FRANCHISE DISCLOSURE DOCUMENT

PRIDESTAFF, INC.
A California corporation
7535 North Palm Avenue, Suite 101
Fresno, CA 93711
Telephone (800) 774-3316
Email: franchisedevelopment@pridestaff.com
URL: http://www.pridestaff.com

PRIDESTAFF®

The franchised business provides temporary, temporary-to-hire, and direct hire staffing services of administration, general office services, marketing, light industrial, and accounting personnel.

The total investment necessary to begin operation of a franchised PRIDESTAFF® office is $163,700 to $309,600. This includes $28,700 to $52,000 that must be paid to the franchisor or an affiliate.

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental 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 PRIDESTAFF at 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, (559) 449-5878 or email us at franchisedevelopment@pridestaff.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, such as 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 may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You may also visit the FTC’s home page at 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: March 31, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D-1 and D-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only PRIDESTAFF® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a PRIDESTAFF® franchisee?	Item 20 or Exhibits D-1 and D-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or arbitration only in California. Out-of-state mediation or arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in California than in your own state.

2. **Spousal Liability**. Your spouse may have to 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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

SPECIAL MICHIGAN NOTICE

The State of Michigan requires each franchisor to include the following notice in disclosure documents distributed in connection with Michigan franchise sales:

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will 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 before 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 it and a reasonable opportunity, which in no event need be more that 30 days, to cure such failure.

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

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This will 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 will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

Any questions regarding this notice should be directed to the Consumer Protection Division, Antitrust and Franchise Unit, Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, Telephone (517) 335-7567.

Note: Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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EXHIBITS:

PRIDESTAFF®
FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The purpose of this disclosure document is to give you important legal and business information about PrideStaff, Inc., a California corporation, and the franchise we offer under the Franchise Agreement attached as Exhibit C-1 (the "Franchise Agreement").

We are a California corporation incorporated in 1985, and conduct business under the name "PrideStaff." George A. Rogers founded the business in 1978. We have no parent, predecessor (except as noted above) or affiliate.

We will refer to ourselves as "we" or "us." We will call the person or company to which we grant a franchise "you." The word "you" does not include your owners. If you are a partnership, corporation or limited liability company, the owner with a controlling interest in you is the "Majority Owner." If you are an individual franchisee, you are the Majority Owner. We will call your affiliates and owners your "Related Parties." If you are a partnership, corporation or limited liability company, "Related Parties" includes your Majority Owner.

Our principal business address is 7535 North Palm Avenue, Suite 101, Fresno, California 93711. The name and address of our agent for service of process in this state are stated in Exhibit A to this disclosure document. We have been offering PRIDESTAFF® franchises since September 1995. We have never offered any other franchise.

We have operated businesses of the type being franchised since we were formed. Besides granting franchises and assisting our franchisees, we also operate specialty staffing service businesses in Fresno, California, placing pharmacists and pharmacy technicians under the name "RX relief" and insurance claims examiners and account managers under the name "Insurance Relief."

A standard PRIDESTAFF franchised office (the "Office") provides staffing services and places administrative, general office, marketing and light industrial personnel with our Clients on a temporary, temporary-to-hire, and direct hire basis. In this disclosure document, we call a business or other enterprise to which we provide temporary staffing services, temporary to hire or direct hire staffing services through your Office, a "Client." The PRIDESTAFF franchise model contemplates that the staffing personnel you place with Clients are employed by us, and not you, and we bill and collect placement fees from customers and remit your share of those fees monthly, after deducting certain charges and offsets (see Item 6). Our standard program also contemplates that you, as the sole or Majority Owner of your Office, will devote your full-time efforts to operate your Office. In 2023, we started a new program where, if you qualify, you can be an Absentee Owner or a Semi-Absentee Owner under certain conditions (see Item 15).

You will, on our behalf, recruit and hire, determine compensation, and make employment decisions, with respect to temporary employees hired through your Office, although we will retain ultimate authority on these matters, which we generally will not exercise if you follow our procedures and guidelines. We will pay all of the "Temporary Associate Expenses" (defined in Item 6) and prepare and file all necessary payroll tax reports regarding the temporary associates hired through your Office. We believe we provide our franchisees a competitive advantage by paying your share of temporary placement fees monthly after customer billing, rather than monthly after customer collection.

After some time, if you meet certain eligibility standards (the current standards are described in Item 16 of this disclosure document), you may be authorized to operate a desk to provide Temporary Staffing Services and Direct Hire Staffing Services of accounting personnel under the brand name of PrideStaff Financial® (PSF). Adding the PrideStaff Financial® brand to your franchise will require specialized training and employment of additional staff who will specialize in accounting staffing. Those who wish to participate in the PSF program must agree to meet these special requirements at their own expense. You are permitted to place accounting personnel immediately after opening your office, but you may not market yourself under the PrideStaff Financial® brand.

In addition to earning the authorization to operate PrideStaff Financial®, as described above, we may also grant you the right to provide Direct Hire Staffing Services of professional, managerial and executive level positions under the brand G. A. Rogers & Associates™. You must meet certain eligibility requirements (the current standards are described in Item 16 of this disclosure document) in order to qualify for this program. Adding the G. A. Rogers & Associates™ brand to your franchise will require specialized training and employment of additional staff who will specialize in executive and professional search services. Those who wish to participate in the G. A. Rogers & Associates™ program must agree to meet these special requirements at their own expense. You are permitted to offer Direct Hire Staffing Services immediately after opening your office, but you may not market yourself under the G. A. Rogers & Associates™ brand.

Over time and subject to our approval, you may open more than one Office at an approved location (the "Approved Location") within your assigned area (the "Territory") without signing an additional Franchise Agreement or paying an additional franchise fee.

After you have had some experience with us, if you meet our then current eligibility standards for additional franchises and wish to open one or more Offices in a different Territory, you may enter into an additional Franchise Agreement with us. Not every franchisee will qualify for an additional franchise. Our current eligibility standards require that the original PRIDESTAFF® Office meets our standards in all respects and that the additional Office, without drawing on resources needed by the original Office, will also have sufficient capital and properly trained staff to meet our standards.

The employment services industry, which is mainly temporary and temporary-to-hire staffing, is growing steadily at a rate somewhat faster than that of the U.S. industry generally. Our market primarily is made up of small to medium size companies. Your principal competitors will be local, regional and national companies that provide similar staffing services.

There are no regulations specific to the temporary personnel business. In some states, you must obtain a business license to perform permanent placements. You will need to comply with any applicable industry and licensing laws if you are providing accounting and financial services under the PSF program. You should investigate the law in your state.

ITEM 2

BUSINESS EXPERIENCE

All personnel are based in Fresno, California, unless otherwise noted.

Michael Aprile, Co-Chief Executive Officer and Member of the Board of Directors

Michael "Mike" Aprile has served as our Co-Chief Executive Officer since March 2020. Mr. Aprile also serves as a member of the Board of Directors of Millennium Insurance Company in Fresno, California. Previously, Mr. Aprile served as our Chief Financial Officer from June 1986 to July 2022.

Tammi Heaton, Co-Chief Executive Officer, Chief Operations Officer, and Member of the Board of Directors

Tammi Heaton has been with us since July 1997 and has served as our Co-Chief Executive Officer since March 2020 and our Chief Operations Officer since August 2022. Before that, she served as our Chief Operating Officer, Executive Vice President and Director from June 2008 to March 2020.

Robert Hale, Chief Information Officer

Robert "Rob" Hale joined PrideStaff in September 2015 as our Chief Information Officer. Before that, Mr. Hale was at QAD, Inc. in Santa Barbara, California from 2012. From 1996 to 2012, he worked at Select Family of Staffing Companies, also in Santa Barbara, California as VP of Information Services and as Chief Security Officer.

Christine Huebert, Chief Financial Officer

Christine Huebert has been with us since November 1999 and has served as our Chief Financial Officer since August 2022. She previously served as our Vice President/Controller from June 2021 to July 2022, and Controller from November 1999 to May 2021.

Paula Pizarro, Senior Vice President of Franchise Development

Paula has been with us since December 2007 and has served as our Senior Vice President of Franchise Development since March 2022. She previously served as our Vice President of Franchise Development from December 2007 to March 2022. Previously, from June 1994 to November 2006, she was Director of Franchise Development for Express Employment Professionals, Oklahoma City, Oklahoma.

David Duffey, Senior Vice President of Field Operations

David Duffey has been with us since September 2011 and has served as our Senior Vice President of Field Operations since July of 2022. Prior to that, he was our Vice President – Field Consultant from September 2011 to July 2022.

William Hamrick, Senior Vice President

William "Bill" Hamrick has been our Senior Vice President since March 2022. He previously served as our Vice President of Learning and System Support from November 2017 to March 2022. Prior to that, he was our Vice President of Training and Development from November 2014 until November 2017. From December 2013 through November 2014, he was the Majority Owner of Hamrick & Associates in Dallas, Texas.

Barbara Rosenfeld, Controller

Barbara Rosenfeld has been with PrideStaff since January 2014 and has served as our Controller since July 2022. She previously served as our Assistant Controller from January 2014 to July 2022.

Jonas Wilber, Vice President of Franchise Development

Jonas Wilber has served as our Vice President of Franchise Development since September 2021. He previously held several positions with us, including Vice President, Field Support from February 2018 to September 2021, Field Support Representative from May 2016 to February 2018, and PrideStaff Financial Division Support Specialist from September 2014 to May 2016.

James Forbes, Member of the Board of Directors

James Forbes has been a Member of our Board of Directors since May 2013. Since January 2012, Mr. Forbes has been self-employed as a financial consultant in Fresno, California. Mr. Forbes has also served as an arbitrator for the Financial Industry National Regulatory Authority since April 2009. From January 2007 through January 2012, Mr. Forbes was a Branch Manager for LPL Financial in Fresno, California.

Melodie Rogers, Member of the Board of Directors

Melodie Rogers has served as a member of the Board of Directors since April 2021. Mrs. Rogers is the widow of George Rogers, Founder of PrideStaff, and has been a Co-Trustee of the George and Melodie Family Trust since March 2021 in Fresno, California.

Casey Rogers, Member of the Board of Directors

Casey Rogers has served as a member of the Board of Directors since April 2021. Mr. Rogers is the nephew of George Rogers, Founder of PrideStaff. Mr. Rogers has been Partner at Central Valley Iron and A&R Fence since October 2020 and has been a Co-Trustee of the George and Melodie Rogers Family Trust since February 2021, each in Fresno, California. He previously served as Regional Manager of First American Title in Fresno, California from May 2016 to October 2020.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchise Fees

If you intend to open a new PrideStaff business, you will pay us at the time you sign the Franchise Agreement, a standard initial franchise fee of $40,000. If you are buying a resale, i.e., an operational PrideStaff business from an existing franchisee, you must pay a resale franchise fee of 25% of the then-current initial franchise fee (which currently amounts to, $10,000) or such other amount as may be stated in the transferor's franchise agreement. We will discount the initial franchise fee or resale fee, as applicable, by 50% to qualified military veterans (the veteran must be at least 49% owner and be active in the business). This discount applies to the first and all future franchises where the above criteria are met.

If you are renewing an existing franchise, you must pay a renewal fee of $1,000 (or such other amount as may be stated in your existing agreement) at the time you sign the new franchise agreement.

The initial franchise, resale and renewal fees are not refundable. They are uniform for all franchises currently being granted.

Cost of Computer System

You must purchase your computer systems and the all-in-one printer through us before your Office opens for business. We have obtained a manufacturer's discount from our supplier, and we provide the computer system at our cost plus shipping, so essentially you only reimburse us for our costs. Currently, the cost for the computer equipment and printer ranges from $8,700 to $12,000. These costs are not refundable. We setup and configure your computers and router, and provide technical support to your Office at no additional cost.

ITEM 6

OTHER FEES

Notes and Definitions

We impose and collect all fees, paying third party fees on your behalf and deducting reimbursement from Franchisee Share. All fees are uniformly imposed and are non-refundable. All fees for services obtained from third parties may increase or decrease depending on the contracts we negotiate, what we determine is in the best interest of the PrideStaff system and our buying power as the PrideStaff system grows.

***Franchisor Share* –** As noted in Item 1, we bill and collect placement fees from customers and remit your share monthly after deducting certain charges and offsets (described in the text accompanying footnote 3 to this Item 6). Although the Franchisor Share is not a fee that you pay, we describe in this line item the amount that we retain and when the remainder is paid to you.

***Gross Margin (Gross Profit)* –** your Net Billings, minus Temporary Associate Expenses.

***Net Billings* –** Gross Billings minus adjustments for billing errors or quality issues.

***Gross Billings* –** (a) for Temporary Staffing Services, all amounts, except bona fide refunds and adjustments, accrued directly or indirectly, from or in connection with any services, consultation, assistance or sales, provided by, for or on behalf of your Office or in connection with our Trade Name and Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided, and (b) for Direct Hire Staffing Servicing, all amounts, except bona fide refunds and adjustments, actually received, directly or indirectly, from or in connection with any services, consultation, assistance or sales provided by, for or on behalf of your Office or in connection with our Trade Name and Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided.

***Temporary Associate Expenses* –** all wages, employer payroll taxes, bonuses and fringe benefits paid to Temporary Associates, including some or all of the following: holiday pay, sick leave, travel allowances, and other direct employee benefits, workers' compensation insurance premiums and costs, unemployment claims management, Affordable Care Act ("ACA"), other payments that we must make to federal, state and local government agencies as the employer of the Temporary Associates, any additional expenses (such as costs relating to drug testing, credit checks and background investigations and/or other required health screening or testing) incurred under contracts with Clients, sales tax on services, if any, expenses related to training required by us or applicable law, and all insurance payments expressly relating to the Temporary Associates, including but not limited to, liability insurance, fidelity bonding, errors and omissions coverage, and insurance policy deductibles.

TYPE OF FEE	**AMOUNT**	**DUE DATE**	**REMARKS**
Franchisor Share (Temporary Placements)	35% of Gross Margin, but not less than 6% of Net Billings.	We pay your net amount (typically 65%) within 15 days after the end of each Accounting Period (which is approximately each calendar month) on an accrual basis	We will pay you the Franchisee Share (which is Gross Margin minus Franchisor Share equaling 65% of Gross Margin), plus any amounts received that were previously deducted from Franchisee Share as uncollectible and minus any Authorized Deductions.
Franchisor Share (Permanent Placements and Temp-to-Hire Conversions)	21% of Direct Hire Placement Fees and Conversion Fees.	We pay your net amount (79%) within 15 days after the end of each Accounting Period (which is approximately each calendar month) on a cash-receipt basis	We will pay you the Franchisee Share, 79% of Direct Hire and Conversion Fees, plus any amounts received that were previously deducted from the Franchisee Share as uncollectible and minus any Authorized Deductions.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
AUTHORIZED DEDUCTIONS FROM FRANCHISEE SHARE **Authorized Deductions** are the deductions that we are authorized by the Franchise Agreement to deduct from Franchisee Share before forwarding it to you. Some of these amounts are reimbursement for payments we make on your behalf to third party vendors.			
Uncollectible Accounts	65% of uncollectible receivables if our credit policies were followed. 100% of uncollectible receivables if our credit policies were not followed.	If and when we determine the account to be uncollectible	Because we pay the Franchisee Share from Temporary Staffing Services based on Net Billings and not on collections, we must later recoup amounts we have advanced you for uncollectible accounts.
Collection Expenses	65% of Collection Expenses if our credit policies were followed. 100% of Collection Expenses if our credit policies were not followed.	If and when incurred	
Advertising Fund	Not to exceed 0.35% of gross billings.	Each Accounting Period	We do not currently have an advertising fund. Payable only if and when we set up an advertising fund.
Marketing and Operational Forms and Materials and Promotional Items	There is no charge for the initial packet and start-up supply we provide to you prior to opening. After that, we will charge you at our cost for the materials plus shipping.	If and when incurred	Purchase of marketing materials is optional.
Cost of Misclassification of Workers' Compensation	100% of undercharged premium and, if applicable, any penalties and interest we incur because of the misclassification of temporary associates.	When we determine that we undercharged for workers' compensation premium because of your misclassification of temporary associates' work.	You must compensate us for these expenses whether the misclassification was intentional or unintentional. Intentional misclassification is also grounds for termination of the Franchise Agreement.
Claims and Liabilities related to Temporary Associates	Reimbursement of 65% of our payment for claims (and legal expenses) related to Temporary Associates	When and if determined to be owed	If a claim is filed or asserted, whether formally or informally, against you or us due to the acts or omissions of Temporary Associates or a Temporary Associate associated with your Office files an employment claim or complaint against you or us, provided the claim is not covered under our insurance policies, has been substantiated according to our written procedures, and we determine you have fully complied

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			with our written policies and procedures. If the situation arose or continues because you did not or will not follow policies and procedures, you must pay the costs in full. This includes reimbursement for legal advice to avoid potential litigation based on formal or informal complaints.
Audit	Our expenses of the audit, including reasonable travel expenses and compensation paid to the auditor.	Within 10 days after invoice, or, at our option, with Authorized Deductions.	If the audit discloses an understatement of Net Billings of 3% or more, you must pay the cost of the audit.
Indemnification	Will vary under circumstances	As incurred	Except as otherwise noted, you must reimburse us for all costs we incur in defending against any claims and liabilities arising out of your breach of the Franchise Agreement or the operation of the Office. These costs may include the accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due only if we prevail in a legal proceeding in conjunction with a dispute between you and us. You will be required to pay costs and fees, which may include attorneys' fees, mediation fees, arbitrators' fees, and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
AUTHORIZED DEDUCTIONS FOR THIRD PARTY DISCOUNTED PURCHASING PROGRAMS We negotiate rates with third party vendors periodically and try to obtain rates that we determine to be in the best interest of the PrideStaff brand. The rates may decrease, increase or remain the same. Usually, but not always, a rate increase will also involve an increase in services or product features supplied by the third party vendor. For the following vendors, we pay all fees to these vendors and deduct them from Franchisee Share.			
Staffing CRM Software	$100 per user	Monthly	There will be a minimum of 4 users at each Office.
Skills Testing Software and Tutorial	$800 per year	The first payment, which is prorated for the year, is due with your first accounting period statement	The first prorated payment (50%) is due in January and the second prorated payment (50%) is due in February. Averages out to $67/month
Electronic Signature Technology and Digital Transaction Management	$41	Monthly	Electronic signatures and documents management
Electronic Onboarding	$140	Monthly	Onboarding process for Temporary Associates.
E-Mail Marketing Campaign	$190	Monthly commencing 3 months after opening of the Office	Automated email distribution of newsletters to Clients and prospective Clients and to Temporary Associates.
Brand Management	$319 for PrideStaff $283 for PrideStaff Financial $283 for G. A. Rogers	Monthly	Covers social media management, career site, online management, and communication platform.
Customer Loyalty Surveys	$131 for PrideStaff $86 for PrideStaff Financial $86 for G. A. Rogers	Monthly	Performs a satisfaction survey of Clients and Temporary Associates (Net Promoter Score).
Interest On Late Payments	At the highest rate allowed by applicable law	When and if determined to be owning	Refers to interest on any payment that we do not receive from you when due. **Note: you have no obligation to pay interest on late payments from Clients.**
FEES RELATING TO TRANSFERS (RESALES) AND RENEWALS			
Renewal Fee	$1,000	On renewal	
Resale Franchise Fee (Resale Buyer)	25% of the initial franchise fee at the time of the sale.	Upon completion of the sale of the business.	In the event you sell your business, your buyer must pay this fee.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE[1]	ESTIMATED RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2] With qualified Veteran Discount	$40,000 $20,000	Single payment	Upon signing of Franchise Agreement	Us
Lease Deposit[3]	$3,000 - $8,000	Single payment	Upon signing of lease	Landlord
Leasehold Improvements[4]	$5,000 - $15,000	As arranged	Before opening	Contractor/ Landlord
Utility Deposits[5]	$0 - $500	Several payments	Before opening	Utilities
Furnishings[6]	$5,000 - $15,000	Varies	Before opening	Vendor
Office Equipment[7]	$1,000 - $1,500	Single payment or installments	Per vendor or finance company terms	Vendor or lender
Computer System[8]	$8,700 - $12,000	Single payment or installments	When attending new office training	Us
Signage[9]	$3,000 - $5,000	Single payment or installments	Before opening	Vendor or lender
Training related expenses[10]	$2,000 - $4,000	Multiple payments	As incurred	Hotel, airline, restaurants for you and your staff
Business License, Memberships, Subscriptions	$1,500 - $3,500	Single payment	As incurred	Organizations
Business Insurance Premiums	$4,000 - $4,500	Single payment	As incurred	Insurers, agencies
Initial Office Supplies	$500 - $600	As incurred	As Incurred	Vendors
Additional Funds – Operating Capital (9 months)[11]	$110,000 - $200,000	As incurred	As incurred	Employees, Landlord, Vendors, Others
TOTAL[12]	$163,700 - $309,600			

1. GENERAL – Except for the "Additional Funds" category, described below, this table states start-up costs through the opening of the Office. All fees paid to us are nonrefundable and uniform as to all franchises currently being granted. Whether payments to others are

refundable depends on the arrangements you make with them. We do not provide financing for any of these expenses.

