach	FL	33069
Perthuis*	Cynthia	8805 Tamiami N	Suite 231	Naples	FL	10128
Lyboldt	Chris and Daryl	13010 Morris Road	Suite 600	Alpharetta	GA	30004
Rocco	Amnda & Dave	470 Commerce Drive		Peachtree City	GA	30269
Wright	William	3597 E Monarch Sky Ln.	#240	Meridian	ID	83646
Prouty	Randy	747 E. Boughton Road	Unit - 238	Bolingbrook	IL	60400

Last Name	First Name	Address	Suite No.	City	State	ZIP
Scheetz*	Christine	3014 Sugarmans Trail		Fort Wayne	IN	85254
Gavin	Eva	9418 W 11th Ter		Overland	KS	66210
Minter	Don and Elaine	22052 W 66th St.	Suite 179	Shawnee	KS	66226
Balyeat	Larry	9 Bear Creek Dr		New Orleans	LA	70131
LaCour	Andrew	345 Major Pkwy		New Roads	LA	70760
Singer	Mary Sue	100 West Road	Suite 300	Towson	MD	21204
Gripton	Tammi and Chuck	100 West Big Beaver Road	Suite 200	Troy	MI	48084
Hartlaub*	Ann	7455 France Ave S	STE 609	Edina	MN	55435
Dwyer	Erin Dwyer- Busch	100 Chesterfield Business Pkwy	Suite 200	Chesterfield	MO	63005
Kershaw	Patrick and Tina	1221 W. 103rd Street,	Suite 110	Kansas City	MO	64114
Mannion	Mike	6000 Fairview Rd	Suit3e 1200	Charlotte	NC	28210
Martin	Lisa	4940 O Street,		Lincoln	NE	68510
Salomone	Daniel	Mt Laurel Executive Center, 3000 Atrium Way	Suite 200	Mt Laurel	NJ	8054
Stamberg*	David	411 Hackensack Avenue,	Suite 200	Hackensack	NJ	7601
Flattau	Adam	105 Maxess Rd.	Suite 124	Melville	NY	11747
Kearney	Michael Kearney and David Schanz	144 Village Landing		Fairport	NY	14450
Perthuis*	Cynthia	1732 1st Avenue	Suite 322	New York	NY	10128
Healy*	Mark and Rachel	9378 Mason Montgomery Road	Suite 330	Mason	OH	45040
Molnar*	Mark and Mary	19120 Old Detroit Road, 2nd Floor		Rocky River	OH	44116
Allison- Riley	Renee	1240 Winnowing Way,	Suite 102	Mt Pleasant	SC	29466
Cale	Linda and Mike Cale	2131 Woodruff Rd	Suite 2100 #361	Greenville	SC	29607
Danesi	Steve	First Tennessee Plaza 800 South Gay Street,	Suite 700- #2102	Knoxville	TN	37929
Wenger	Kara	5543 Edmondson Pike,	Suite 83	Nashville	TN	37211
Alagood*	John	106 N. Denton Tap Road	Suite 210- 153	Coppell	TX	75019
Angel	Jack	610 N Loop 336 E	Siute 121	Conroe	TX	77301
Drake, Elliott	Travis and Marti	792 E 1550 N		North Ogden	UT	84404

<b>Last Name</b>	<b>First Name</b>	<b>Address</b>	<b>Suite No.</b>	<b>City</b>	<b>State</b>	<b>ZIP</b>
Isbell	Lisa	5324 Twin Hickory Road,		Glen Allen	VA	23059
Myers	Kelly	435 Merchant Walk Square	Ste. 300 #517,	Charlottesville	VA	22902

\*Denotes Multi-Unit Franchisee



Senior Care Authority, LLC

## EXHIBIT J-2

**List of Franchisees With Agreements Signed,  
But Are Not Yet Open**

**List of Franchisees with Signed Agreements**  
**That Have Not Yet Opened**  
As of December 31, 2022

As of December 31, 2022, there are no franchisees with agreements signed that have not opened.

Senior Care Authority, LLC

## EXHIBIT J-3

### **List of Franchisees Who Left the System**

**List of Franchisees Who Have Left the System**

As of December 31, 2022

<b>Last</b>	<b>First Name</b>	<b>Phone</b>	<b>City / Area</b>	<b>State</b>
Buonocore	Annamarie	(650) 358-9908	San Mateo	CA
Henry	John	407.917.9027	Orlando	FL
Cox	Dana and Dena	515-207-9993	Johnston	IA

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

Senior Care Authority, LLC

## EXHIBIT K

**State Effective Dates and  
Franchise Disclosure Document Receipts**

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

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	February 3, 2023
Maryland	
Michigan	May 28, 2022
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Senior Care Authority, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, Senior Care Authority, LLC must provide this disclosure document to you at your 1<sup>st</sup> 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 Senior Care Authority, LLC to 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 Senior Care Authority, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Frank Samson and Laura Batts, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: frank@seniorcareauthority.com. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary): None

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Issuance Date: April 27, 2023

See Exhibit A for Senior Care Authority, LLC’s registered agents authorized to receive service of process.

I have received a disclosure document dated April 27, 2023 that included the following Exhibits:

- |   |   |
|---|---|
| A. State Administrators / Agents for Service of Process | E. State-Specific Addendum                |
| B-1. Unit Franchise Agreement                           | F. Form of General Release                |
| B-2. Multi-Unit Franchise Agreement                     | G. Compliance Questionnaire               |
| C. Financial Statements                                 | H. Confidentiality Agreement              |
| D. Operations Manual Table of Contents                  | I. Franchise Relationship Acknowledgement |
|   | J. State Effective Dates; Receipts        |

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Date	Signature	Printed Name
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Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Frank Samson, 755 Baywood Drive, Suite 200, Petaluma, California 94954, (888) 809-1231, or email: frank@seniorcareauthority.com.

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