2. INITIAL FRANCHISE FEE – The initial franchise fee is $40,000 and is due when you sign the Franchise Agreement. If you are eligible for the VetFran program, the franchise fee for your first franchise is $20,000, a 50% discount from the standard franchise fee.

3. LEASE DEPOSIT – This estimate assumes you will pay first and either last month's rent or a security deposit when you sign your lease. This amount may differ depending on whether you select office or retail space and prevailing rents in your geographic area. We normally encourage franchisees to obtain a retail location. Startup costs tend to be higher in a retail location, but we believe that the benefits of a retail location generally outweigh this consideration.

4. LEASEHOLD IMPROVEMENTS – Whether you must pay for construction of leasehold improvements and how much they will cost you depend on whether you select office or retail space, whether you use drywall or buy or lease modular partitions, if additional drops for wiring are needed for internet connectivity and what allowance you are able to negotiate with your landlord.

5. UTILITY DEPOSITS – Whether you must pay utility deposits and how much they will depend on whether you rent office or retail space and your credit rating.

6. FURNISHINGS – This category includes at least 6 desks/workstations, 16-18 chairs, one 4-drawer lateral filing cabinet and other items. These numbers will vary depending on whether you buy or lease new or used/refurbished furnishings and the number of internal staff you hire. The low figure assumes that you buy good quality used furnishings. If you choose to lease or finance your furnishings, your initial outlay will be substantially less than if you buy, but over the long term it will be more.

7. OFFICE EQUIPMENT – This category includes 6 telephones with 4 to 6 lines with rollover capability, a subscription to eFax, 4 cordless headsets, and a voice mail system.

8. COMPUTER SYSTEMS – This category includes 6 computers that you must purchase. Each comes with a 3 year warranty, depending on the brand, and an all-in-one color printer.

9. SIGNAGE – The cost of exterior signage will vary depending on your location. All signs must meet our written specifications, subject to your landlord's approval and local requirements.

10. TRAINING RELATED EXPENSES – We conduct the majority of our training virtually. This category includes travel, lodging and meals for your Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager) to attend 3 days of Leadership and Business Management Training at PrideStaff's headquarters.

11. ADDITIONAL FUNDS – OPERATING CAPITAL – These additional funds are intended for operating expenses such as rent, salaries, utilities, supplies, recruiting expenses, vendor expenses, travel and entertainment, professional fees, marketing and miscellaneous costs.

The high-end of the range reflects the costs to hire a Branch Manager to operate your Office full-time if you qualify for the Semi-Absentee Owner Program. This figure does not include owner's draw or salary. We estimate that the amount given will be sufficient to cover operating expenses for approximately 9 months. We based these figures on our own experience in operating company-owned Offices and the experience of our franchisees. This is only an estimate and your personal situation will dictate if you use more or less additional capital than is stated here. Your costs will depend on how much you follow our methods and procedures, your Office's sales activities, your management skill, experience, and business acumen, as well as the cost of living in your area. In the case of a transfer of ownership (resale), the amount the buyer pays for the existing business is negotiated between seller and buyer; additionally, our current practice is to require that the buyer have a minimum of $100,000 in cash or cash equivalents for working capital in addition to the price paid for the business and the Resale Franchise Fee.

12. In addition to the factors identified in the footnotes above, the range of initial investment may be affected by other factors, such as the cost of living and doing business in your market area and the number of initial internal staff you hire when you first open.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have the right to require that all PRIDESTAFF® Offices purchase certain items or services from a designated supplier in return for system-wide benefits. You must use and sell all services, and only the services, that we have authorized you to use or provide. We have the right to change the authorized services in any manner that is consistent with the Franchise Agreement.

Office Appearance, Hours, and General Guidelines

The Office must be maintained in a safe, orderly, and clean state, presenting a businesslike appearance and you must keep it properly staffed, furnished and identified. The Office must be open for business at a minimum from 8 A.M. to 5 P.M. Monday through Friday of each week, except for certain national holidays we may designate periodically. If you need to close the Office on any day(s) other than approved holidays and weekends, you must provide 2 weeks' written notice in advance of the proposed date(s) stating the reason for closure to the PrideStaff Vice-President – Field Consultant and the Payroll Department.

Under the Franchise Agreement, you agree that (a) no other services other than those authorized by the Franchise Agreement may be offered or conducted from your Office and (b) the Office must be located in a place suitable for interviewing associates and candidates and for meeting the general public and customers.

Computer System and Required Software

You must purchase your computer systems and the all-in-one printer from us. We have a manufacturer's discount, and we set up and configure your computers and router and provide technical support to your office. We provide the computer system to you at our cost plus shipping.

When the initial warranty expires and/or you reach the end of your serviceable lifespan, you must renew it for another term with our designated supplier to enable us to continue first-line technical support to you and ensure the uninterrupted operation of your Office. You may not purchase your warranty from any other supplier.

You must obtain licenses for certain software directly from us. We purchase licenses for these items from third party vendors and provide them to you at our cost. You may, at your option, buy additional licenses and services from these vendors and other third parties through us, including marketing materials and promotional items.

From time to time, we may require that you use other or additional vendors and suppliers in connection with the operation of the Office with which there may be costs associated.

You must buy equipment, fixtures, furnishings, signs, stationery and forms according to our specifications. Your lease and all your insurance coverage must meet our specifications, as well.

Our existing standards and specifications were evolved through our years of experience. We will communicate our standards and specifications to you in writing, usually in the Manuals.

In 2022, we received $2,817,347 (or 0.86% of our total revenues) from software license fees and payments for equipment that we provide to franchisees. We do not include any of this amount in the $327,448,802 revenue shown on our audit report, but rather report it as a reduction to our operating expenses. Approximately 70% of your start-up expenses and 25% of your ongoing expenses will be for purchases from approved or designated suppliers or according to our specifications.

We negotiate purchase arrangements with suppliers, including advantageous price terms, for the benefit of all members of the PRIDESTAFF® Network. We currently have such arrangements with suggested suppliers of office equipment and furnishings.

At this time, we do not make a profit from the sale of equipment or services to franchisees, but we reserve the right to do so.

None of our officers have an ownership interest in any supplier of goods or services to our franchisees.

We will not provide material benefits, such as renewal or granting additional franchises, to you based on your voluntary use of designated or approved sources.

Business Insurance

You must purchase and maintain insurance coverage for you and your internal office employees in accordance with our requirements as reflected in the Manuals, which currently include:

(a) workers' compensation insurance (with respect to your employees),

(b) commercial general liability insurance,

(c) automobile liability insurance for owned, hired and non-owned automobiles, with minimum coverages of $500,000 per claim, and combined single limit for bodily injury, death, or property damage of not less than $1 million,

(d) blanket fidelity bond in the minimum amount of $25,000 (commercial crime),

(e) personal property "SPECIAL FORM" comprehensive protection,

(f) errors and omissions with a minimum limit of $500,000 (professional liability), and

(g) employment practices liability insurance.

We may increase the minimum coverage requirement periodically to reflect inflation or other changes in circumstances. We may also add additional types of insurance or coverage if we, in our reasonable discretion, determine that it is advisable.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	7.2.1	11
b.	Pre-opening purchases/leases	7.2.1	5, 8, 11
c.	Site development and other pre-opening requirements	7.2.1, 7.2.3	11
d.	Initial and ongoing training	4.7(f), 7.2.2, 7.2.7, 7.8	11
e.	Opening	7.2.4	11
f.	Fees	Article 6	5, 6, 7
g.	Compliance with standards and policies/operating manual	7.2.5, 7.2.6, 7.11	11
h.	Trademarks and proprietary information	7.1, 8.1	13, 14
i.	Restrictions on products/services offered	7.2.6	16
j.	Warranty and customer service requirements	7.2.9, 7.2.11	8

OBLIGATION		SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
k.	Territorial development and sales quotas	4.6	12, 16
l.	Ongoing product/service purchases	7.2.6	8
m.	Maintenance, appearance and remodeling requirements	7.2.10, 4.5.2(c)	8, 11
n.	Insurance	7.10	8
o.	Advertising	7.1.3, 7.5	11
p.	Indemnification	8.5	6
q.	Owner's participation/ management/staffing	7.4.1	15
r.	Records and reports	7.9	17
s.	Inspections and audits	6.3, 7.2.12	6
t.	Transfer	Article 9, Attachment 7	17
u.	Renewal	4.5.2	17
v.	Post-termination obligations	10.3, Attachment 7	17
w.	Non-competition covenants	8.6, Attachment 7	17
x.	Dispute resolution	11.7 – 11.10	17
y.	Restrictions on words in your legal name	8.2	13
z.	Related Party and employee agreements	8.4, 8.6, Attachments 5, 7 and 8	22

ITEM 10

FINANCING

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

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ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

PRE-OPENING OBLIGATIONS

Site Selection

We grant each franchise for a specified Territory that is always agreed upon by you and us before the Franchise Agreement is signed. Your Approved Location must be at a central location in your Territory and requires our prior written approval. You must submit to us photographs of the proposed site in addition to a proposed floor plan for our review prior to executing a lease agreement.

We will give you general demographic information about a location that you are considering. We will give you written guidelines for locating a site and securing a lease that meet our current criteria and standards. Some of the factors that we consider in approving a site are demographic characteristics, traffic patterns, parking, the character of the neighborhood, proximity of competition, and the size, appearance and other physical characteristics of the premises. (Franchise Agreement §5.1).

Construction and Furnishings

We will give you prototype or sample plans and specifications, or plans and specifications for one or more existing Offices to provide guidance in constructing tenant improvements, furnishing, and equipping your Office (Franchise Agreement §5.2).

Initial Training Program

Before the opening of your Office, we will conduct an initial training program in the operation of the Office under the PRIDESTAFF® System for you and your employees (Franchise Agreement §5.3). For additional details, please refer to the Training portion of this section.

Opening Assistance

You may not open the Office to the public until we authorize you in writing to begin operation. During the week that you open, we will send one or more representatives to guide and assist you with respect to the management, operation and sales efforts of your Office. (Franchise Agreement §5.4).

Manuals

We will make available to you information about standards and procedures for training and other matters relating to the operation of your Office, including opening process, inside sales, outside sales, recruiting and operations, as well as PrideStaff policies and guidelines. Some standards and procedures are mandatory and others are suggestions. This information may be communicated in hard copy manuals or electronically and may be supplemented or amended periodically. (Franchise Agreement §5.5). Currently, most of this information is posted on our web-based facility, The Portal. Attached as Exhibit E is a copy of the Table of Contents of the Manuals, which currently consists of 526 pages.

Marketing, Sales and Recruiting Materials

We will provide you with an initial supply of marketing, sales and recruiting materials, including a sales tool kit, a framed mission statement, OSHA and other federal and state required posters, a padfolio, business cards, letterhead envelopes, forms, and other printed materials (Franchise Agreement §5.6).

Names of Suppliers

We will give you, in the Manual or otherwise in writing, names of suggested and designated suppliers of specified goods and services that you will use in your Office. (Franchise Agreement, § 5.7).

Time Before Opening

We estimate that the average length of time between signing of a Franchise Agreement and opening of a franchised business will be approximately 120 days. Factors that may affect the length of time it takes to open include how long it takes to locate an Approved Location and negotiate a lease, secure financing, obtain building permits and complete construction of tenant improvements and hiring of staff. Allow for 5.5 weeks towards training-related activity (2 weeks of pre-training, 2.5 weeks at PrideStaff University in the Home Office or virtually, and 1 additional week for pre-opening time).

If you cannot open the Office within 120 days of signing the franchise agreement, you will need a written extension, which we will not unreasonably withhold. Should you not meet this opening requirement after 30 days' notice and opportunity to cure the default, we would have the right to terminate the Franchise Agreement.

Post-Opening Obligations

Field Support

Throughout the term of the Franchise Agreement, we will support you in person, by telephone, fax, mail or email on all aspects of your business for no additional charge. We will visit your Office 5 times in the first year (including the opening assistance described above) and conduct future visits as needed. (Franchise Agreement §5.8).

Annual and Other Periodic Meetings

We will sponsor, at no charge to you and any employees you designate, an annual meeting of PRIDESTAFF® franchisees, PrideStaff Annual Conference (PAC), to provide continuing training, present new advertising and promotion initiatives and discuss brand related topics of interest to the Franchisees/Strategic-Partners. (Franchise Agreement §5.9). We may, in our discretion, host regional meetings across the United States. Franchisee may choose whether to attend regional meetings.

Employment and Payroll of Temporary Associates

PrideStaff is the employer of record of all the Temporary Associates you furnish to Clients. We provide the funding for all of the Temporary Associate Expenses and prepare and file all necessary payroll tax reports regarding the Temporary Associates. You must promptly provide us with any information we request, in the manner and form we specify, to enable us to perform these tasks (Franchise Agreement §5.10).

Client Relations, Billings and Collections

Your marketing and solicitation of Clients is on our behalf and all Client relations are ours. All contracts and other arrangements with Clients for all Temporary and Direct Hire Staffing Services provided by your Office are entered into by us or by you on our behalf. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us. We will use reasonable best efforts to collect payments from Clients, but bear no liability to you, whatsoever, for any failure to collect payments. We have the right, to decide what collection efforts are reasonable in each situation. We are not obligated to take legal action against any Client unless we believe it is merited and cost-effective. We do not guarantee that any receivable amount will be collected. (Franchise Agreement §5.11).

Payment of Franchisee Share

We will pay the Franchisee Share, your 65% of Gross Margin, plus any amounts received that were previously deducted from Franchisee Share as uncollectible and minus any Authorized Deductions, to you within 15 days after the end of each Accounting Period. We will give you periodic statements showing our application of the amounts received from Clients (Franchise Agreement §5.12).

Major Account Program (Vendor Management Services)

We do not encourage you to actively seek out major accounts. In the future, we may, in our sole discretion, institute and administer a major account program (Franchise Agreement §5.13). You may be required to service those major accounts if such a program is instituted. At this time, it is at your discretion whether or not you choose to service our major accounts, with no penalty.

Advertising

We do not currently have an advertising fund, therefore, you are not required to contribute to one. We have the right to establish one and to require you to contribute up to 0.35% of your Net Billings to it. Franchisees on older forms of the franchise agreement may contribute at different rates. All franchisees and our company-owned Offices will contribute at the same rate if we set up a fund. If we set up an advertising fund, we will administer it and account for it separately on our general ledger. We may use the fund to pay for market research, test programs, advertising materials, media space and time for a national or regional advertising program, a referral program, major accounts program and public relations activities. The fund may also be used for advertising grants to franchisees, collectively or individually. We may use up to 15% of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. In addition, we may use the fund to compensate our marketing personnel in proportion to the time they allocate exclusively and expressly to the purposes of the advertising fund (Franchise Agreement §5.14). We will distribute to our franchisees, upon request, an unaudited annual advertising fund report that will state the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which we spent the money (Franchise Agreement §5.14). We undertake no obligation in administering any fund to make expenditures for you which are equivalent or proportionate to your contribution. We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising fund money will be spent. We maintain the right to terminate any fund at any time. The fund will not be terminated, however, until all monies have been expended for marketing/advertising and promotional purposes. If not all advertising funds are spent in the fiscal year in which they are collected, we will retain the money in the fund for spending in the following year.

All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising and comply with any applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least 2 weeks before the proof approval deadline. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. Even if we approve specified materials, we may later withdraw our approval if we believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising. You may not use any unapproved materials.

We have the right to require you to place advertisements in web-based or other media that may be developed in addition to or in place of advertisements in paper telephone directories. All classified directory advertising is subject to our approval, as described above.

Your use of Internet marketing is restricted, as disclosed in Item 12.

We do not have the right to require you to participate in an advertising cooperative. There is no franchisee advertising advisory council to advise us on advertising.

<u>Computer System</u>

You must have at least 4 laptops and 2 desktop computers with dual monitors for each. You must have a multipurpose color network printer/copier/scanner. In the future, we may require you to have payroll check printing equipment and MICR Toner. Your computer system must be capable of running the specialized cloud-based software we sublicense to you. You will use the computer system to maintain a database of employee and Client information, evaluate employee skills and run general office software. We require you to buy your computer equipment from us to take advantage of the bulk purchasing discount and enhanced 3 year on-site hardware and software warranty, depending on the computer system, we have negotiated for our franchisees. Your computer system will be delivered to our headquarters, enabling our IT Department to install your software for you before you receive your computers. This, in turn, will help us provide better technical support to you. Currently, the price for the computer equipment and printer ranges from $8,700 to $12,000 for each Office. This amount covers the cost of the warranty.

Training

PRIDESTAFF UNIVERSITY

Our virtual classroom training is supervised and conducted by the following PrideStaff employees.

Bill Hamrick, CPT, CPC, Senior Vice-President, conducts the training programs. Mr. Hamrick joined us in 2014, and has been in the staffing industry since 1979, including previous positions as Vice President of Training and Development. He is a Master Certified Train-the-Trainer in Sales, Leadership and Customer Service, certified by Korn Ferry. He has been responsible for multiple corporate training departments and Corporate Universities.

Carolyn Harris, PhD, Director of the Learning Department, is responsible for the Learning Management System, aligns learning deliverables with business needs, and directs the Leadership Development Program. Ms. Harris joined PrideStaff with 26 years of experience in educational sales, customer service, CRM management, and training. Ms. Harris holds a PhD in Organizational Development and Leadership, is a member of the Association for Talent Development (ATD) and is certified in Myers-Briggs Type Indicator (MBTI) and Inside/Out Coaching. She has been with PrideStaff since 2018.

PrideStaff University's faculty of instructors have a wide range of experience, with an average tenure of 10 years or more with the staffing industry.

Learning programs and materials may include Initial Office Opening Training, and pathways for new Staffing Consultants, Business Development Managers, and Recruiting Assistants. Additional learning pathways may also be available for PrideStaff Financial Consultants, G.A. Rogers Recruiters, and Compliance Specialists.

We provide web-based online learning through PrideStaff University's Learning Management System. There are no charges to you or to your full-time internal employees for the use of the Learning Management System. Temporary Associates are not eligible to use the Learning Management System.

Pre-Opening Training

Before your Office opens, the Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), Business Development Representative and Staffing Consultant(s) must complete new office training to our satisfaction. There is no additional charge for attending or a limitation on the number of your staff attending.

We will hold and you must attend training classes as often as needed to ensure that you complete this training requirement before you open.

You and your staff must complete new office training to our satisfaction. There is no additional charge for attending or a limitation on the number of your staff attending. You must bear the salaries, travel, lodging and incidental expenses that you and your employees incur for attending training programs.

TRAINING PROGRAMS

New Office Training – Self Study – 40 Hours

SUBJECT	HOURS OF SELF STUDY
Introductory Reading, Virtual, Activities Training	**40**

New Office Training ("212° Training") – Virtual/Home Office – 2.5 Weeks

SUBJECT	HOURS OF VIRTUAL/CLASSROOM TRAINING	SUBJECT	HOURS OF VIRTUAL/CLASSROOM TRAINING
Recruiting & Hiring Your Staff	1	Outside Sales	8
Building Your Team	1	Taking & Filling Orders	4
Management	10	Pricing For Profitability	1
Leadership	12	Compliance & Risk Management	7
Budgeting	1	Operations & Sales Software	6
Key Performance Indicators	1	Testing Software	1
Recruiting Sources	2	Administrative Procedures	5
Recruiting Candidates and Employee Selection	3	PrideStaff Intranet	1
Interview Process	2	Payroll /Invoicing	1
Sales Call Process	6	Credit / Collection	1
Inside Sales	8	Marketing	2
Total Hours	**84** *(124 hours including 40 hours of self-study)*		

Post-Opening Training

New Hire Pathways – 1 Week

This training is required for all new hires holding the following positions: Staffing Consultant, Business Development Manager, Recruiting Assistant, PrideStaff Financial Consultant, G.A. Rogers Recruiter, and Managers. This training is conducted virtually by one of our trainers described in this Item as often as required. There is no additional charge for attending.

SUBJECT	HOURS OF VIRTUAL/CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Management	10-16	0	Virtual
Recruiting/Inside Sales	15-20	0	Virtual
Outside Sales	15-20	0	Virtual
TOTAL HOURS	**40-56**		

G. A. Rogers and Associates - Direct Hire Training

We offer separate training for the Direct Hire program. This is required training. There is no additional charge for attending. This training is conducted by one of our trainers described in this Item.

SUBJECT	HOURS OF VIRTUAL/CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction to Direct Hire	1	0	Fresno, CA or virtual
Direct Hire Benefits to clients and candidates	1	0	Fresno, CA or virtual
Knowing Your Market and Knowing Your Niche	1	0	Fresno, CA or virtual
Top 10 Deal breakers	2	0	Fresno, CA or virtual
Types of Direct Hire	1	0	Fresno, CA or virtual
Defining your Market	2	0	Fresno, CA or virtual
Psychology of Sales	2	0	Fresno, CA or virtual
Circle of Opportunity	1	0	Fresno, CA or virtual
Effective Marketing Campaigns	4	0	Fresno, CA or virtual
Handling Client Objections	1	0	Fresno, CA or virtual
Price Positioning and Resolving fees	2	0	Fresno, CA or virtual

SUBJECT	HOURS OF VIRTUAL/CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
MPC Presentation	2	0	Fresno, CA or virtual
Understanding the Job Order/Client's Needs	2	0	Fresno, CA or virtual
Building a Strong Recruiting Campaign	2.5	0	Fresno, CA or virtual
Candidate Basics	0.5	0	Fresno, CA or virtual
The Placement Process	2	0	Fresno, CA or virtual
Closing and Endgame Placement Techniques	1.5	0	Fresno, CA or virtual
Billing, Tracking and Placement	0.5	0	Fresno, CA or virtual
Time Management, Metrics, and Follow up to the Placement	1	0	Fresno, CA or virtual
TOTAL HOURS	**30**	**0**	

Additional Training

We offer ongoing and supplemental training to our franchisees and their staff. Some of this training is mandatory and some is optional. The mandatory training is outlined below.

Continuing Education

You, or a designated working Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), are required to attend a refresher training course every 5 years following your completion of the initial training course.

Training for Resale Office Buyer

If you are purchasing an existing location, you cannot complete PrideStaff's new office training until the transfer of ownership is completed. Once the transfer of ownership is complete, you and your new Staffing Consultants (recruiter/inside sales), Business Development Manager (outside sales), and Branch Manager (if applicable) are required to attend the first available training course after the transfer of ownership of the office. However, your existing Staffing Consultants, Business Development Manager, and Branch Manager (if applicable) are only required to complete the applicable refresher training within 3 months from the date you purchase the existing location.

At minimum, the Franchisee/Strategic-Partner is required to attend the first available Initial Office Training course at Home Office or virtually; a Staffing Consultant is required to attend the first available Staffing Consultant training course at Home Office or virtually; and a Business Development Manager is required to attend the first available Sales training course at Home Office or virtually.

Training for Branch Offices in Existing Territory

Subject to our approval, you may expand your business by adding an office within your existing territory. If you open an additional office in your existing territory, all newly hired Staffing Consultants and Business Development Managers are required to attend the initial training course. This requirement is true for the initial and each subsequent branch office.

Training for a Second or Additional Territory

Subject to our approval, you may expand your business by purchasing a new territory. If you purchase a new territory, you must sign a new franchise agreement and, in accordance with that franchise agreement, attend the first available initial training course before the new office opens. The owner(s) and all Staffing Consultants and Business Development Representatives are required to attend the initial training course. This requirement is true for each additional territory you acquire.

PrideStaff Financial® training program – 1 Week

The training program, for those who participate in the PSF program services, will be administered at our headquarters in Fresno, California or virtually, over a 5-day period. We will hold classes as often as needed to ensure that you complete training before beginning operation of your PrideStaff Financial® Office. Training materials include the PSF Staffing Consultant Training Manual and the PSF Leadership Training Manual.

You and each of your PrideStaff Financial® "Staffing Consultants," regardless of when they are hired, must successfully complete the training program to our satisfaction. There is no additional charge for attending. You must bear the salaries and travel, lodging and incidental expenses that you and your employees incur while attending the training program when training is held at our headquarters in Fresno, California.

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
PSF Brand Overview & Philosophy	2	0	Fresno, CA or virtual
Staffing Consultant Expectations & Opportunities	2	0	Fresno, CA or virtual
Accounting Terminology & Knowledge	2	0	Fresno, CA or virtual
Sales & Marketing Processes	6	0	Fresno, CA or virtual
Contact Management	2	0	Fresno, CA or virtual
Recruiting & Screening Processes	4	0	Fresno, CA or virtual
Candidate Management	2	0	Fresno, CA or virtual

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Placement Processes	2	0	Fresno, CA or virtual
Direct Hire Techniques	6	0	Fresno, CA or virtual
Administrative Procedures	2	0	Fresno, CA or virtual
Goal Setting, Planning & Time Management	2	0	Fresno, CA or virtual
Staff Recruitment & Training	2	0	Fresno, CA or virtual
Multiple-Brand Management	2	0	Fresno, CA or virtual
PSF Leadership	4	0	Fresno, CA or virtual
TOTAL HOURS	**40**	**0**	

ITEM 12

TERRITORY

Territorial Rights

Under the Franchise Agreement, we grant to you the right, and you assume the obligation, to own and operate one or more Offices at Approved Locations identified within a Territory (defined in an attachment to the Franchise Agreement) in accordance with the terms and conditions in the Franchise Agreement.

The exact geographic area of each Territory will be decided on a market by market basis. The Territory will have a minimum of 50,000 employees, but will not exceed 200,000 employees. Major metropolitan markets will be divided into multiple territories. We will use mapping software to determine the number of employees in the Territory. The Territory will be agreed upon between you and us before you sign the Franchise Agreement and designated by a map attached as an exhibit to the Franchise Agreement.

You will receive an exclusive territory. During the term of the Franchise Agreement, we will not establish any other Offices located within your Territory, except as otherwise provided in the Franchise Agreement. During the term of the Franchise Agreement and subject to you being in Good Standing (as defined in the Franchise Agreement), we will not authorize any other Office to directly solicit or perform Staffing Services to Clients or prospective Clients for locations within the Territory, except as otherwise provided in the Franchise Agreement. If another franchisee violates this or any similar restriction under an agreement with us, we are not obligated to compensate you for any staffing services that franchisee may have provided in your Territory. Likewise, we are not obligated to compensate you for soliciting or accepting orders inside your Territory. You may not expand the number of Offices in your Territory without our approval, and your Offices may be operated only at Approved Locations.

You may not directly solicit, accept orders from consumers, nor perform Staffing Services to Clients or prospective Clients for locations outside of your Territory through any channel of distribution (including the Internet) without our prior written consent, which we may withhold, condition or withdraw for any reason or no reason. If we withdraw our consent, for whatever reason, you must immediately stop soliciting and performing such Staffing Services outside your Territory in accordance with our directions, and you acknowledge you will not be entitled to any compensation for such discontinued business. Any failure to follow our discontinuance directions constitutes a material default under the Franchise Agreement.

Reserved Rights and Restrictions

Although we reserve the right, we currently do not use any method of distribution, such as telemarketing, catalog sales or Internet sales, to make sales to customers within the Territory.

We reserve the exclusive right to control Internet promotion and marketing. You may not maintain a website without following the procedures we provide in the Manuals and obtaining our prior written approval of form and content. You must assign your web address to us upon Termination. Aside from this, there is no restriction on any particular means of distribution you use to market your services to customers within the Territory, as long as any advertising material or telemarketing script has been presented to us for our prior written approval.

We have no major accounts program at the present time and have no plans to set up such a plan but reserve the right to do so. A major account program sets procedures and policies for serving "Major Account Clients," with the objective of coordinating all Offices to market their services more effectively to Major Account Clients. If we should institute a major accounts program in the future and you decide to participate, you may be required to serve Major Accounts Clients at locations within the Territory according to the procedures and upon the terms for the program described in the Manuals, as revised periodically. A "Major Account Client" means "any Client that conducts its business in more than one franchisee territory and that we have designated as a Major Account Client." We have the right to serve or authorize others to serve Major Accounts Clients at locations within the Territory on an ongoing basis if you are unwilling or unable to participate in the program according to its procedures and terms.

We reserve all other rights not expressly granted to you in the Franchise Agreement, including the right to use any direct marketing method we wish to:

(a) establish Offices anywhere outside your Territory, regardless of how close the Offices are to your Office;

(b) establish or franchise personnel services business within your Territory as long as they do not provide such services under the Marks;

(c) establish and franchise specialized staffing services, other than PrideStaff Financial® staffing services or businesses offering similar services, within your Territory; and

(d) purchase, merge, acquire or be acquired by an existing personnel service or any other business, and to operate, franchise or license these businesses within and outside the Territory operating under other marks following the purchase, merger, acquisition or affiliation.

Relocation

You may relocate your Office to a new Approved Location within the Territory only with our prior written consent. Currently, we will grant our consent only if the following conditions are fulfilled:

(a) You and your Related Parties are in Good Standing under the Franchise Agreement, any other agreement between us and you, and the Manuals;

(b) You agree to plan, construct, equip, and furnish your new Approved Location so that the premises meet the standards of appearance and function applicable to the premises of new PRIDESTAFF® Offices at the time you relocate; and

(c) We have given our prior written approval to the new site and the provisions of the lease for the new premises.

You must notify us a minimum of 60 days before your proposed relocation date. We have a detailed process to follow when you relocate.

Minimum Performance Standards

You do not have to meet a quota or performance standard to retain your territorial rights. However, maintenance of your right to operate your Office is dependent upon your meeting the following annual Minimum Performance Standard. Within 60 days after each Agreement Year, we will determine the Gross Margin of your Office derived from Temporary Staffing Services for such Agreement Year. To maintain your right to operate your franchised Office, this amount must equal or exceed the Minimum Performance Standard. Your Minimum Performance Standard will depend on whether your franchise Office is a new, resale, or renewal PrideStaff business.

If your Office is a new franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD – PRIDESTAFF	
Contract Year	**Total Gross Margin from Temporary Staffing Services**
Year 1	$125,000
Year 2	$250,000
Year 3	$375,000
Year 4	$500,000
Year 5	$500,000

If you are purchasing your PrideStaff business from an existing franchisee, the Minimum Performance Standard for the first Agreement Year will be 110% of the Minimum Performance

Standard of the last full Agreement Year of the transferor franchisee. If you are renewing your Franchise Agreement, the Minimum Performance Standard for the first Agreement Year will be 110% of the Minimum Performance Standard of the last year under your old franchise agreement. For both resales and renewals, the Minimum Performance Standard will increase pro rata each year until you reach the Minimum Performance Standard of $500,000 for the fourth and fifth Agreement Years.

Your failure to meet any Minimum Performance Standard for a given Agreement Year constitutes a material breach of the Franchise Agreement conferring on us all rights and remedies allowed under the Franchise Agreement and applicable law, provided the failure was not caused solely and exclusively by a force majeure event or our material breach of the Franchise Agreement.

The first time you fail to meet the Minimum Performance Standard, we may, in our discretion, offer you a Performance Improvement Plan ("PIP"). You must accept the terms of the PIP in writing and sign a general release. If you fail to complete the PIP to our satisfaction or if you fail to meet the Minimum Performance Standard for 2 consecutive years, we may terminate the Franchise Agreement, offer you an amendment to the Franchise Agreement to reduce your Territory to a size we deem appropriate, or defer our right to immediate termination for 90 days, or such other longer time period we deem appropriate, to allow you to resell your franchise, provided you agree in writing to exert your best efforts to resell the franchise and sign a general release. If we defer our right to terminate for you to resell your franchise and you fail to sign the extension agreement or release or fail to exert your best efforts to resell the franchise, we may terminate the Franchise Agreement immediately.

Additional Rights

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises or territories, even if you are doing business in an unsold territory, even with our consent.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the right to use our principal identifying mark, PRIDESTAFF®. We registered the mark on the Principal Register of the United States Patent and Trademark Office (USPTO) in International Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services on April 2, 1996, registration number 2116589.

If you qualify and we approve you to operate a PrideStaff Financial® division, we will grant you the right to use our mark, PrideStaff Financial®. We registered the mark on the Principal Register of the United States Patent and Trademark Office (USPTO) in International Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services on June 24, 2008, registration number 3452843.

We have filed all required affidavits and renewals.

If you qualify and we approve you to operate a G. A. Rogers & Associates™ division, we will grant you the right to use the trademark "G. A. Rogers & Associates™." We have filed the trademark application for this trademark with the U.S. Patent and Trademark Office on February 4, 2020, application number 88,784,736. The mark was filed under Class 35 for use in connection with employment agency services, personnel relocation services, personnel placement and recruitment services, temporary personnel placement and recruitment services, contract staffing services, personnel management consulting services, and personnel outplacement services. As of the date of this disclosure document, the mark is currently pending with the USPTO. We do not have a federal registration for this principal trademark. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no effective determinations of the U.S. Patent and Trademark Office, the trademark administrator of this state or any court nor any pending material litigation involving the principal Marks that are material to the franchise.

There are no agreements currently in effect that significantly limit the rights of the franchisor to use or license the use of the principal Marks that are material to the franchise.

We have the right to change the Trade Name and Marks and their specifications. You must promptly conform, at your own expense, to any such changes, and we have no liability to you for any such change. You may not use any Marks as (a) part of any corporate or legal business name, (b) with any prefix, suffix or other modifying words, terms, designs or symbols, (c) in connection with the performance or sale of any unauthorized services or products, (d) as part of the domain name or other electronic address of any website or similar medium, or (e) in any other manner we have not expressly authorized in writing. Your legal name may not include the words "staffing," "temporary," "personnel," "placement," "recruiting," "employment," "talent" or any other word that might suggest to an insurance carrier that you are the employer of the temporary personnel you place. You may not use the Marks in any advertising concerning the transfer, sale or other disposition of the franchise or Office or ownership interest in you. You must display the Marks prominently in the manner we prescribe at the Office and on forms and sales, advertising and public relations materials. You must give such notices of registration as we specify and obtain any fictitious or assumed name registrations required under applicable law.

You must notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings.

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patent or copyright registrations nor any pending patent applications that are material to the franchise. We claim common law copyright interests in our Manuals, the content of our web site and other information and materials.

The information, ideas, forms, marketing plans, and other materials we disclose to you under the Franchise Agreement, whether or not included in the Manuals, are our confidential and proprietary information and trade secrets. You agree to maintain the confidentiality of all such material. You must maintain the Manuals in a secure location at the Office premises. You may not disclose any such information to any third party, except to your employees and agents as necessary in the operation of the Office and except as we authorize in writing. Each of your Related Parties and each of your employees must sign a written nondisclosure agreement. You must obtain a nondisclosure agreement from each employee and each new Related Party with whom you become affiliated during the term of the Franchise Agreement and promptly send a copy of the nondisclosure agreement to us.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Day-To-Day Participation

Standard Program

The Majority Owner (you, or if you are a company, the person with the controlling interest in you) must personally manage your Office on a full-time basis.

Absentee or Semi-Absentee Owner Program

Under the Absentee Owner program, you, as the sole or Majority Owner of your Office, generally will not be required to personally manage your Office on a full-time basis, provided you hire and retain a Minority Owner, who must manage your Office on a full-time basis. If the Minority Owner is terminated (for whatever reason) or otherwise ceases to manage your Office on a full-time basis for any reason, then you, as the Absentee Owner, must immediately manage your Office on a full-time basis until you are able to retain a replacement Minority Owner, qualified to manage your Office on a full-time basis.

Under the Semi-Absentee Owner Program, you, as the sole or Majority Owner of your Office, will generally be required to personally manage your Office only on a part-time basis, provided you hire and retain either a Minority Owner or Branch Manager, who must manage your Office on a full-time basis. If the Minority Owner or Branch Manager is terminated (for whatever reason) or otherwise ceases to manage your Office on a full-time basis for any reason, then you, as the Semi-Absentee Owner, must immediately manage your Office on a full-time basis until you are able to retain a replacement Minority Owner or Branch Manager, qualified to manage your Office on a full-time basis.

"Minority Owner" is a person with an equity interest in you in an amount that we approve (in our sole discretion) and who devotes his or her full-time efforts to the operation of the Office. A "Branch Manager" is a person who devotes his or her full-time efforts to the operation of the Office, but who is not required to own any equity interest in you.

Whether you operate your Office under the Standard Program or Absentee or Semi-Absentee Owner program, you must hire a full-time outside sales representative (Business Development Representative). In addition, you must employ 2 full-time inside staff members for inside sales and recruiting (Staffing Consultant and Recruiting Assistant).

Training

The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), all full-time employees and all designated employees of your Office who participate in the operation, marketing or management of the PrideStaff business must successfully complete our initial training program, within 90 days of signing the franchise agreement, but no more than 14 days prior to opening the PrideStaff business. You must pay any expenses and compensation of your employees relating to attendance at the initial training program and all ongoing training classes, if applicable.

PrideStaff Annual Conference (PAC)

The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager) must attend our annual meeting.

Personal Covenants and Guarantee

All owners, both individuals and owners of franchisee if franchisee is an entity, must sign a nondisclosure and noncompetition agreement as well as a Personal Guaranty and Subordination Agreement in the form attached to the Franchise Agreement assuming and agreeing to discharge all of franchisee's obligations under the Franchise Agreement. If the franchisee entity and owner(s) of the franchisee entity do not satisfy the financial or management qualifications to become a franchisee based on their qualifications, we may require the spouse(s) of the owner(s) to sign the Personal Guaranty and Subordination Agreement in order to satisfy our qualifications. If a franchisee is an individual or group of individuals and he/she/they do not satisfy the financial or management qualifications to become a franchisee based on his/her/their qualifications, we may require the spouse(s) of the individual(s) to sign the Personal Guaranty and Subordination Agreement in order to satisfy our qualifications.

You must ensure that all your internal staff members sign a nondisclosure agreement, which should be compliant with your own state laws. You are also required to provide a copy of each of the signed nondisclosure agreements to us prior to them being furnished a PrideStaff email account, as well as other software and membership accounts. General guidelines for the nondisclosure agreements are available in the Manual.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use and sell all the goods and services and only the goods and services that we have authorized you to provide. We have the right to change the authorized goods and services in any manner that is consistent with the Franchise Agreement. If you are an entity, you must be a single purpose entity dedicated only to the operation of your business under the Franchise Agreement. You may conduct no other business from your office.

You will, on our behalf, recruit and hire, determine compensation, and make employment decisions, with respect to temporary employees hired through your Office, although we will retain ultimate authority on these matters, which we generally will not exercise if you follow our procedures and guidelines. You may offer staffing services relating only to the types of industries and jobs we have authorized, as outlined in our Manuals and you may not use temporary employees to staff the operations of your office.

Your marketing and solicitation of Clients is on our behalf and all Client relations are ours. All contracts and other arrangements with Clients for all Temporary and Direct Hire Staffing Services provided by your Office are entered into by us or by you on our behalf. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us.

We retain the absolute right to withhold or withdraw approval of any temporary job placement in any industry category or for any Client because of liability, risk or cost considerations. If any Client poses a risk (e.g., an unsafe work environment or frequent or severe workers compensation claims), we may, at any time, require you to stop providing service to that Client.

You may not provide service to a Client at any location outside your Territory except under the limited conditions described in Item 12 of this disclosure document.

While you may place accounting and financial service personnel under the Franchise Agreement, you will not have the right to use the PrideStaff Financial® brand while doing so. If you meet our eligibility standards and obtain our consent, you may add a desk for providing Temporary Staffing Services and Direct Hire Staffing Services of accounting and financial services personnel under the brand name of PrideStaff Financial® (PSF). Eligibility standards for using the PrideStaff Financial brand currently include:

(a) You and your Related Parties are in compliance with all provisions of the Franchise Agreement, any other agreement between us and you, and the Manuals.

(b) Your PrideStaff Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least $50,000 dedicated solely to the development of the PSF Office.

(c) Your PrideStaff Office has a healthy, stable mix of Clients and business types.

(d) You employ a sufficient number of properly trained and qualified employees to operate your existing Office according to our standards.

(e) You agree to employ at least one full-time PSF Specialist, in addition to your existing staff, for the PSF Office.

(f) You have successfully completed our New Office Training Program at PrideStaff headquarters.

(g) You and your initial PSF Specialist successfully complete the 5-day PSF Training Program at our headquarters before beginning to operate the PSF Office.

(h) Subsequent PSF Specialists attend and successfully complete the 4-day PSF Staffing Consultant Training program at our headquarters.

(i) As our experience with the PSF Program develops, we may modify or supplement the eligibility requirements for the Program.

Once you have qualified for the PSF Program, its continuation depends on your remaining in Good Standing under this Agreement, including the Minimum Performance Standards stated for the PSF Program

Additionally, while you may offer and engage in Direct Hire Staffing Services under the Franchise Agreement, you will not have the right to use the G. A. Rogers & Associates™ brand while doing so. If you meet our eligibility standards and obtain our consent, you may add a desk for providing managerial, professional, and executive level Direct Hire Staffing Services under the brand name of G. A. Rogers & Associates™. Eligibility standards for using the G. A. Rogers & Associates™ brand currently include:

(a) You and your Related Parties are in compliance with all provisions of the Franchise Agreement, any other agreement between us and you, and the Manuals.

(b) Your PrideStaff Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least $50,000 dedicated solely to the development of the G. A. Rogers & Associates™ Office.

(c) Your PrideStaff Office has a healthy, stable mix of Clients and business types.

(d) You employ a sufficient number of properly qualified employees to operate your existing Office according to our standards.

(e) You agree to employee at least one full-time G. A. Rogers & Associates™ Recruiting Consultant, in addition to your existing staff, for the G. A. Rogers & Associates™ Office.

(f) You and your initial G. A. Rogers & Associates™ Recruiting Consultant have successfully completed our G. A. Rogers & Associates™ New Office Training Program.

(g) Subsequent G. A. Rogers & Associates™ Recruiting Consultants attend and successfully complete our G. A. Rogers & Associates™ Recruiting Consultant Training Program.

(h) As our experience with the G. A. Rogers & Associates™ Program develops, we may modify or supplement the eligibility requirements for the Program.

Once you have qualified for the G. A. Rogers & Associates™ Program, its continuation depends on your remaining in Good Standing under this Agreement, including the Minimum Performance Standards stated for the G. A. Rogers & Associates™ Program.

Your Office will accept and participate in all of the mandatory services, and may elect to accept and participate in some or all of the optional services, provided or made available by us to PrideStaff Offices, and you will pay all fees and charges for such services in which you participate. We will have the right periodically to (a) modify mandatory services and related fees and charges; (b) add new, or discontinue existing services; or (c) make any mandatory service optional or make any optional service mandatory; provided, however, in conjunction with any service being designated mandatory, such service will be implemented at all, or substantially all, franchised PrideStaff Offices located in the U.S. Fees and charges will be determined on the same basis for all franchised PrideStaff Offices that are participating in the service and may include: (a) overhead costs allocable to providing such service, including compensation of personnel directly involved in providing such services; (b) recovery of development costs for such service; (c) costs of tangible and intangible property employed in providing such service; and (d) costs of operating, maintaining and upgrading such service. You must pay such other fees and amounts set forth in this Agreement. All fees and charges that are expressly stated to be standard fees or subject to change may be changed on 30 days' notice.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

PROVISION	SECTION	SUMMARY
a. Length of the franchise term	4.5.1, Software User Agreement (Attachment 4)	5 years from the "Start Date" under the Franchise Agreement; Software user agreement terminates if Franchise Agreement terminates.
b. Renewal or extension of the term	4.5.2	If you meet certain conditions, you may renew under the terms of the then-current standard form of franchise agreement.
c. Requirements for franchisee to renew or extend	4.5.2(a)-(e)	Upon renewal, you will be asked to sign a new Franchise Agreement that may have materially different terms and conditions.

PROVISION		SECTION	SUMMARY
			Other conditions: be in good standing, give timely notice, update your Office and equipment, hire a business development manager if you failed to meet the Minimum Performance Standard during the term, sign a release, and attend training to our satisfaction.
d.	Termination by franchisee	10.1	We and you may terminate the Franchise Agreement by mutual written consent.
e.	Termination by franchisor without cause	10.1	We and you may terminate the Franchise Agreement by mutual written consent.
f.	Termination by franchisor with cause	10.2.1	We may terminate only upon uncured or noncurable material event of default.
g.	"Cause" defined – curable defaults	10.2.2(a)-(e)	You have 180 days to cure failure to meet Performance Standard, 5 days to cure non-payment defaults and 30 days to cure other curable defaults.
h.	"Cause" defined non-curable defaults	10.2.2(f)-(q) Software User Agreement (Attachment 4)	Noncurable defaults include failure to successfully complete initial training, failure to manage the Office on a fulltime basis, misuse of marks, material misrepresentation in securing franchise or operating franchised business, abandonment, repeated defaults, unapproved transfer, insolvency, conviction of criminal conduct, and competition with Franchise Network, failure on 3 or more separate occasions within 12 months, after receipt of written notice, whether or not such failures to comply were corrected after written notice. Software user agreement terminates if Franchise Agreement terminates for any reason.
i.	Franchisee's obligations on termination/non-renewal	10.3	Complete de-identification, payment of amounts due, honoring option to purchase, assigning phone numbers and more. You must discontinue using the software we provide to you and return or destroy it, at our option.
j.	Assignment of contract by franchisor	9.7, Software User Agreement (Attachment 4)	We may assign Franchise Agreement to company that we reasonably believe can perform obligations and that promises in writing to perform obligations. No assignment of software user agreement by us without your consent, except to our affiliate or subsidiary. You may not assign it without our consent.
k.	"Transfer" by franchisee – defined	3.25	Includes lien or transfer of agreement or sale of assets or ownership change.

PROVISION		SECTION	SUMMARY
l.	Franchisor approval of transfer by franchisee	9.3	We have the right to approve all Transfers.
m.	Conditions for franchisor approval of transfer	9.2 – 9.4	New franchisee qualifies and meets all the criteria we then customarily apply to new franchisees, transfer fee paid, purchase agreement approved, training completed, release signed, you sign a non-compete and new franchisee signs then current agreement
n.	Franchisor's right of first refusal to acquire franchisee's business	9.3	We have the right to match any offer to buy your business (but may substitute cash, our credit will be equal to the credit of the proposed purchaser and we are entitled to receive customary warranties and representations). You will be bound by non-compete if we exercise our right.
o.	Franchisor's option to purchase franchisee's business	10.3(g)	We have an option to buy any assets of your business upon termination.
p.	Death or disability of franchisee	9.6	Heirs must qualify or have 6 months to sell.
q.	Non-competition covenants during the term of the franchise	8.6, Attachment 7	No involvement in any competing business.
r.	Non-competition covenants after the franchise is terminated or expires	8.6, Attachment 7	No involvement for 2 years in any competing business that is located in Territory where your Office operated.
s.	Modification of the agreement	11.4	Modification of agreement only by written agreement of parties. Manuals may change periodically.
t.	Integration/merger clause	11.6	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	11.7, 11.8	Mediation and/or arbitration will be conducted by AAA in Fresno, California.
v.	Choice of forum	11.7, 11.8	Mediation and/or arbitration will be conducted by AAA in Fresno, California.
w.	Choice of law	11.2	Federal law as to arbitration and trademark rights. Otherwise, the laws of the state in which the Territory is predominantly located.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission's (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 following chart contains annual system-wide financial performance representations for calendar year 2022 for the Units (Territories) that had been operating for at least 2 years as of the end of that year. The representations consist of:

(a) **Gross Billings** (as defined in Item 6), consisting of the overall revenues for temporary staff placements and permanent staff placements for each Unit;

(b) **Gross Margin** (as defined in Item 6), consisting of Net Billings (i.e., Gross Billings less certain billing adjustments – see Item 6) of temporary staff placements and collected permanent staff placements, less the compensation for temporary staff placements;

(c) **Franchisee Share** (as defined in Item 6), consisting of the Gross Margin remaining for the franchisee after deducting fees retained by PrideStaff (see Item 6);

(d) **Average Bill Rate (Temp)** means the average rate each Unit charges customers for temporary staff placements during the year;

(e) **Gross Margin %** is the percentage of Gross Margin to Gross Billings;

(f) **Hourly Gross Margin** consists of the Gross Margin of each Unit divided by its number of hours billed for temporary placements during the year; and

((g) **Hourly Franchisee Share** consists of the Franchisee Share of each Unit divided by its number of hours billed for temporary placements during the year.

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2022 CALENDAR YEAR FINANCIAL DATA FOR PRIDESTAFF UNITS OPERATING FOR AT LEAST 2 YEARS AS OF THE END OF 2022

	Gross Billings	Gross Margin	Franchisee Share $	Average Bill Rate (Temp)	Gross Margin %	Hourly Gross Margin	Hourly Franchisee Share
Franchise-Owned							
High	21,099,780.73	3,813,997.77	2,665,770.50	37.95	52.63%	23.50	$17.46
Median	3,187,739.17	680,694.95	464,235.93	25.53	22.43%	5.78	$3.85
Low	998,664.12	265,168.32	173,237.79	19.09	14.45%	2.94	$1.92
Average	3,567,031.47	821,345.05	551,043.98	25.49	23.00%	6.87	$4.08
% Achieved Average	42%	38%	37%	50%	38%	25%	42%
# Achieved out of 64	27	24	25	33	24	16	27
Company-Owned							
High	27,272,204.25	6,843,656.83		29.59	41.91%	14.37	
Median	6,836,412.91	1,528,642.05		28.58	25.09%	7.05	
Low	217,259.55	91,055.21		27.00	22.36%	6.50	
Average	11,441,958.90	2,821,118.03		27.32	24.66%	9.31	
% Achieved Average	33%	33%		67%	67%	33%	
# Achieved out of 3	1	1		2	2	1	
Systemwide							
High	27,272,204.25	6,843,656.83		37.95	52.63%	23.50	
Median	3,216,537.45	700,497.20		25.63	22.46%	5.91	
Low	217,259.55	91,055.21		19.09	14.45%	2.94	
Average	3,919,640.16	910,887.12		25.71	23.24%	6.19	
% Achieved Average	36%	31%		48%	37%	45%	
# Achieved out of 67	24	21		32	25	30	

Some Units (Territories) have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

The representations are based on the actual performance for calendar year 2022 of all 67 Units (Territories) that had been operating at least 2 years as of the end of 2022, except as stated in Note 2, below. These include 3 company-owned and 64 franchised Units (Territories) that are substantially similar to the PrideStaff Unit (Territory) you will operate under the Franchise Agreement. Of the 67 Units (Territories) included in this financial performance representation, 15 offer PrideStaff Financial services. Units (Territories) included in this financial performance representation that offer PrideStaff Financial services are substantially similar to the PrideStaff Financial® desk you would operate under the PrideStaff Financial® brand described herein. Seven of the units above participated in the G.A. Rogers & Associates™ Program, and the results are included in the above.

These results exclude financial performance information for certain Units (Territories) for the following reasons: (a) Units not operational for the full 2-year period were excluded because it typically takes franchisees at least 24 months to build and maintain a consistent book of Clients to whom they provided staffing services; (b) the 3 franchised Units (Territories) that closed during the 2021 calendar year (none of which operated for less than 12 months), and the 3 franchised Unit (Territory) that closed during the 2022 calendar year (which did not operate for less than 12 months); and (c) one (1) Unit that offered permanent placement service almost exclusively and therefore did not have financial performance results typical of a PrideStaff office; one (1) Unit whose owner passed away in 2022; and one (1) Unit whose owner became seriously ill in 2022 and which was eventually voluntarily transferred to PrideStaff.

Some of the franchised Units (Territories) included in the representations operate with more than 3 office staff members. Some of the Units (Territories) have operated for many years and have developed a significant base of our recurring Clients in their territories. The PrideStaff® name has developed goodwill in these areas that benefit these Units (Territories) that might not benefit newly-developed PrideStaff Units (Territories) in new markets.

The Temporary Associate Expenses and Franchisor Share that are deducted to arrive at the Franchisee Share will be significant expenses, but not the only expenses to be borne by a franchisee. For example, you will incur the ongoing expense of your lease (which may vary greatly depending on your location), compensation for office staff and other operating expenses as well as compensation for your own efforts. Accordingly, these financial performance representations do not reflect all of the costs of sales, operating expenses or other costs or expenses that must be deducted from Franchisee Share to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your PrideStaff Unit (Territory). Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Your results will depend on many factors, some of which include your experience, the mix of businesses for which you offer staffing (which could include staffing for clerical and administrative positions, bookkeeping and accounting positions, and light industrial positions), competition, economic conditions, your advertising and marketing activities, and your skill in managing a business.

We calculated the figures in the table above using information that we maintain. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form. Written substantiation for these financial performance representations will be made available to you upon reasonable request.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of 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 Michael Aprile, Co-CEO, PrideStaff, Inc., 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, Telephone (800) 774-3316, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS ENDING DECEMBER 31, 2020, 2021 AND 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	80	76	-4
	2021	76	82	6
	2022	82	82	0
Company-Owned	2020	3	3	0
	2021	3	3	0
	2022	3	4	+1
Total Outlets	**2020**	**83**	**79**	**-4**
	2021	**79**	**85**	**6**
	2022	**85**	**86**	**+1**

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS OTHER THAN PRIDESTAFF FOR YEARS ENDING DECEMBER 31, 2020, 2021 AND 2022

State	Year	Number of Transfers
Georgia	2020	1
	2021	0
	2022	0
New Jersey	2020	0
	2021	1
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	1

State	Year	Number of Transfers
Texas	2020	1
	2021	0
	2022	0
Total	**2020**	**2**
	2021	**1**
	2022	**1**

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS ENDING DECEMBER 31, 2020, 2021 AND 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	1	2
AZ	2020	2	2	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
CA	2020	17	0	1	0	0	2	14
	2021	14	0	0	0	0	0	14
	2022	14	0	0	0	1	1	12
CO	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
CT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
DE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	2	0	0	0	0	7
GA	2020	5	1	0	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	1	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
IL	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
KY	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
LA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MI	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
MN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MS	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MO	2020	2	0	0	0	0	1	1
	2021	1	1	0	0	0	1	1
	2022	1	0	0	0	0	0	1
NV	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NC	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
OH	2020	5	0	0	0	0	1	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
OR	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
PA	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TN	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TX	2020	10	0	0	0	0	1	9
	2021	9	0	0	0	0	0	9
	2022	9	3	0	0	0	0	12
VA	2020	4	0	0	0	0	2	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
WA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Totals	**2020**	**80**	**5**	**1**	**0**	**0**	**8**	**76**
	2021	**76**	**7**	**0**	**0**	**0**	**1**	**82**
	2022	**82**	**6**	**0**	**0**	**1**	**5**	**82**

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ENDING DECEMBER 31, 2020, 2021 AND 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	1	0	0	4
Totals	**2020**	**3**	**0**	**0**	**0**	**0**	**3**
	2021	**3**	**0**	**0**	**0**	**0**	**3**
	2022	**3**	**0**	**1**	**0**	**0**	**4**

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2022

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
AL	0	1	0
FL	0	1	0
GA	0	1	0
ID	0	1	0
IN	0	1	0
OH	0	1	0
OK	0	1	0
NC	0	1	0
TX	0	1	0
Totals	**0**	**10**	**0**

Attached as Exhibit D-1 to this disclosure document are the names, addresses and telephone numbers of all current franchisees as of December 31, 2022.

Attached as Exhibit D-2 to this disclosure document are the names, cities and states and current business telephone numbers (or if unknown, last known home telephone numbers) of the franchisees who have had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement as of December 31, 2022, or who has not communicated with us within 10 weeks of our fiscal year end.

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

Some of our franchisees signed confidentiality clauses within the past 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have established a PrideStaff Brand Advisory Council (PBAC) with the objective to grow our brand with a collaborative effort. The PBAC shares our same address, telephone number, and email address. The PBAC serves in an advisory capacity only. We have the right to change or dissolve the PBAC at our discretion. PBAC members include both franchisees and franchisor representatives. PBAC members are selected by the executive committee comprised of franchisor executives. Factors taken into account include business mix, length of operations, and geographic location.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are our audited balance sheets as of January 1, 2023 and January 2, 2022, and related statements of income, changes in shareholders' equity and cash flows for the years ended January 1, 2023, January 2, 2022 and January 3, 2021, and the related notes to the financial statements.

ITEM 22

CONTRACTS

The following agreements are proposed for use in this state in connection with the franchise we offer:

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Franchise Agreement	Exhibit C	You and us
Designation of Approved Location	Attachment 2	You and us
Special Release	Attachment 3	You
Franchise Software User Agreement	Attachment 4	You and us
Assignment of Telephone Numbers, E-mail Address and URL's and Special Power of Attorney	Attachment 5	You
Nondisclosure and Noncompetition Agreement	Attachment 7	Related Parties* and each of your employees

TITLE OF AGREEMENT	EXHIBIT/ ATTACHMENT #	SIGNED BY
Personal Guaranty and Subordination Agreement	Attachment 8	Officers, 10% shareholders, general partners and limited liability company members
E-mail and Internet Policy	Exhibit F	You

** Related Parties, in this table, means people and companies associated with you, including spouses working in the Office, whether they are parties to the Franchise Agreement or not, general partners, limited partners, shareholders, companies under common control with you, officers and directors.*

ITEM 23

RECEIPTS

Attached, as the last page of this disclosure document (Exhibit I-2), is a receipt. Please sign it, date it as of the date you receive this disclosure document and return it to us. A duplicate of the receipt (Exhibit I-1) is attached for your records.

EXHIBIT A

STATE ADMINISTRATORS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. 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 the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

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

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

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

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B

FINANCIAL STATEMENTS

PRIDESTAFF, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JANUARY 1, 2023,
THE YEAR ENDED JANUARY 2, 2022
AND THE YEAR ENDED JANUARY 3, 2021

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Dedekian, George, Small, & Markarian
Accountancy Corporation

(559) 431-5500
www.cpaplus.com
8050 N. Palm, Suite 106
Fresno, CA 93711

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
of PrideStaff, Inc.
Fresno, California

Opinion

We have audited the accompanying financial statements of PrideStaff, Inc. (a California corporation), which comprise the balance sheets as of January 1, 2023 and January 2, 2022, and the related statements of income, changes in shareholders' equity, and cash flows for the years ended January 1, 2023, January 2, 2022 and January 3, 2021, 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 PrideStaff, Inc. as of January 1, 2023 and January 2, 2022, and the results of its operations and its cash flows for the years ended January 1, 2023, January 2, 2022 and January 3, 2021 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 PrideStaff, Inc. 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.

Responsibilities of Management for the Financial Statements (Continued)

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 PrideStaff, Inc.'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 PrideStaff, Inc.'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 PrideStaff, Inc.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Dedekian, George, Small & Markarian

Dedekian, George, Small & Markarian
Accountancy Corporation
March 21, 2023

PRIDESTAFF, INC.
BALANCE SHEETS
JANUARY 1, 2023 AND JANUARY 2, 2022

	January 1, 2023	January 2, 2022
ASSETS		
Current assets:		
Cash	$ 1,523,555	$ 1,516,788
Accounts receivable, less allowance for doubtful accounts of $786,774 and $862,884 at January 1, 2023 and January 2, 2022, respectively	30,947,082	35,186,756
Supplies inventory	313,434	276,162
Prepaid expenses and other current assets	6,149,668	4,197,804
Notes receivable, franchisee - current portion	-	41,034
Total current assets	38,933,739	41,218,544
Property and equipment, net	362,367	454,423
Intangibles, net	143,677	179,408
Operating lease right-of-use assets	3,016,503	-
Contract assets	559,187	755,976
Other assets	46,044	43,771
	$ 43,061,517	$ 42,652,122
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 10,784,774	$ 13,738,642
Accrued payroll and related taxes	5,844,661	6,607,103
Line-of-credit	6,600,000	7,209,018
Current maturities of operating lease liabilities	794,483	-
Total current liabilities	24,023,918	27,554,763
Long-term portion of operating lease liabilities	2,361,347	-
Contract liabilities	551,375	726,350
Total liabilities	26,936,640	28,281,113
Shareholders' equity:		
Preferred stock, no par value, authorized 5,000,000 shares, no shares issued and outstanding	-	-
Common stock, no par value, authorized 10,000,000 shares, 1,729,511 shares issued and outstanding at January 1, 2023 and 1,737,511 shares issued and outstanding at January 2, 2022	383,680	383,680
Additional paid-in capital	73,133	73,133
Retained earnings	15,975,845	14,130,096
Treasury stock, 35,000 and 27,000 shares at January 1, 2023 and January 2, 2022, respectively	(307,781)	(215,900)
Total shareholders' equity	16,124,877	14,371,009
	$ 43,061,517	$ 42,652,122

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

PRIDESTAFF, INC.
STATEMENTS OF INCOME
FOR THE YEAR ENDED JANUARY 1, 2023,
THE YEAR ENDED JANUARY 2, 2022 AND
THE YEAR ENDED JANUARY 3, 2021

	Year Ended January 1, 2023	Year Ended January 2, 2022	Year Ended January 3, 2021
Revenues from services	$ 327,448,802	$ 306,078,285	$ 232,229,595
Cost of services	245,206,438	231,047,448	179,231,217
Gross profit	82,242,364	75,030,837	52,998,378
Operating expenses	56,638,304	49,104,759	36,240,197
Administrative services	17,431,766	16,504,246	13,412,785
	74,070,070	65,609,005	49,652,982
Operating income	8,172,294	9,421,832	3,345,396
Other income (expense):			
Interest expense	(52,349)	(27,231)	(39,264)
Other, net	12,116	1,026,511	76,876
Income before income taxes	8,132,061	10,421,112	3,383,008
Income taxes	912,285	209,541	116,348
Net income	$ 7,219,776	$ 10,211,571	$ 3,266,660

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

PRIDESTAFF, INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED JANUARY 1, 2023,
THE YEAR ENDED JANUARY 2, 2022 AND
THE YEAR ENDED JANUARY 3, 2021

	Common Stock					
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, December 29, 2019	1,748,511	$ 353,032	$ 85,781	$ 11,452,334	$ (159,800)	$ 11,731,347
Net income	-	-	-	3,266,660	-	3,266,660
Shareholder distributions	-	-	-	(2,396,951)	-	(2,396,951)
Purchase of treasury stock	(17,000)	-	-	-	(56,100)	(56,100)
Balance, January 3, 2021	1,731,511	353,032	85,781	12,322,043	(215,900)	12,544,956
Net income	-	-	-	10,211,571	-	10,211,571
Shareholder distributions	-	-	-	(8,403,518)	-	(8,403,518)
Issuance of common stock	6,000	30,648	(12,648)	-	-	18,000
Balance, January 2, 2022	1,737,511	383,680	73,133	14,130,096	(215,900)	14,371,009
Retrospective adjustment related to FASB ASC 842				(100,078)		(100,078)
Net income	-	-	-	7,219,776	-	7,219,776
Shareholder distributions	-	-	-	(5,273,949)	-	(5,273,949)
Purchase of treasury stock	(8,000)	-	-	-	(91,881)	(91,881)
Balance, January 1, 2023	1,729,511	$ 383,680	$ 73,133	$ 15,975,845	$ (307,781)	$ 16,124,877

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

PRIDESTAFF, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JANUARY 1, 2023,
THE YEAR ENDED JANUARY 2, 2022 AND
THE YEAR ENDED JANUARY 3, 2021

	Year Ended January 1, 2023	Year Ended January 2, 2022	Year Ended January 3, 2021
Cash flows from operating activities:			
Net income	$ 7,219,776	$ 10,211,571	$ 3,266,660
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	200,662	167,762	366,006
Amortization	75,731	70,453	74,042
Decrease of operating lease right-of-use assets	765,993	-	-
Increase of operating lease liabilities	38,763	-	-
Decrease in allowance for doubtful accounts	(200,318)	(92,057)	(65,476)
Write-off of notes receivable, franchisees	-	-	88,765
Loss on sale of assets	1,352	5,033	-
(Increase) decrease in assets:			
Accounts receivable	4,439,992	(5,833,068)	(2,381,001)
Supplies inventory	(37,272)	(33,506)	15,501
Prepaid expenses and other current assets	(1,951,864)	(1,137,432)	(298,087)
Contract assets	196,789	164,568	12,386
Other assets	(2,273)	-	-
Increase (decrease) in liabilities:			
Accounts payable and other accrued expenses	(2,927,366)	2,420,344	2,674,663
Accrued payroll and related taxes	(762,442)	1,290,603	1,094,100
Operating lease liabilities	(792,009)	-	-
Contract liabilities	(174,975)	(106,675)	(82,150)
Net cash provided by operating activities	6,090,539	7,127,596	4,765,409
Cash flows from investing activities:			
Purchases of property and equipment	(109,958)	(367,823)	(46,122)
Acquisition of intangibles	(40,000)	(14,546)	-
Principal collection on notes receivable - franchisees	41,034	103,837	155,886
Net cash provided by (used in) investing activities	(108,924)	(278,532)	109,764
Cash flows from financing activities:			
Borrowings on line-of-credit	105,035,337	68,957,341	63,232,133
Payments on line-of-credit	(105,644,355)	(67,288,025)	(67,112,245)
Proceeds from exercised stock options	-	18,000	-
Distributions to shareholders	(5,273,949)	(8,403,518)	(2,396,951)
Purchase of treasury stock	(91,881)	-	(56,100)
Net cash used in financing activities	(5,974,848)	(6,716,202)	(6,333,163)
Net increase (decrease) in cash	6,767	132,862	(1,457,990)
Cash at beginning of year	1,516,788	1,383,926	2,841,916
Cash at end of year	$ 1,523,555	$ 1,516,788	$ 1,383,926

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

PRIDESTAFF, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JANUARY 1, 2023,
THE YEAR ENDED JANUARY 2, 2022 AND
THE YEAR ENDED JANUARY 3, 2021

	Year Ended January 1, 2023	Year Ended January 2, 2022	Year Ended January 3, 2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 51,270	$ 29,848	$ 47,133
Income taxes	$ 653,138	$ 205,440	$ 209,017

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS

Operating lease right-of-use assets increased by $3,782,496, operating lease liabilities increased by $3,909,076, accounts payable and other accrued expenses decreased by $26,502 through an adjustment of retained earnings due to a retrospective adjustment related to the Company adopting the provisions of FASB ASC 842 during the year ended January 1, 2023.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

PrideStaff, Inc. (the "Company"), a California corporation, provides temporary clerical, professional, and light industrial personnel to a diversified group of customers through its Company-owned and franchise operations. The Company operates Company-owned and franchise locations throughout the United States, as well as four divisions: RX Relief, Insurance Relief, PrideStaff Financial and G.A. Rogers & Associates. The Company has adopted a 52/53 week fiscal year for financial statement and income tax reporting purposes. The fiscal year ended January 1, 2023 includes 52 weeks; the fiscal year January 2, 2022 includes 52 weeks and the fiscal year ended January 3, 2021 includes 53 weeks.

Accounting Method

The Company uses the accrual method of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all short-term debt securities purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recognized when services are rendered. Accounts receivable are due from commercial customers located throughout the United States with no significant concentration within any industry group. Credit is extended based on an evaluation of the customer's financial condition and collateral is generally not required. The Company accounts for the potential losses in accounts receivable utilizing the allowance method. In reviewing aged receivables, management considers their knowledge of customers, historical activity, and current economic conditions in establishing the allowance for doubtful accounts. A trade account receivable is charged off when management determines the receivable is uncollectible.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplies Inventory

Supplies inventory is stated at the lower of standard cost (which approximates average cost) or market.

Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method over estimated useful lives of the assets as follows:

	Estimated Useful Lives
Office equipment	3 - 10 years
Computer equipment	3 - 5 years
Leasehold improvements	3 - 10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangibles

Trademarks and website software are amortized using the straight-line method over estimated useful lives (3 to 5 years). Covenant not to compete is amortized using the straight-line method over the term of the agreement (2 to 5 years).

Goodwill

Cost of investments in purchased companies in excess of the underlying fair value of net assets at dates of acquisition are recorded as goodwill and assessed annually for impairment. If considered impaired, goodwill will be written down to fair value and a corresponding impairment loss recognized.

Notes Receivable

Notes receivable are stated at unpaid principal balances. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Captive Insurance Program

Included in other assets is the Company's investment in a captive insurance program of $36,000 which is accounted for using the cost method. The investment was not evaluated for impairment because (a) it is not practicable to estimate its fair value due to insufficient information being available and (b) management did not identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended January 1, 2023, January 2, 2022 and January 3, 2021 was $1,756,612, $1,558,921 and $1,295,047, respectively.

Stock-Based Compensation

Compensation cost related to stock-based payment awards made to key management members is recognized in the financial statements using a fair value method. Stock option awards are issued under the Company's stock-based compensation plan. The Company measures the cost of such awards at the date of grant, based on the estimated fair value of the award.

Forfeitures are estimated at the time of each grant in order to estimate the portion of the award that will ultimately vest. The estimate is based on the Company's historical rates of forfeitures and is updated periodically. The portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods, which is generally the vesting period of the awards.

The Company's stock-based compensation plan was discontinued during the year ended January 2, 2022.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be treated as an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company is subject to franchise and income taxes in certain states.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company is subject to examination by the Internal Revenue Service and various state tax authorities for tax years ranging from 2018 to 2022.

The Company recognized no increase in the liability for unrecognized tax benefits. The Company has no tax position at January 1, 2023 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative services expense. During the years ended January 1, 2023, January 2, 2022 and January 3, 2021, the Company's interest and penalties recognized were not material. The Company had no accruals for interest and penalties at January 1, 2023 and January 2, 2022.

Estimates

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

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards (Continued)

The Company adopted Topic 842 on January 3, 2022, utilizing an optional transition method, which allowed the recognition of a cumulative effect adjustment to the opening balance of retained earnings on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption. The Company also elected the available practical expedients. These included transition elections that permitted the Company to not reassess prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases, as well as not assessing existing land easements under the new standard. In addition, the Company adopted ongoing accounting policies to not recognize right-of-use (ROU) assets and lease liabilities for leasing arrangements with terms of less than one year, to not separate lease and non-lease components for all classes of underlying asset and using the risk-free rate as the discount rate for all classes of underlying assets unless the rate implicit in the lease is readily available.

Adoption of the standard required the Company to restate amounts as of January 3, 2022, resulting in an increase in operating lease ROU assets of $3,552,250, an increase in operating lease liabilities of $3,678,830, and a decrease in accounts payable and accrued expenses of $26,502. The difference between the assets and liabilities was recorded as a $100,078 reduction to beginning retained earnings. Adoption of the new standard did not materially impact the Company’s net income and had no impact on cash flows.

2. CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at a single financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 each. The Company maintains balances from time to time at this institution in excess of the insured limits. At January 1, 2023, the Company’s uninsured cash balance was $9,208,474.

At January 1, 2023 and January 2, 2022, one customer accounted for 14% and 15%, respectively, of the Company’s gross accounts receivable.

For the years ended January 1, 2023, January 2, 2022 and January 3, 2021, one customer accounted for 7%, 8% and 9%, respectively, of the Company’s total revenues from services.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	January 1, 2023	January 2, 2022
Office equipment	$ 1,410,567	$ 1,403,465
Computer equipment	2,312,306	2,213,300
Leasehold improvements	758,789	758,789
	4,481,662	4,375,554
Less accumulated depreciation	4,119,295	3,921,131
	$ 362,367	$ 454,423

Depreciation expense for the years ended January 1, 2023, January 2, 2022 and January 3, 2021 was $200,662, $167,762 and $366,006, respectively.

4. INTANGIBLES

Intangible assets at January 1, 2023 and January 2, 2022, net of accumulated amortization of $446,324 and $370,593, respectively, consist of the following:

	January 1, 2023	January 2, 2022
Trademarks, net of accumulated amortization of $10,446 and $3,400	$ -	$ 7,046
Website software, net of accumulated amortization of $393,819 and $325,134	103,677	172,362
Covenant not to compete, net of accumulated amortization of $42,059 and $42,059	-	-
Total intangible assets	$ 103,677	$ 179,408

Amortization expense related to intangible assets for the years ended January 1, 2023, January 2, 2022 and January 3, 2021 was $75,731, $70,453 and $74,042, respectively.

4. INTANGIBLES (CONTINUED)

Estimated amortization expense at January 1, 2023 for each of the five succeeding years is as follows:

2023	$	66,688
2024		34,995
2025		1,500
2026		494
2027		-
	$	103,677

The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

5. GOODWILL

The gross carrying amounts of goodwill, accumulated amortization, and accumulated impairment loss for the years ended January 1, 2023 and January 2, 2022, are as follows:

	January 1, 2023	January 2, 2022
Goodwill	$ 418,522	$ 378,522
Less accumulated amortization	196,027	196,027
Less accumulated impairment loss	182,495	182,495
Goodwill, net	$ 40,000	$ -

There was no amortization expense recognized on goodwill assets for the year ended January 1, 2023. Goodwill includes $40,000 added in the year ended January 1, 2023 from the purchase of a franchisee-owned office with the intention of converting the office to a company-owned office. The Company amortizes goodwill on the straight-line method over ten years unless a shorter useful life is more appropriate. The weighted average amortization period is ten years.

6. NOTES RECEIVABLE, FRANCHISEES

Notes receivable, franchisees consist of the following:

	January 1, 2023	January 2, 2022
Franchisee, $456,793, monthly payments of $6,000 until October, 2017, after that period monthly payments will be $8,000 until October 2018, then after that period monthly payments will be $10,398 continuing until paid in full. All payments include interest at 6.50%.	$ -	$ 41,034
	-	41,034
Less current maturities	-	41,034
	$ -	$ -

The Company recognized franchisee interest income of $557, $5,229 and $10,657 for the years ended January 1, 2023, January 2, 2022 and January 3, 2021, respectively.

7. LINE-OF-CREDIT

The revolving line-of-credit agreement allows the Company to borrow $17,000,000 for working capital through March 15, 2024. The line-of-credit bears interest at the Secured Overnight Financing Rate in effect from time to time (4.30% at January 1, 2023) plus 1.50%. The line-of-credit is secured by the Company's accounts receivable and other rights to payment, and general intangibles. Such agreements contain various restrictive financial and other covenants, of which the Company complied with as of January 1, 2023. The balance on the line-of-credit was $6,600,000 and $7,209,018 as of January 1, 2023 and January 2, 2022, respectively.

Additionally, the Company has a performance letter of credit outstanding totaling $5,472,753 as of January 1, 2023 and January 2, 2022, respectively, which guarantees certain insurance policies and expires on January 1, 2024. The contract amount of the letter of credit is fixed over the life of the commitment and is the amount at which settlement of the obligation would occur with the counterparty. The Company recognizes losses on these commitments as incurred; however, none have been incurred, nor are any anticipated.

8. REVENUE RECOGNITION

Revenue related to temporary payroll services provided to commercial customers is recognized when earned. A portion of the Company's revenue is attributable to franchise operations. Customers and temporary employees related to franchise operations are customers and employees of the Company. Accordingly, the Company includes such revenue and related direct costs in its revenue from services and cost of services, respectively. The net gross margin share paid to the franchisee is based upon a percentage of the gross margin generated and is included in operating expenses. Revenue and cost of services related to franchisees were $251,856,299 and $192,576,470 for the year ended January 1, 2023; $235,167,614 and $182,709,409 for the year ended January 2, 2022; and $180,492,859 and $141,219,652 for the year ended January 3, 2021.

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee of $40,000 upon signing and continuing fees based upon a percentage of gross profit. The initial term of the franchise agreement ranges between 5 to 10 years. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection, training, opening assistance, printed materials, operations manual, and consultations.

Subject to the Company's approval, a franchisee may generally renew its agreement upon its expiration. Direct costs of sales of franchise and license agreements are recognized over the term of the agreement. These costs are recognized as contract assets. The Company records a liability for franchise fees that have yet to be earned for the term of the franchise agreement. These liabilities are recognized as contract liabilities.

Under Topic 605, initial franchise fees paid by franchisees for each arrangement were deferred until the franchise office opened and were recognized as revenue in their entirety on that date and related broker fees and sales commissions were expensed as incurred. Upon adoption of Topic 606, the Company determined that the initial franchise fees, broker fees and sales commissions related to its franchise agreements will be deferred and recognized on a straight line basis over the duration of the agreement, as this ensures that revenue and cost recognition aligns with the franchisee's access to the franchise right.

8. REVENUE RECOGNITION (CONTINUED)

Contract Balances

Information about contract balances subject to Topic 606 consists of the following:

	January 1, 2023	January 2, 2022
Contract Assets	$ 559,187	$ 755,976
Contract Liabilities	$ 551,375	$ 726,350

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations:

	Year Ended January 1, 2023	Year Ended January 2, 2022	Year Ended January 3, 2021
Services transferred at a point in time	$327,164,327	$305,777,610	$231,897,945
Services transferred over time	284,475	300,675	331,650
	$327,448,802	$306,078,285	$232,229,595

Revenue from services transferred at a point in time consists of temporary payroll services. These services are provided to commercial customers.

Revenue from services transferred over time consists of initial franchise fee revenue recognized over the term of the franchise agreement.

Performance Obligations

For services transferred at a point in time related to temporary payroll services, revenue is recognized when services have been provided to the customer.

For services transferred over time related to initial franchise fees, the right to operate the franchise is recognized by the franchisor over the term of the agreement and is treated as a single performance obligation.

8. REVENUE RECOGNITION (CONTINUED)

The Company does not have any significant financing components as payment is typically received shortly after services are provided.

There are two items involving revenue recognition of contracts that require the Company to make subjective judgments: the determination of which performance obligations are distinct within the context of the overall contract and the estimated standalone selling price of each obligation.

The Company does not disclose the value of unsatisfied performance obligations for 1) contracts with an original expected length of one year or less and 2) contracts for which they recognize revenue at the amount to which they have the right to invoice for services performed.

Variable Consideration

The Company's contracts do not include a variable consideration component.

9. INCOME TAXES

Income taxes consist of current state tax expense for each of the years ended January 1, 2023, January 2, 2022 and January 3, 2021, respectively.

10. LEASE COMMITMENTS

The Company leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the balance sheets. Finance leases are included in finance lease right-of-use assets and finance lease liabilities in the balance sheets.

10. LEASE COMMITMENTS (CONTINUED)

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. Since most of the Company's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

Certain of the lease agreements include variable payments which are reimbursements to the lessor for expenses related to common area maintenance of leased office facilities. The Company's share is determined on a percentage of square footage of space leased compared to the total property square footage. The estimated charges are provided to the Company at the beginning of the lease anniversary term and is reconciled to the actual charges at the end of the anniversary date. The amounts are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company accounts for the lease and non-lease components as a single lease.

The Company has elected to apply the short-term lease exception to all leases with a term of one year or less. The short-term lease costs do not reflect the ongoing short-term lease commitments as the Company entered into a short-term lease commitment in December 2022, which will increase short-term lease costs by approximately $40,000 in the year ended December 31, 2023.

The following summarizes the weighted average remaining lease term and discount rate as of:

	January 1, 2023
Weighted average remaining lease term:	
Operating leases	4.23 Years
Weighted average discount rate:	
Operating leases	1.37%

10. LEASE COMMITMENTS (CONTINUED)

The maturities of lease liabilities as of as of January 1, 2023 were as follows:

2023	$ 832,043
2024	839,720
2025	854,043
2026	403,433
2027	94,676
Thereafter	241,497
Total lease payments	$ 3,265,412
Less: present value discount	109,582
Present value of lease liabilities	$ 3,155,830

The following summarizes the line items in the income statements which include the components of lease expense for the year ended:

	January 1, 2023
Operating leases:	
Operating leases included in operating and administrative expenses	$ 804,755
Short-term leases included in operating and administrative expenses	53,221
Variable lease payments included in operating and administrative expenses	244,970
Total operating lease costs	$ 1,102,946

The following summarizes cash flow information related to leases for the year ended:

	January 1, 2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 792,009
Lease assets obtained in exchange for lease obligations:	
Operating leases	$ 3,909,076

11. SHAREHOLDERS' EQUITY

Stock-based Compensation

Stock option awards are granted to key management members of the Company. The grant date for these awards is used for the measurement date. Vesting would be accelerated in the event of retirement, disability, death of a participant, or change in control of the Company, as defined. These awards are valued as of the measurement date and are amortized on a straight-line basis over the requisite vesting period for all awards, including awards with graded vesting. Stock for exercised stock options are issued from authorized but unissued common stock.

Provisions governing the outstanding awards are included in the 2008 Long Term Incentive Plan (the "2008 Plan"). The 2008 Plan made 300,000 shares of authorized but unissued common stock available for grants, to key management members of the Company, subject to annual award limits as specified in the 2008 Plan.

The Company's stock-based compensation plan was discontinued during the year ended January 2, 2022.

Stock Options

Stock option awards are granted at prices not less than the estimated fair value; are generally for a term of five years; and generally vest at a rate of 25% annually commencing one year from the date of grant and are exercisable from then through a period of five years from the date of grant.

On August 1, 2011, the Company cancelled and concurrently granted replacement awards for all of the outstanding stock options. In accordance with accounting principles generally accepted in the United States of America the transaction was accounted for as a modification of the terms of the cancelled award. The effect of the modification was to reduce the exercise price to $3.00 per share, and restart the vesting commencement date and contractual life as of August 1, 2011. The incremental fair value related to these repricings was $5,170.

On August 1, 2016, the Company entered into extension agreements with four employees who had received stock option awards on August 1, 2011. The extension agreements extended the exercisable period of the stock option awards for an additional 5 years. The agreements expired and all options outstanding were cancelled on August 1, 2021.

11. SHAREHOLDERS' EQUITY (CONTINUED)

Stock Options (Continued)

There were no options granted during the years ended January 2, 2022 and January 3, 2021, respectively.

During the year ended January 2, 2022, the Company received $18,000 from employees upon the exercise of options. In accordance with Company policy, the shares were issued from a pool of shares reserved for issuance under the plan.

12. 401(K) PROFIT SHARING PLAN

In 1997 the Company adopted a 401(k) profit sharing plan (the "Plan"), a qualified plan under the Internal Revenue Code, under which, generally, all employees are eligible to contribute once eligibility requirements are met. Eligible full-time employees for the Plan must be 21 years of age or older, have completed 1,000 hours of service and be employed for one year.

Effective January 1, 2018, the Company instituted the "safe harbor" provisions of the plan. Under the Plan, eligible employees may elect to defer a portion of their salary (up to $20,500 for the year ended January 1, 2023) on a pre-tax or after-tax basis. The Company matches 100% of the employees' contributions up to a maximum of 3% of their compensation plus 50% of the employees' contributions over 3% up to maximum of 5% of their compensation. Employer safe harbor match contributions were approximately $332,294, $328,082 and $250,800 for the years ended January 1, 2023, January 2, 2022 and January 3, 2021, respectively.

The Plan also provides for discretionary employer contributions as determined by the Board of Directors (there were no contributions for the years ended January 1, 2023, January 2, 2022 and January 3, 2021).

13. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is subject to various legal proceedings from time to time as part of its business. As of January 1, 2023, the Company was not party to any legal proceedings or threatened legal proceedings that management believes will have a material adverse effect on the financial position or results of operations of the Company.

14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 21, 2023, the date which the financial statements were available to be issued.

EXHIBIT C

FRANCHISE AGREEMENT

PRIDESTAFF®

FRANCHISE AGREEMENT

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ATTACHMENTS:

PRIDESTAFF® FRANCHISE AGREEMENT

SECTION 1

PARTIES

This franchise agreement (this "**Agreement**") is signed between PrideStaff, Inc. ("**PrideStaff**," "**we**" or "**us**"), a California corporation with its principal office in Fresno, California, and ____ [franchisee's legal name] ("**you**") as of _________, ____ ("**Effective Date**").

SECTION 2

RECITALS

2.1 **Ownership of System**. We have developed a distinctive branded system for operating staffing services businesses. We own certain intellectual property rights, including the trade name and mark, "PRIDESTAFF®." We have spent time, effort, and money to develop business methods, specialized services, brand concepts, trade secrets, advertising materials, marketing strategies, and training techniques for use in PRIDESTAFF® Offices, all of which we may improve, further develop or otherwise modify from time to time.

2.2 **Your Acknowledgments**. You have read this Agreement and our franchise disclosure document. You understand the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high quality standards at all PrideStaff Offices in order to protect and preserve the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the staffing industry is highly competitive, with constantly changing market conditions. You recognize that the nature of PrideStaff Offices may change over time, that an investment in PrideStaff Offices involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources.

2.3 **Your Representations**. You represent and warrant to us that: (a) you have not made any untrue statement of any material fact or omitted any material fact in the written information you have submitted in obtaining the rights granted hereunder; (b) neither you nor any of your owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as you have otherwise completely and accurately disclosed in writing to us in connection with obtaining the rights granted hereunder; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or any of your owners may be bound. You recognize that we have executed this Agreement in reliance on all of the statements you and your owners have made in writing in connection with this Agreement.

2.4 **Objectives of Parties**. We are willing to grant to you the right and you are willing to accept from us the obligation to own and operate an Office, using the PRIDESTAFF® trade name, marks, and system, throughout the term of this Agreement and according to its conditions.

SECTION 3

DEFINITIONS

For purposes of this Agreement, when any of the following words and phrases begins with a capital letter, we define its meaning in this Section 3:

3.1 Absentee Owner. "Absentee Owner" means "a person with a controlling interest in you but who is not generally required to participate in the operation of the franchised business."

3.2 Accounting Period. "**Accounting Period**" means "the period of approximately one (1) month during which we complete our billing cycle."

3.3 Agreement Year. Each twelve month period commencing on the Start Date, or on anniversary thereof.

3.4 Approved Location. "**Approved Location**" means "the location that we have approved in writing as the site at which you may own and operate an Office under the franchise granted by this Agreement."

3.5 Branch Manager. "**Branch Manager**" means "a person who devotes his or her full-time efforts to the operation of the Office, but who is not required to own any equity interest in you."

3.6 Client. "**Client**" means "a business or other enterprise to which we provide Temporary Staffing Services, Temporary to Hire or Direct Hire Staffing Services through your Office."

3.7 Direct Hire Staffing Services. "**Direct Hire Staffing Services**" means "the service of bringing a job candidate and a prospective employer together to achieve a permanent employment relationship."

3.8 Financial Arrangements. The following terms concern the financial arrangements between the parties to this Agreement:

3.8.1 Advertising Fee. "**Advertising Fee**" means "the continuing fee, not to exceed 0.35% of Gross Billings, that we are entitled to charge if and when we set up an advertising fund."

3.8.2 Authorized Deductions. "**Authorized Deductions**" means "the total of the deductions that we are authorized by this Agreement to take from Franchisee Share before forwarding it to you." We may, at our option, bill you for any of the Authorized Deductions rather than deducting them from Franchisee Share. They include:

(a) If we determine, in our reasonable discretion, that receivables were billed by you for services you performed in accordance with our written credit policies and procedures, and those receivables are deemed uncollectible by us, then (i) we will split the loss with you and deduct sixty-five percent (65%) of such receivables that we consider to be uncollectible, and (ii) we will split the collection expenses with you, including legal fees, that we incur in attempting to collect your receivables and deduct sixty-five percent (65%) of such collection expenses. If we determine, in our reasonable discretion, that uncollectible receivables were billed for services performed in violation of our written credit policies and procedures, we may deduct an amount equal to the full amount of such receivables, as well as the full amount of any collection expenses, including legal fees,

(b) If we institute an advertising fund, on or before the fifteenth (15th) day of each Accounting Period, your Advertising Fee for the preceding Accounting Period,

(c) Software license fees under the software license agreements in Attachment 4 to this Agreement,

(d) If we undercharge workers' compensation premium because of your misclassification of Temporary Associate work, one hundred percent (100%) of the undercharged amount, and, if applicable, any penalties and interest that we are assessed because of the misclassification,

(e) Your share of any Client or Temporary Associate claims, as described in Section 7.10.4 of this Agreement,

(f) Payment for goods and services we have sold you and reimbursement for amounts we have advanced to designated vendors on your behalf, including purchases of computer equipment, marketing materials, promotional items, on-line marketing expenses and other business items and services,

(g) Interest on any payment that we do not receive from you when due, and

(h) Any other amounts you owe us.

3.8.3 Conversion Fee. "**Conversion Fee**" means "the fee paid for permanently employing, in a Direct Hire position, a Temporary Associate during or within six (6) months after the Temporary Associate's assignment with the permanent Client."

3.8.4 Direct Hire Placement Fee. "**Direct Hire Placement Fee**" means "the fee for providing Direct Hire Staffing Services."

3.8.5 Gross Billings. "**Gross Billings**" means "(a) for Temporary Staffing Services, all amounts, except bona fide refunds and adjustments, accrued directly or indirectly, from or in connection with any services, consultation, assistance or sales, provided by, for or on behalf of your Office or in connection with our Trade Name and Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided, and (b) for Direct Hire Staffing Servicing, all amounts, except bona fide refunds and adjustments, actually received, directly or indirectly, from or in connection with any services, consultation, assistance or sales provided by, for or on behalf of your Office or in connection with our Trade Name and Marks, regardless of who provides the services, consultation, assistance or sales, where they are provided or to whom they are provided."

3.8.6 Gross Margin. "**Gross Margin**" means "the Net Billings of your Office minus Temporary Associate Expenses."

3.8.7 Net Billings. "**Net Billings**" means "Gross Billings minus adjustments, if any, that we have made, in our sole discretion, to correct billing errors or quality issues."

3.8.8 Franchisee Share. "**Franchisee Share**" means "Gross Margin minus the Franchisor Share," which for Temporary Placements is typically 65% of Gross Margins and for Permanent Placement and Temp-to-Hire Conversions is 79% of Direct Hire Placement Fees and Conversion Fees."

3.8.9 Franchisor Share. "**Franchisor Share**" means "a continuing fee equal to (a) the greater of (i) thirty-five percent (35%) of Gross Margin or (ii) six percent (6%) of Net Billings plus (b) twenty-one percent (21%) of Direct Hire Placement Fees and Conversion Fees."

3.8.10 Temporary Associate Expenses. "**Temporary Associate Expenses**" means "all wages, employer payroll taxes, bonuses and fringe benefits paid to Temporary Associates, including holiday pay, sick leave, travel allowances, and other direct employee benefits, workers' compensation insurance premiums and costs, unemployment claims management, other payments that we must make to federal, state and local government agencies as the employer of the Temporary Associates, any additional expenses (such as costs relating to drug testing, credit checks, and background investigations) incurred under contracts with Clients, sales tax on services, if any, expenses related to training required by us or applicable law, and all insurance payments expressly relating to the Temporary Associates, including but not limited to liability insurance, fidelity bonding, errors and omissions coverage and insurance policy deductibles."

3.9 Franchise Network. "**Franchise Network**" means "the interdependent network composed of us, all PRIDESTAFF® franchisees, our Related Parties, and any other people or companies that we have licensed to use our Trade Name or Marks."

3.10 Force Majeure. Solely for Purposes of Section 4.6(b), "**Force Majeure**" means "any failure or delay in meeting any Minimum Performance Standard when and to the extent such failure or delay is caused by or results from acts beyond your reasonable control, including: (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions (e) national or regional emergency; and (f) other similar events beyond your reasonable control."

3.11 Good Standing. "**Good Standing**" means "your timely compliance and that of your Related Parties with all provisions of this Agreement and the Manuals, specifically including provisions for timely payment of money you owe to us."

3.12 Major Account Client. "**Major Account Client**" means "any Client that conducts its business in more than one company or franchisee territory and that we have designated as a Major Account Client."

3.13 **Majority Owner**. "**Majority Owner**" means "you or, if you are a corporation, limited liability company or partnership, the person with the controlling interest in you." If you are a corporation, limited liability company or partnership, you must obtain our written approval of the Majority Owner. If you are an entity, all owners of you must sign a Guaranty and Subordination Agreement in the form attached to this Agreement as Exhibit 2 assuming and agreeing to discharge all of your obligations under this Agreement. If you and your owner(s) do not satisfy the financial or management qualifications to become a franchise based on your qualifications, we may require the spouse(s) of the owner(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications. If you are an individual or group of individuals and you do not satisfy the financial or management qualifications to become a franchise based on your qualifications, we may require the spouse(s) of the individual(s) to sign the Guaranty and Subordination Agreement in order to satisfy our qualifications.

3.14 **Manuals**. "**Manuals**" is defined in Section 5.5 hereof.

3.15 **Marks**. "**Marks**" means "the trademarks, service marks, trade dress, logotypes, slogans, and other commercial symbols we authorize you to use under this Agreement."

3.16 **Minority Owner**. "**Minority Owner**" means "a person with an equity interest in you in an amount that we approve (in our sole discretion) and who devotes his or her full-time efforts to the operation of the Office."

3.17 **Office**. "**Office**" means "a business that we conduct, our affiliate conducts or we have authorized a franchisee to conduct to perform Temporary Staffing Services under the PRIDESTAFF® Trade Name, Marks and System." It does not mean an RX Relief or Insurance Relief business.

3.18 **Proprietary Product**. "**Proprietary Product**" means "any product manufactured according to our specifications or packaged or labeled with our Marks."

3.19 **Related Party**. "**Related Party**" or "**Related Parties**" means "people and companies associated with us or you, as the context suggests, including spouses working in the Office, general partners, limited partners, shareholders, companies under common control with us or you, officers and directors."

3.20 **Semi-Absentee Owner**. "Semi-Absentee Owner" means "a person with a controlling interest in you who is generally required to participate in the operation of the franchised business only on a part-time basis."

3.21 **Start Date**. "**Start Date**" means "the date when your Office opens for business or one hundred twenty (120) days after we sign this Agreement, whichever is first." The Start Date may be extended only with our written consent.

3.22 **System**. "**System**" means "the intellectual property we license to you under this Agreement, including the right to use our business methods, specialized services, brand concepts, trade secrets, advertising materials, marketing strategies, and training techniques."

3.23 Temporary Associates. "**Temporary Associates**" means "the personnel we employ and you furnish to Clients to perform, on a temporary or outsourced basis, administrative services, office services, marketing or light industrial jobs or other services that we have authorized you to provide under this Agreement or a PSF Amendment to this Agreement."

3.24 Temporary to Hire Staffing Services. "**Temporary to Hire Staffing Services**" means "assigning Temporary Associates to a Client, for compensation, to provide Temporary Staffing Services with the understanding that after an agreed upon period, the Client may convert the Temporary Associate to the Client payrolls."

3.25 Temporary Staffing Services. "**Temporary Staffing Services**" means "assigning Temporary Associates to a Client, for compensation, to temporarily replace, assist or supplement the Client's own employees."

3.26 Termination. "**Termination**" means "expiration of this Agreement, non-renewal of this Agreement, or termination of this Agreement before its normal expiration date."

3.27 Territory. "**Territory**" means "the geographic area identified in Attachment 1 to this Agreement."

3.28 Trade Name. "**Trade Name**" means "the commercial name 'PRIDESTAFF®.'"

3.29 Transfer. Except as described in Section 9.5 of this Agreement, "**Transfer**" means "the direct or indirect sale, assignment, exchange, pledge, collateral assignment, grant of a security interest, or other encumbrance in or on, or other disposition, whether voluntary, involuntary, by operation of law or otherwise, of this Agreement, any form of legal or beneficial ownership interest in you, or any one or more other acts or events not covered by the foregoing that we reasonably determine to be a form of direct or indirect transfer, including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, a membership interest in, or a partnership interest in you; (2) any merger or consolidation between you and another entity, (3) any transfer in connection with or as a result of a divorce, dissolution of marriage or similar proceeding or a property settlement or legal separation agreement in connection therewith, an insolvency, bankruptcy or assignment for benefit of creditors, a corporate, limited liability company or partnership dissolution or otherwise by operation of law; or (4) any transfer by gift, declaration of trust, transfer in trust, revocation of trust, trustee succession, trust termination, discretionary or mandatory trust distribution, occurrence of any event (e.g., death of a person) that affects or ripens the rights of contingent beneficiaries, exercise of a power of appointment, exercise of a withdrawal right, adjudication of any Majority Owner as legally disabled, or upon or after the death of any of your Majority Owners by will or the laws of intestate succession or otherwise."

3.30 You. "**You**" means "the person or company that is named as 'you' in Section 1 of this Agreement." "**You**" means, in addition, "all people or entities that succeed to your interest by Transfer or operation of law."

SECTION 4

FRANCHISED RIGHTS

4.1 Grant of Rights. We grant to you the right, and you assume the obligation, to own and operate one or more Offices at Approved Locations identified in Attachment 2 within the Territory in accordance with the terms and conditions in this Agreement. During the term of this Agreement, we will not establish any other Offices located within the Territory, except as otherwise provided herein. During the term of this Agreement and subject to you being in Good Standing, we agree not to authorize any other Office to directly solicit or perform Staffing Services to Clients or prospective Clients for locations within the Territory, except as otherwise provided herein. You may not expand the number of Offices in your Territory without our approval, and your Offices may be operated only at Approved Locations authorized pursuant to Attachment 2.

4.2 Operation Outside Territory. You may not directly solicit, nor perform, Staffing Services to Clients or prospective Clients for locations outside of your Territory without our prior written consent, which we may withhold, condition or withdraw for any reason or no reason. If we withdraw our consent, for whatever reason, you agree to immediately discontinue to solicit and perform such Staffing Services outside your Territory in accordance with our directions, and you acknowledge you will not be entitled to any compensation for such discontinued business. Any failure to follow our discontinuance directions constitutes a material default under this Agreement.

4.3 Reserved Rights.

4.3.1 Internet Promotion. We reserve the exclusive right to control Internet promotion and marketing. You may not maintain a web site without our prior written approval and without following the procedures we provide in the Manuals and obtaining our prior written approval of form and content. You must assign your web address to us upon Termination. We reserve the right to use any method of distribution, such as telemarketing, catalog sales or internet sales, to make sales to Clients within or outside of the Territory.

4.3.2 Major Account Clients. We have the right to directly solicit and perform (or authorize others to perform) Staffing Services for Major Accounts Clients at locations within your Territory. We will provide you the opportunity to provide Staffing Services for Major Account Clients to be performed at locations within your Territory, provided we determine you are willing and able to do so according to the procedures and terms and conditions described in the Manuals. We may revoke such authorization at any time.

4.3.3 All Other Rights. We reserve all other rights not expressly granted to you in this Agreement, including but not limited to the rights:

(a) to establish Offices anywhere outside your Territory, regardless of how close the Offices are to your Office;

(b) to establish or franchise personnel services business within your Territory as long as they do not provide such services under the Marks;

(c) to establish and franchise specialized staffing services, other than PRIDESTAFF FINANCIAL® staffing services or businesses, offering similar services within your Territory; and

(d) to purchase, merge, acquire or be acquired by an existing personnel service or any other business, and to operate, franchise or license these businesses within and outside the Territory operating under other marks following the purchase, merger, acquisition or affiliation.

4.4 **Relocation**. You may relocate your Office to a new Approved Location only with our prior written consent. As of the date hereof, we will grant such consent only if the following conditions are fulfilled:

(a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us and you, and the Manuals,

(b) You agree to plan, construct, equip, and furnish your new Approved Location so that the premises meet the standards of appearance and function applicable to the premises of new PRIDESTAFF® Offices at the time you relocate,

(c) We have given our prior written approval to the new site and the provisions of the lease for the new premises; and

(d) You notify us at least ninety (90) days prior to your proposed relocation date.

4.5 **Term and Renewal**.

4.5.1 **Initial Term**. The initial term of the franchise will begin on the Start Date and will continue for five (5) Agreement Years.

4.5.2 **Renewal**. You will have the right to renew the franchise on the same terms and conditions as those on which we are customarily granting new franchises at the time of renewal (provided you will be required to pay a renewal fee of $1,000, rather than the standard initial franchise fee) if at the time of renewal the following conditions have been fulfilled:

(a) You and your Related Parties are in Good Standing under this Agreement, any other agreement between us and you, and the Manuals,

(b) You and any Related Parties who have signed this Agreement have signed the new franchise agreement not less than one hundred eighty (180) days before the expiration of this Agreement or thirty (30) days after you receive the new franchise agreement from us, whichever is later,

(c) You have agreed that you will, before the renewal term begins, at your own expense, replace and upgrade the fixtures, equipment, and signs used in the Office so that the premises of the Office meet the standards of appearance and function applicable to the premises of a new PRIDESTAFF® Office at the time of renewal,

(d) If at any time during the term you fail to meet the Minimum Performance Standards, then you must, before the renewal term begins, hire a Business Development Manager (also known as the Outside Sales Representative) on a full-time basis,

(e) You and any Related Parties have signed a special release of claims, against us, our subsidiaries, affiliates, successors and assigns and their respective officers, directors, shareholders, partners, agents, representatives, and employees, in their corporate and individual capacities, including without limitations, claims arising under this Agreement and federal, state and local laws, rules and ordinances with us in the form of Attachment 3 to this Agreement. Claims under your state's franchise laws are non-waivable statutory claims, and

(f) The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), and any other of your personnel we require, must attend and satisfactorily complete the retraining and refresher training programs at the time and place we designate. You may bring other members of the Office in your discretion. We do not assess a charge for renewal training. However, the cost and expense of transportation, lodging, meals and incidental expenses during this training for all personnel will be your responsibility.

The provisions of the standard franchise agreement we use at the time of renewal may be materially different from this Agreement's provisions. Changed provisions may include (without limitation), (i) an increase in Franchisor Share and in advertising fund contributions and new methods of computing the same, (ii) reduction or other change to the Territory, and (ii) increase in the Minimum Performance Standards. We shall have the right to extend the term of this Agreement by such period as is necessary to comply with the legal requirements or for other reasons deemed appropriate by us.

4.6 Minimum Performance Standard. Maintenance of your right to operate your Office is dependent upon your meeting an annual "Minimum Performance Standard" or "MPS."

(a) Within sixty (60) days after the end of each Agreement Year, we will determine the Gross Margin of your Office derived from Temporary Staffing Services for such Agreement Year. To maintain your right to operate your franchised Office, this amount must equal or exceed the Minimum Performance Standard for such year stated in Attachment 9 (which we do not, directly or indirectly, represent that you can achieve).

(b) Subject to the provisions of subsections (c) and (d) below, your failure to meet any Minimum Performance Standard for any given Agreement Year constitutes a material breach of this Agreement conferring on us all rights and remedies under this Agreement and applicable law (including the right to recover damages), provided such failure was not caused solely and exclusively by Force Majeure or a material breach of this Agreement by us.

(c) If your breach under subsection (b) is your first and only failure to meet an MPS, we may at our discretion offer you a Performance Improvement Plan ("**PIP**"). If you (i) accept the terms of the PIP in writing, and (ii) sign a general release (in form and substance satisfactory to us), your completion of the PIP to our satisfaction on a timely basis will constitute a cure of the breach.

(d) If you fail to complete a PIP under subsection (c) to our satisfaction, or if you fail to meet the Minimum Performance Standard in two (2) consecutive years (including, for the avoidance of doubt, the circumstances that a PIP was entered into and you failed to complete the PIP to our satisfaction), we will have the following rights and remedies: (i) we may terminate this Agreement immediately in accordance with section 10.2.2(a), (ii) we may offer you an amendment to this Agreement to reduce your Territory to a size we deem appropriate, and provided you duly execute such amendment and sign a release (in form and substance satisfactory to us), the breach of section (b) will be waived, or (iii) we may offer to defer our right to immediate termination under subsection (i) above, for a period of ninety (90) days (or such longer period of time we deem appropriate) in order to provide you an opportunity to resell your franchise to an independent third party in accordance with Section 9, provided you agree in writing to exert your best efforts to do so and sign a general release (in form and substance satisfactory to us). If you so complete the resale to a buyer satisfactory to us in accordance with Section 9, your breach of subsection (b) will be waived. If you fail to sign the extension agreement or release under subsection (iii), above, fail to exert your best efforts to resell your franchise or fail to timely resell your franchise to a buyer satisfactory to us in accordance with section 9, we have the right to terminate this Agreement immediately in accordance with section 10.2.2(a) for your breach under subsection (b).

4.7 Eligibility Requirements for Subsequent Franchise Agreement. PrideStaff is not obligated to grant additional franchises to you. We may establish eligibility standards for an additional franchise from time to time. As of the Effective Date, these standards include:

(a) You and your Related Parties being in compliance with all provisions of this Agreement, any other agreement between us and you, and the Manuals.

(b) Your existing PRIDESTAFF® Office must be financially sound and you have, in addition to the funds needed to maintain your existing operation, sufficient funds to meet our then current financial standards for a new franchisee.

(c) Your existing PRIDESTAFF® Office has a healthy, stable mix of Clients and business types.

(d) You employ a sufficient number of properly trained and qualified employees to operate your existing Office according to our standards.

(e) You agree to employ sufficient additional personnel for the additional office.

(f) You agree that you and the staff of your new PRIDESTAFF® Office will complete the most recent training program at PrideStaff headquarters before opening the new Office.

SECTION 5

OUR SERVICES

We will perform the following services for you at times and places we select as long as you are in Good Standing:

5.1 **Site Selection Guidelines**. We will give you general demographic information about a location that you are considering. We will give you written guidelines for locating a site and securing a lease that meet our current criteria and standards. **Neither our guidelines for selecting a site nor our approval of your proposed site and lease constitutes a guaranty that your Office will be successful at that location.** You are solely responsible for site selection and lease negotiations.

5.2 **Construction and Furnishings**. We will give you prototype or sample plans and specifications, or plans and specifications for one or more existing Offices, to provide guidance in constructing tenant improvements, furnishing, and equipping your Office. You must, at your own expense, tailor the plans and specifications provided by us for your individual use and then submit the customized plans and specifications to us for written approval.

5.3 **Initial Training Program**. Before the opening of your Office, we will conduct an initial training program in the operation of the Office under the PRIDESTAFF® System for you and your employees.

5.4 **Opening Assistance**. During the week that you open, we will send one or more representatives to guide and assist you with respect to the management, operation and sales efforts of your Office.

5.5 **Manuals**. We will make available to you information about standards and procedures for training and other matters relating to the operation of your Offices, including opening process, inside sales, outside sales, recruiting and operations, as well as PrideStaff policies and guidelines (collectively called the "**Manuals**") that you may use during the term of this Agreement. Currently, much of this information is posted on our web-based facility, The Portal.

You agree to comply fully with all mandatory standards and procedures and other obligations contained in the Manuals. We may modify the Manuals from time to time to reflect changes in standards and procedures, provided no addition or modification may alter your fundamental status and rights under this Agreement. You must keep current with the Manuals. If a dispute develops relating to the contents of any of the Manuals, our master copy will be controlling. The Manual contains Confidential Information, and you agree not to copy any part of the Manual or allow unauthorized persons access to our online resources, including The Portal or a similar or successor site we establish.

The Manuals consist of information for the development, establishment and operation of a PrideStaff Office, including mandatory or suggested standards and operating procedures, whether such information is communicated in hard copy or electronically as supplemented and amended from time to time.

5.6 **Marketing Sales and Recruiting**. We will provide you with an initial supply of marketing, sales and recruiting materials, including a sales tool kit, a framed mission statement, OSHA and other federal and state required posters, a portfolio, business cards, letterhead, envelopes, forms and other printed materials.

5.7 **Suggested and Designated Suppliers**. We will give you, in the Manual or otherwise in writing, names of suggested and designated suppliers of specified goods and services that you must use in your Office. In designating a particular supplier, **we expressly disclaim any warranties or representations as to the condition of the goods or services sold by the suppliers, including, without limitation, expressed or implied warranties as to merchantability or fitness for any intended purpose.** You agree to look solely to the manufacturer or supplier for the remedy of any defect in the goods or services.

5.8 **Consultation**. Throughout the term of this Agreement, we will consult with you by toll-free telephone, fax, mail or email on all aspects of your business for no additional charge. We will visit your Office 5 times in the first year (including the opening assistance under Section 5.4), except if this Agreement is signed in connection with the renewal of a franchise agreement. Otherwise, we conduct visits as needed.

5.9 **Annual and Other Periodic Meetings**. We will sponsor, at no charge to you and any employees you designate, any PrideStaff Annual Conventions ("**PAC**") of PRIDESTAFF® franchisees to provide continuing training, present new advertising and promotion initiatives and discuss topics of interest to the Franchise Network. We may, in our discretion, host regional meetings across the United States. You must pay any expenses that you and your employees incur to attend the annual meeting and regional meetings.

5.10 **Employment of Temporary Associates**. We will employ the Temporary Associates you recruit and hire on our behalf pursuant to Section 7.3 and you furnish to Clients. You may not hire Temporary Associates on your own behalf or on behalf of anyone else. We will determine the compensation of Temporary Associates, in consultation with you, and have the right to make all employment decisions with respect to them. We will pay all of the Temporary Associate Expenses and prepare and file all necessary payroll tax reports regarding the Temporary Associates. You must promptly provide us with any information we request, in the manner and form we specify, to enable us to perform these tasks.

5.11 **Client Relations, Billings and Collections**. You acknowledge and agree that your marketing and solicitation of Clients is on our behalf and all Client relations are ours. All contracts and other arrangements with Clients for all Temporary and Direct Hire Staffing Services provided by your Office are entered into by us or by you on our behalf. All accounts receivable and other rights to compensation or other payments (including Conversion Fees) from Clients belong to us. We will use reasonable best efforts to collect payments from Clients, but bear no liability to you, whatsoever, for any failure to collect payments. We have the right, in our sole discretion, to decide what collection efforts are reasonable in each situation. We are not obligated to take legal action against any Client unless we believe it is merited and cost-effective. We do not guarantee that any receivable amount will be collected.

5.12 Payment of Franchisee Share. We will pay Franchisee Share, as defined in Section 3.6.8 of this Agreement, plus any amounts received that were previously deducted from Franchisee Share as uncollectible and minus any Authorized Deductions, to you within fifteen (15) days after the end of each Accounting Period. We will give you periodic statements showing our application of the amounts received from your Clients.

5.13 Major Account Program. We may, in our sole discretion, institute and administer a major account program, operated according to written procedures in the Manuals, as revised from time to time, to enable the Franchise Network to accommodate the needs of Major Account Clients.

5.14 Advertising. If we set up an advertising fund, we will administer it and account for it separately on our general ledger. The purpose of any fund will be to pool our advertising money and that of our franchisees so as to promote the Trade Name and Marks. We may use the fund to pay for market research, test programs, advertising materials, media space and time for a national or regional advertising program, a referral program, major accounts program and public relations activities. The fund may also be used for advertising grants to franchisees, collectively or individually. We may use up to fifteen percent (15%) of fund money to compensate ourselves for overhead and other expenses incurred in connection with our administration of the fund. In addition, we may use the fund to compensate our marketing personnel in proportion to the time they allocate exclusively and expressly to the purposes of the advertising fund.

We will distribute to our franchisees, upon request, an annual advertising fund report that will state the total amounts of money collected and spent by the fund during the past year and list, by general category, the manner in which we spent the money. We undertake no obligation in administering any fund to make expenditures for you which are equivalent or proportionate to your contribution.

We reserve the unqualified right to decide, in our sole discretion, where, when and how advertising fund money will be spent. We maintain the right to terminate any fund at any time. The fund shall not be terminated, however, until all monies in the Fund have been expended for marketing/advertising and promotional purposes.

SECTION 6

PAYMENTS AND DEDUCTIONS

6.1 Initial Franchise Fee. When you sign this Agreement, you will pay us a standard franchise fee as follows: (a) if this Agreement is for a new franchise, $40,000 (provided, this fee will be reduced to $20,000 for a qualified military veteran), (b) if this Agreement is for a resale of an existing PrideStaff franchise, $10,000, and (c) if this is a renewal of an existing PrideStaff franchise, the amount for the renewal fee described in your existing agreement. The initial franchise fee must be paid in immediately available funds and is not refundable under any circumstances.

6.2 **Authorized Deductions**. Authorized Deductions, as defined in Section 3 of this Agreement, may, at our option, be deducted from Franchisee Share, invoiced to you separately or applied against any other money we receive from you or for your account.

6.3 **Audit**. We have the right to audit your books and records, including your computer data and tax returns, with respect to the Office during normal working hours with no advance notice. If we performed the audit because you did not provide required financial reports or employee records at the times and in the format specified in the Manuals or if the audit discloses an understatement of Net Billings of three percent (3%) or more, you must reimburse us for our expenses for the audit, including reasonable travel expenses and compensation paid to the auditor, within ten (10) days after invoice. If you do not produce all required records at the audit, any discrepancy will be construed against you.

6.4 **Application of Payments**. We may apply any payment you make to us, at our option, to any past due debt you owe us regardless of how you say the payment should be applied. We do not have to accept payments after they are due or extend credit or otherwise finance your operations, except as specifically provided in this Agreement. If you do not pay all amounts when due, we may suspend our services and support until you cure the failure. If you do not make the payment within any applicable cure period, we have good cause to terminate this Agreement.

6.5 **Supplemental Services and Related Fees**. You acknowledge and agree that your Office will accept and participate in all of the mandatory services, and may elect to accept and participate in some or all of the optional services, provided or made available by us to PrideStaff Offices, and you shall pay all fees and charges for such services in which you participate. We shall have the right periodically to (a) modify mandatory services and related fees and charges; (b) add new, or discontinue existing services; or (c) make any mandatory service optional or make any optional service mandatory; provided, however, in conjunction with any service being designated mandatory, such service shall be implemented at all, or substantially all, franchised PrideStaff Offices located in the U.S. Fees and charges shall be determined on the same basis for all franchised PrideStaff Offices that are participating in the service and may include: (a) overhead costs allocable to providing such service, including compensation of personnel directly involved in providing such services; (b) recovery of development costs for such service; (c) costs of tangible and intangible property employed in providing such service; and (d) costs of operating, maintaining and upgrading such service. You must pay such other fees and amounts set forth in this Agreement. All fees and charges that are expressly stated to be standard fees or subject to change may be changed on thirty (30) days' notice.

SECTION 7

YOUR OBLIGATIONS

7.1 **Use of Trade Name and Marks**.

7.1.1 **Context**. You may use the Trade Name and Marks only in the operation of a PRIDESTAFF® Office at an Approved Location and your right to use the Trade Name and Marks is derived solely from this Agreement and in compliance with all System standards we prescribe from time to time. You may not use any other trade name or marks in connection with your Office. If you are an entity, you must be a single purpose entity dedicated only to the operations of your business hereunder. You must sign an Assignment of Telephone Numbers, Email Addresses and URL's, in the form of Attachment 5 to this Agreement, when you sign this Agreement. You agree not to use any Trade Name or Marks as (a) part of any corporate or legal business name, (b) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), (c) in connection with the performance or sale of any unauthorized services or products, (d) as part of the domain name or other electronic address of any website or similar medium, or (e) in any other manner we have not expressly authorized in writing. You further agree not to use any Trade Name or Marks in any advertising concerning the transfer, sale or other disposition of the franchise or Office or an ownership interest in you. You agree to display the Trade Name and Marks prominently in the manner we prescribe at the Office and on forms and sales, advertising and public relations materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

7.1.2 Changes in Trade Name and Marks. We have the right in our sole discretion to change the Trade Name and Marks and their specifications. You must promptly conform, at your own expense, to any such changes, and we shall have no liability to you for any such change.

7.1.3 Advertising Materials. All advertising and promotion that you undertake must be completely truthful, conform to the highest standard of ethical advertising and comply with any applicable laws and regulations. You must submit to us copies of all promotional and advertising materials that you propose to use at least two (2) weeks before the proof approval deadline. We will review the materials within a reasonable time and will promptly notify you whether we approve or reject them. Even if we approve specified materials, we may later withdraw our approval if we believe it is necessary to make the advertising conform to changes in the System or to correct unacceptable features of the advertising. You may not use any materials that we have disapproved.

7.1.4 Legal Protection. You agree to notify us immediately in writing if you become aware of any unauthorized use of our Trade Name, Marks, or System. You must promptly notify us in writing of any claim, demand, or suit against you or against your principals in connection with your use of the Trade Name, Marks, or System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, we may select legal counsel and have the right to control the proceedings. You agree to execute any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceedings or otherwise to protect and maintain our interests in the Marks.

7.2 Quality Assurance.

7.2.1 Approved Location and Lease Negotiation. You must, on your own initiative and at your own expense, locate, lease or buy and occupy the Approved Location for your Office, which must be at a central location within your Territory. When you locate a proposed location, we will review it and decide if it is suitable, from our point of view. You must obtain our written approval of the location and proposed lease before you sign the lease. We will not withhold our approval unreasonably. We will approve or disapprove your proposed location within fourteen (14) days after you present the information described in this Section 7.2.1 to us.

To seek our approval of a location, you must advise us in writing of the street address of the proposed location and provide any additional information we request. We will base our approval of the location on general guidelines for suitable franchise premises that will be given to you in writing.

To seek our approval of the lease for the premises of the Office, you must give us a copy of the proposed lease or a lease summary. The terms of the lease must, in our reasonable opinion, not be so burdensome as to impair the operation of the Office under this Agreement, and incorporate the terms described in the Lease Provisions listed in Attachment 6 to this Agreement. You, in consultation with your professional advisors, must evaluate the lease on your own behalf.

The Office must be maintained in a safe, orderly, and clean state, presenting a businesslike appearance, and you must keep it properly staffed, furnished and identified. The Office must be open for business at a minimum from 8 A.M. to 5 P.M. Monday through Friday of each week, except for certain national holidays we may designate from time to time. You acknowledge and agree that (a) no other services other than those authorized by this Agreement may be offered or conducted from your Office; and (b) the Office must be located in a place suitable for interviewing associates and candidates and for meeting the general public and customers.

7.2.2 Initial Training Program. The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), Business Development Manager (also known as the Outside Sales Representative), and Staffing Consultant(s) must all faithfully attend all phases of the initial training program and complete it to our satisfaction, as certified by us in writing. Failure to successfully complete any aspect of the training program, as we determine in our sole discretion, constitutes grounds for immediate termination of your franchise. However, we have the right to offer you one or more remedial courses of action, such as additional training or employment of supplemental personnel, if we believe the alternative or alternatives may make it unnecessary for us to terminate your franchise. If you do not accept the alternative course of action within the time we allow, we may terminate your franchise, effective immediately.

We will furnish the initial training program at no additional charge to the Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), Staffing Consultant(s) and any other personnel you choose to have participate. Each of these personnel of the franchise is required to complete all phases of the initial training program to our satisfaction. You shall replace any person who we reasonably determine, in our sole discretion, is not qualified to manage the franchise or, at our option, pay for such additional training that we deem necessary to train such person. You will be responsible for airfare, lodging and meals related to the attendance of your personnel at the initial training program.

7.2.3 Site Development. At your own expense, you must finance, plan, construct, equip and furnish your Office according to our currently effective standards, as described in the Manuals. You must submit all construction plans and designs to us for our prior written approval, which will not be unreasonably withheld. You must take all necessary action to develop your Office in a timely manner in relationship to the Start Date stated in Section 3 or any written extension of the Start Date, which extension will not be unreasonably withheld. You must keep us fully informed about the progress of the construction and development of your Office premises.

7.2.4 Opening. You may not open the Office to the public until we authorize you in writing to begin operation. **By authorizing you to open the Office, we do not guarantee that your Office will be successful.** Success is dependent on many factors that are not within our control.

7.2.5 Compliance with Manuals. You must operate the Office in total compliance with the standards and specifications stated in the Manuals. We may make changes in our standards and specifications, in our discretion. Such changes may require the purchase of equipment, supplies, furnishings or other goods, completion of additional training by your employees, or other cost to you. You must promptly conform to the modified standards and specifications at your own expense. If there is any dispute as to the requirements of the Manuals at any point in time, the terms of our master copies of the Manuals posted on The Portal will control. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

7.2.6 Client Services. You agree to exert your best efforts to obtain and maintain Clients in accordance with this Agreement. You must use and sell all services, and only the services, that we have authorized you to use or provide. We have the right to change the authorized services in any manner that is consistent with this Agreement. You may not offer Temporary Staffing Services or Temporary-to-Hire Staffing Services of personnel whom we do not employ. You may offer staffing services relating only to the types of industries and jobs we have authorized, as outlined in our Manuals.

7.2.7 PSF Program. If you meet our eligibility standards, you may add the PRIDESTAFF FINANCIAL® Division providing Temporary Staffing Services, Temporary-to-Hire Staffing Services and Direct Hire Staffing Services of accounting and financial services personnel under the brand name of PRIDESTAFF FINANCIAL® ("**PSF**"). Our current eligibility standards, which we may modify from time to time currently include without limitations:

(a) You and your Related Parties are in compliance with all provisions of this Agreement, any other agreement between us and you, and the Manuals;

(b) Your PRIDESTAFF® Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least Fifty

Thousand Dollars ($50,000) dedicated solely to the development of the PSF Division;

(c) Your PRIDESTAFF® Office has a healthy, stable mix of Clients and business types;

(d) You employ a sufficient number of properly trained and qualified employees to operate your existing Office according to our standards;

(e) You agree to employ at least one full-time PSF Specialist, in addition to your existing staff, for the PSF Division;

(f) You have successfully completed our Training Program at PrideStaff headquarters; and

(g) You and your "PSF Specialist" successfully complete the five-day PSF Training Program at our headquarters before beginning to operate the PSF Division.

As our experience with the PSF Program develops, we may modify or supplement the eligibility requirements for the Program.

Once you have qualified for the PSF Program, its continuation depends on your remaining in Good Standing under this Agreement, including the Minimum Performance Standards stated for the PSF Program.

7.2.8 G.A. Rogers & Associates. If you meet our eligibility standards and obtain our consent, you may add a desk for providing managerial, professional, and executive level Direct Hire Staffing Services under the brand name of G.A. Rogers & Associates™. Eligibility standards for using the G.A. Rogers & Associates™ brand currently include:

(a) You and your Related Parties are in compliance with all provisions of the Franchise Agreement, any other agreement between us and you, and the Manuals.

(b) Your PrideStaff Office is financially sound and you have, in addition to the funds needed to maintain your existing operation, at least $50,000 dedicated solely to the development of the G.A. Rogers & Associates™ Office.

(c) Your PrideStaff Office has a healthy, stable mix of Clients and business types.

(d) You employ a sufficient number of properly qualified employees to operate your existing Office according to our standards.

(e) You agree to employee at least one full-time G.A. Rogers & Associates™ Recruiting Consultant, in addition to your existing staff, for the G.A. Rogers & Associates™ Office.

(f) You and your initial G.A. Rogers & Associates™ Recruiting Consultant have successfully completed our G.A. Rogers & Associates™ New Office Training Program.

(g) Subsequent G.A. Rogers & Associates™ Recruiting Consultants attend and successfully complete our G.A. Rogers & Associates™ Recruiting Consultant Training Program.

As our experience with the G.A. Rogers & Associates™ Program develops, we may modify or supplement the eligibility requirements for the Program.

Once you have qualified for the G.A. Rogers & Associates™ Program, its continuation depends on your remaining in Good Standing under this Agreement, including the Minimum Performance Standards stated for the G.A. Rogers & Associates™ Program.

7.2.9 **Unsafe Environments**. We retain the absolute right, in our sole discretion, to withhold or withdraw approval of any temporary job placement in any industry category or for any Client because of liability, risk or cost considerations. If any Client poses such risks (e.g., an unsafe work environment or frequent or severe workers compensation claims), we may, at any time, require you to stop providing service to that Client.

7.2.10 **Client Satisfaction Program**. You must maintain a high Net Promoter Score ("**NPS**"), which we will determine by conducting periodic surveys of the Clients serviced and employees hired through your Office. If your score indicates that your performance does not meet our then-current standards, as described in the Manuals, or if we receive unusual numbers of Client complaints about your Office, or if you do not meet our written standards for ensuring client satisfaction, we may, in addition to any other rights and remedies hereunder, suggest ways in which you can improve your performance. You must take immediate, effective steps to bring your operation up to our standards.

7.2.11 **Maintenance and Upgrades**. At the expiration of your three-year 24/7 next-business-day on-site repair agreement with our designated vendor of computer equipment, you must promptly purchase a renewal warranty from our designated vendor with the same or similar coverage to enable us to continue providing first line technical support to you. You agree to keep your Office premises, equipment and furnishings clean and in excellent repair. Periodically, we will ask you to upgrade the software, equipment and furnishings to meet our currently effective standards. You must promptly comply with any such request at your own expense.

7.2.12 **Professional Conduct and Best Efforts**. In all your dealings with us, Clients, Temporary Associates, Direct Hire candidates, your employees, your suppliers and others, you must adhere to the highest possible standards of professional conduct, honesty, integrity, courtesy, ethical behavior, dependability, good faith and fair dealing. You must diligently and continuously exert your best efforts to promote and enhance the Office to produce the maximum volume of sales in the manner required by this Agreement. You may not engage in any conduct that, in our reasonable opinion, may injure the goodwill associated with the Trade Name and Marks. You must do everything you can to promote and maintain the excellent reputation of the Franchise Network. You must advertise, recruit, screen, test, interview, indoctrinate and dispatch all associates in conformity with all applicable laws and the standards we establish (without regard to race, color, religion, sex, national origin, age, physical handicap) and, subject to our approval, hire all Temporary Associates and Direct Hire candidates on our behalf. We will provide information with regard to the hourly rates. You charge to federal, state and local customers solely for the purpose of ensuring compliance with statutes, ordinances and regulations and individual solicitation. A breach of this provision constitutes a material breach of this Agreement.

7.2.13 **Inspections and Investigations**. We may conduct periodic quality assurance inspections and investigations of the Office during normal business hours without prior notice. During these inspections and investigations, we have the right to view all areas of the premises, observe and videotape the operations of the Office, interview your personnel and Clients and inspect and copy any books, records, documents and computer data relating to the Office. You must cooperate with our representatives during inspections. You must promptly correct any deficiencies in your operation of which we advise you. If you do not take immediate, effective steps to bring your operation up to our standards, your failure to do so will be a material breach of this Agreement.

7.2.14 **Notification of Complaints**. You must notify us promptly if you are served with a complaint in any legal or administrative proceeding that is in any way related to the Office or if you become aware that you are the subject of any complaint to or investigation by a governmental licensing authority or consumer protection agency. You will make timely responses and attend related hearings against us arising out of this Agreement where we have a defense to the claims, and advise us promptly of the assertion and of any pertinent information of a claim. You will not employ an attorney to represent us unless expressly authorized to do so.

7.3 **Temporary Associates**. You must recruit, screen, test, interview, hire and assign Temporary Associates on our behalf according to our standards and procedures and in compliance with all applicable laws and regulations.

7.4 **Personnel**.

7.4.1 **Management**.

(a) If we (in our sole discretion) approve you to operate your Office as an Absentee Owner, then you must hire and retain a full-time Minority Owner, who must manage your Office on a full-time basis. If the Minority Owner is terminated (for whatever reason) or otherwise ceases to manage your Office on a full-time basis for any reason, then the Absentee Owner must immediately manage your Office on a full-time basis until you are able to retain a replacement Minority Owner, qualified to manage your Office on a full-time basis.

(b) If we (in our sole discretion) approve you to operate your Office as a Semi-Absentee Owner, then you must hire and retain either a full-time Minority Owner or full-time Brand Manager, who must manage your Office on a full-time basis. If the Minority Owner or Branch Manager is terminated (for whatever reason) or otherwise ceases to manage your Office on a full-time basis for any reason, then the Absentee Owner must immediately manage your Office on a full-time basis until you are able to retain a replacement Minority Owner or Branch Manager, qualified to manage your Office on a full-time basis.

(c) If you do not operate your Office, as either an Absentee Owner or a Semi-Absentee Owner, then the Majority Owner (you, or if you are a company, the person with the controlling interest in you) must personally manage your Office on a full-time basis.

(d) You must hire a full-time sales representative (outside sales) and two full-time staff members for inside sales and recruiting (Staffing Consultant and Recruiting Assistant).

7.4.2 **Employees**. You must always employ a sufficient number of properly trained and qualified employees to operate the Office according to our standards. You must see that your employees preserve good Client relations and comply with this Agreement and the Manuals.

7.4.3 **Training of Personnel**. The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager), all full-time employees and any other designated employees of your Office who participate in the operation, marketing or management of the PRIDESTAFF BUSINESS must successfully complete our initial training program within ninety (90) days after signing this Agreement. You must pay any expenses and compensation of your employees relating to attendance at the initial training program. Subsequently hired new employees must successfully complete our initial training program that we offer from time to time and which may be offered online through PrideStaff University. The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager) must also attend our annual meeting.

7.5 **Signs**. Subject to applicable law and your landlord's consent, if required, you must permanently display, at your own expense, at your business premises, signs of any nature, form, color, number, location and size, and containing any legends that we have designated in writing.

7.6 **Participation in Major Accounts Program**. If we should institute a major accounts program in the future, you must serve Major Accounts Clients at locations within your Territory according to the procedures and upon the terms described in the Manuals, as revised from time to time. A "**Major Account Client**" means "any Client that conducts its business in more than one (1) franchisee territory and that we have designated as a Major Account Client." A major account program sets procedures and policies for serving Major Account Clients, with the objective of coordinating all Offices to market their services more effectively to Major Account Clients. You must honor the agreements we make with Major Account Clients that are located within your Territory.

7.7 **<u>Cooperation in Collections</u>**. You must maintain and provide any records, make any reports, sign any documents and supply any information that we reasonably require to support our collection of Net Billings. You must monitor Client payments and observe our credit policies and procedures to minimize collection problems.

7.8 **<u>Attendance at Annual Meeting</u>**. We conduct an annual meeting to provide updates, offer continuing education, and encourage discussion of topics of importance to the Franchise Network. The Majority Owner (and, if applicable, the Absentee Owner or Semi-Absentee Owner and your Minority Owner and/or Branch Manager) must attend this meeting at your expense.

7.9 **<u>Financial Information</u>**.

7.9.1 **<u>Records</u>**. You must keep financial records of your business in the form prescribed by the Manuals for at least three (3) years. Upon our written request, you must transmit these records to us in paper or digital form, as we require.

7.9.2 **<u>Reports</u>**. You must submit to us financial reports on the income and expenses of the Office at the times and in the format specified in the Manuals, as revised from time to time. You must use the chart of accounts we provide in the manner we specify. You must buy or lease computer and communications equipment and license software that meet our written specifications to create financial reports and transmit them to us electronically. Upon our request, you must have your financial reports reviewed or audited by an independent certified public accountant.

You must submit to us, within thirty (30) days after filing, copies of all federal, state, and local income, payroll tax reports and personal property tax returns relating to the Office.

We may use this data to confirm that you are complying with your obligations under this Agreement, to formulate earnings and expense information to show to prospective franchisees and to advise you on Office operations.

7.10 **<u>Insurance</u>**.

7.10.1 **<u>Coverage</u>**. You must purchase and maintain insurance coverage in accordance with our requirements from time to time, including:

(a) workers' compensation insurance (with respect to your employees),

(b) commercial general liability insurance,

(c) automobile liability insurance for owned, hired and non-owned automobiles,

(d) blanket fidelity bond (commercial crime),

(e) personal property "SPECIAL FORM" comprehensive protection,

(f) errors and omissions (professional liability),

(g) employment practices liability insurance.

All insurance policies must contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time and name us and our Affiliates as additional insureds. We may adjust the minimum coverage requirements, exclusions and deductibles annually if necessary to reflect inflation or other changes in circumstances. We may also add additional types of insurance or coverage if we, in our reasonable discretion, determine that it is advisable.

7.10.2 **Provisions**. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days' written notice to us. It must be issued by an insurance company of recognized responsibility, be satisfactory to us in form, substance, and coverage and designate us as an additional named insured. You must deliver a certificate of the issuing insurance company evidencing each policy to us as soon as the policy is issued, amended or renewed.

7.10.3 **Other Insurance**. Your obligation to maintain the insurance coverage described in this Section will not be affected by any separate insurance we maintain, nor will our maintenance of insurance relieve you of any obligations under Section 8.5 (Indemnification) of this Agreement.

7.10.4 **Claims**. If a claim is filed or asserted, whether formally or informally, against you or us for damages caused by acts or omissions of Temporary Associates while on assignment with a Client or a Temporary Associate associated with your Office files an employment claim or complaint against you or us, then if:

(a) the claim is not covered under insurance policies we maintain or by our self-insurance,

(b) the claim has been substantiated according to our written procedures, and

(c) we determine you have fully complied with our written policies and procedures,

we will pay the claim and you must reimburse us for sixty-five percent (65%) of the cost of the claim (the amount determined to be owing plus legal expenses and costs associated with the claim).

If (a) and (b) of this section are true and (c) is not, we will pay the claim and you must reimburse us for one hundred percent (100%) of the amount determined to be owing, plus legal expenses and costs associated with the claim.

We may, at our option, deduct your reimbursement obligation under this section from Franchisee Share before forwarding it to you.

7.11 Financial and Legal Responsibility.

7.11.1 Compliance with Law. You must inform yourself about and strictly follow all federal, state and local laws and regulations relating to employment generally, unemployment insurance, workers' compensation insurance and withholding and payment of payroll taxes. You must comply with all other federal, state, and local laws and regulations relating, directly or indirectly, to your Office. You must keep current all licenses, permits, bonds, and deposits made to or required by any government agency in connection with your operation of the Office.

You acknowledge that you are responsible for compliance with all laws applicable to the franchise and we are not liable for any acts you commit as an independent franchisee. You may not discriminate against Temporary Associates or Direct Hire candidates on the basis of race, creed, color, religion, sex, sexual orientation, age, national origin, disability, marital status, military service or any other category protected by federal or applicable state law.

7.11.2 Payment of Indebtedness. You must pay promptly when due all taxes and debts that you incur in the conduct of your business, particularly debts to approved or designated suppliers. You and your Related Parties must remain current in any financial responsibilities to your lessor and to us. Default under your lease or sublease, if noncurable or if uncured within any applicable cure period, is a noncurable event of default under this Agreement.

7.11.3 Adherence to Credit Policies. You must adhere strictly to our credit policies and procedures, as described in the Manuals or otherwise in writing. If a Client maintains an unsafe work environment or generates frequent or severe workers' compensation claims, we may instruct you to discontinue service to that Client. You will bear all losses incurred because of your failure observe our credit policies or requirements. Failure to observe credit policies or requirements is a noncurable event of default under this Agreement.

SECTION 8

RELATIONSHIP OF PARTIES

8.1 Interest in Marks and System. You may not at any time do or cause to be done anything contesting or impairing our interest in our Trade Name, Marks or System. You have not been granted any rights in our Trade Name, Marks or System except for your right to use them during the term of this Agreement and according to its express terms. We retain the right to grant other franchises or licenses to use the Trade Name, Marks, and System on any terms that we would like, subject only to your rights described in Section 4 of this Agreement. Upon Transfer or Termination of this Agreement or of the Office or any of its assets, you may not attribute any amount to goodwill associated with your use of our Trade Name or Marks.

8.2 Independent Status. You are an independent contractor and must make this fact clear in your dealings with suppliers, lessors, government agencies, employees, Clients, and others.

We are not and do not agree to act as a fiduciary or trustee in our relationship with you, including in connection with the collection of payments from clients. You must rely on your own knowledge and judgment in making business decisions, subject only to the requirements of this Agreement and the Manuals. You may not expressly or implicitly hold yourself out as our agent (except as otherwise expressly provided herein), employee, partner, member, shareholder, joint venturer, or representative, nor may you state or suggest that you have the right or power to bind us or to incur any liability on our behalf. You may not use all or any part of our Trade Name as part of your legal name (corporate, limited liability company, or partnership name). You must use it as prescribed as your fictitious business name. Your legal name may not include the words "staffing," "temporary," "personnel," "placement," "recruiting," "employment," "talent," or any other word that might suggest to an insurance carrier that you are the employer of the temporary personnel you place.

8.3 Display of Statement. You must conspicuously display the sign that we provide to you that says that "THIS PRIDESTAFF® BUSINESS IS INDEPENDENTLY OWNED AND OPERATED BY [YOUR LEGAL NAME] UNDER A FRANCHISE FROM PRIDESTAFF, INC." at the Approved Location. Office cards, stationery, purchase order forms, invoices, leases, tax returns, and other documents you use in your business dealings with suppliers, lessors, government agencies, employees, and Clients must clearly identify you by name as an independent legal entity operating under a franchise from us.

8.4 Confidentiality. We possess (and will continue to develop and acquire), and will disclose to you, certain confidential information (the "**Confidential Information**") relating to the operation of PRIDESTAFF® franchises, which includes (without limitation): (1) methods, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating the Offices; (2) Our Client names and contact persons; (3) advertising and public relations programs for PRIDESTAFF® franchises; and (4) knowledge of the operating results and financial performance of the Offices. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Office during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You further acknowledge and agree that Confidential Information is proprietary, includes our trade secrets and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (a) will not use Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement; (c) will not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure thereof to your personnel and others and the use of nondisclosure agreement in the form of Attachment 7 to this Agreement with those who have access to Confidential Information.

All ideas, concepts or techniques relating to a PRIDESTAFF® Office, whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the System and deemed to be works made-for-hire for us. You and your owners agree to execute whatever assignment or other documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts or techniques.

8.5 **Indemnification**. Except as otherwise set forth in Section 7.10.4, you agree to indemnify, defend and hold us, our affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") harmless against any and all taxes described in Section 8.7 of this Section and any and all claims and liabilities directly or indirectly arising out of your breach of this Agreement or the operation of the Office, including, without limitation, your activities or any of the activities of your personnel or temporary employees under this Agreement, and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts recoverable by us or another Indemnified Party from you.

8.6 **Covenant Not to Compete**. You acknowledge and agree that we would be unable to protect our Confidential Information against unauthorized use or disclosure and unable to encourage a free exchange of ideas and information about PRIDESTAFF® franchises if franchisees were permitted to hold interests in or perform services for "**Competitive Businesses**" as defined below. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree, that during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children will: (1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located or operated; (2) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operated; or (3) recruit or hire any person who is our employee or the employee of any PRIDESTAFF® business without obtaining the prior written permission of that person's employer. You further agree, that for a period of two (2) years after Termination of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children will: (1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business operating within the Territory; (2) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business operating within the Territory; or (3) recruit or hire any person who is our employee or the employee of any PRIDESTAFF® business without obtaining the prior written permission of that person's employer. You agree to obtain the individual written agreement of each of your Related Parties to the provisions of this section in the form of Attachment 7 to this Agreement and to provide a copy to us within ten (10) days after you sign this Agreement or that party becomes associated with you, whichever is later. The two (2) year period is tolled if you fail to comply with this obligation, until by court order or otherwise, you are required to and do comply. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made herein will not deprive you or your owners of your personal goodwill or ability to earn a living.

The term "**Competitive Business**" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate, any temporary, outsourcing or permanent staffing business (other than a PRIDESTAFF® franchise operated under a franchise agreement with us).

8.7 Taxes. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon you or the Office, in connection with the operation of the franchise (except any taxes we are required by law to collect from you). We have no liability for any federal, state, local or foreign (i) payroll or property taxes, (ii) sales, use, excise, privilege, occupation or any other transactional taxes, (iii) business activity taxes, whether calculated with respect to capital, net income, gross receipts, services provided or some other basis or combination thereof, or (iv) any other taxes or similar exactions no matter how designated, whether any such amount described in clauses (i) through (iv) above is levied upon you or the Office, in connection with the operation of the franchise (except any taxes we are required to collect from you). Payment of all such taxes is your responsibility.

SECTION 9

TRANSFER OF FRANCHISE

9.1 Purpose of Conditions for Approval of Transfer. We grant this franchise in reliance on your integrity, ability, experience, and financial resources. You may not Transfer, nor effect or suffer, a Transfer unless you have first obtained our written consent. To ensure that no Transfer jeopardizes the Trade Name, Marks, or our interest in the successful operation of your Office, we will consent to a Transfer only if you comply with the provisions of Sections 9.2 through 9.4 of this Agreement.

9.2 Notice of Request to Transfer. If you would like to transfer this franchise, you must submit to us: (a) the form of franchise purchase application we currently use, completed by the prospective transferee, (b) a written notice, describing all the terms and conditions of the proposed Transfer, and (c) the transfer fee described in Section 6 of this Agreement. If we do not approve the Transfer, we will return the transfer fee to you after deducting our direct costs in connection with the proposed Transfer.

9.3 Consent by PrideStaff and Right of First Refusal. We must respond in writing to your written notice within fifteen (15) days after receiving it, or, if we request additional information, within the later date of fifteen (15) days after receipt of the additional information or the final day of the original fifteen- (15-) day period. We may either consent in writing to the Transfer, state in writing our reason for refusing to consent, or purchase the Office from you ourselves on the same terms and conditions as those offered by the third party, provided that (1) We may substitute cash for any form of payment proposed in such offer; (2) Our credit will be deemed equal to the credit of any proposed purchaser; (3) We will have not less than ninety (90) days after giving notice of its election to purchase to prepare for closing; and (4) We are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to: (a) ownership and condition of and title to stock or other forms of ownership interest and/or assets; (b) liens and encumbrances relating to the stock or other ownership interest and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you will be bound by the noncompetition covenant contained in Section 8.6 hereof. You and your selling owner(s) further agree that you will abide by the restrictions of Section 9.4(i) of this Agreement. If we do not exercise our right of first refusal, you and your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided herein, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or the notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option. Silence is not consent. If we consent to the Transfer, then you may transfer the interest described in the notice only to the named transferee and only on the terms and conditions stated in the notice. Our consent to a particular Transfer will not be consent to any other or subsequent Transfer.

9.4 Conditions for Consent to Transfer. Our consent to your Transfer will not be unreasonably withheld, but it will be subject to certain conditions, including, but not limited to:

(a) Our determination, based on the information that you submit and any other information available, that the proposed transferee meets all of the criteria of character, business experience, financial responsibility, net worth, working capital and other standards that we customarily apply to new franchisees at the time of Transfer;

(b) Payment of all your outstanding debts to us and complete reimbursement of any broker's or finder's fee we incurred for referral of your proposed transferee to us;

(c) Cure of all other defaults under this Agreement, any other agreement(s) between us and you or your Related Parties, and the Manuals of which you have been notified;

(d) At our sole option, (i) the transferee signing an assignment and assumption agreement acceptable to us; or (ii) the transferee signing the then-current form of standard franchise agreement, (and the transferee's Related Parties signing of required ancillary agreements) in conjunction with you and we signing a mutual termination agreement on terms we deem appropriate);

(e) Completion by the transferee of our initial training program to our satisfaction;

(f) Signing by you and your Related Parties of a general release of claims in a form satisfactory to us against us in the form of Attachment 3 to this Agreement of our officers, directors, employees, and agents;

(g) Our determination, based on our review of the proposed purchase agreement or notice, that the financial terms of the agreement and any financing of the sale will not be so burdensome as to adversely affect the operation of the Office and that the proposed purchase agreement otherwise provides for fulfillment of all obligations;

(h) The proposed transferee agreeing to pay a resale franchise fee in an amount equal to twenty-five percent (25%) of our then current standard initial franchise fee and payable on closing of the transfer;

(i) You and your transferring owners (and spouses and children) have agreed to a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the Transfer, by the restrictions contained in Section 8.6 hereof and not to solicit clients or Temporary Associates;

(j) You and your transferring owners have agreed that you will not directly or indirectly at any time or in any manner (except with respect to other PRIDESTAFF® franchises you own and operate) identify yourselves or any business as a current or former PRIDESTAFF® franchise, or as one of our licensees or franchisees, use any Mark, any colorable imitation thereof or other indicia of a PRIDESTAFF® franchise in any manner or for any purpose or utilize for any purpose any Trade Name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us;

(k) You will provide copies to us of all written materials you provide to the transferee; and

(l) Your opening an escrow for the franchise Transfer to ensure fulfillment of the conditions for Transfer listed above and providing us with evidence that this has been done. The escrow holder may be an escrow company or the attorney for one of the parties.

9.5 Assignments Not Treated as Transfers. The Transfer provisions described in Sections 9.2 through 9.4, above do not apply to an assignment by you, as an individual, to a business entity in which you retain all of the voting rights and equity interests and obtain our prior written consent to the assignment. We will consent to an assignment of this type only if you fulfill all of the following conditions:

(i) You advise us in writing of the proposed Transfer and send us a copy of the assignee's organizational documents, a list of names of the assignee's owners together with a statement of percentage of ownership and a copy of the document giving you a legal right and obligation to manage the Office.

(ii) You sign a guarantee of the obligations of the assignee under this Agreement.

(iii) The transferee signs the then-current franchise agreement for the remainder of the term and, amended to eliminate the initial franchise fee.

9.6 Change of Ownership Upon Death or Total Disability. If you or the Majority Owner dies or becomes totally disabled while this Agreement is in effect, your heirs, successors or beneficiaries will have ninety (90) days within which to show to our satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth, and other standards that we require of new franchisees at that time. If we approve your heirs, successors or beneficiaries as transferees of the franchise, we will waive any transfer fee in connection with the Transfer. If we advise your heirs or beneficiaries in writing that we do not approve them as transferees of the franchise, or if we do not approve or disapprove the Transfer to your heirs or beneficiaries within ninety (90) days following your death or total disability, your heirs or beneficiaries may have one hundred eighty (180) additional days from the date of disapproval of the Transfer or the end of the ninety (90) day period, whichever is first, within which to find and notify us of a proposed Transfer to a qualified transferee approved by us in writing. If your heirs or beneficiaries do not advise us of a qualified transferee within the specified period, the franchise will automatically terminate at the end of that period unless we have granted a written extension of time.

9.7 Assignment by PrideStaff. We may assign this Agreement or any rights or obligations created by it without your consent and it will inure to the benefit of any transferee or other legal successor to our interest herein. You acknowledge that, upon such an assignment, we will be released from any future liability under this Agreement.

SECTION 10

TERMINATION OF FRANCHISE

10.1 Termination by Consent of the Parties. The parties may terminate this Agreement by mutual written consent.

10.2 Termination by PrideStaff.

10.2.1 Notice of Default. This Agreement will terminate effective one hundred (180) days after written notice is given to you for a default described in subsection (a) below. This Agreement will terminate effective thirty (30) days after written notice of default is given to you if any of the defaults described in subsections (b) through (e) below has not been cured. This Agreement will terminate effective five (5) days after written notice is given to you if the default described in subsection (f) below has not been cured. This Agreement will terminate effective immediately when written notice is given to you if any of the defaults described in subsections (g) through (s) below occurs.

10.2.2 Acts of Default. Upon the occurrence of any of the following defaults, at our option and subject to the notice requirements in Section 10.2.1, we may terminate this Agreement:

(a) If you do not meet the Minimum Performance Standard in any Agreement Year, as set forth in Section 4.6.

(b) If you do not submit to us in a timely manner any information or report we require you to submit under this Agreement or if you do not provide us with complete and accurate Net Billings reports or if you do not provide to us regular, timely evidence that you are maintaining all insurance of the nature and in the minimums you are required to maintain under this Agreement.

(c) If you do not begin operation of an Office by the Start Date of this Agreement or if you operate your Office in a manner that does not conform to this Agreement and the Manuals or if you operate outside your Territory without our prior written consent or if you do not stop operating outside your Territory upon receiving written notice that we have withdrawn our consent.

(d) If you default in any material respect in the performance of any obligation under this Agreement not otherwise described in this list of defaults.

(e) If your Office is operated with an Absentee Owner or Semi-Absentee Owner, and you fail to meet any obligations under Sections 7.4.1(a) or (b).

(f) If you fail to make any payment when due under this Agreement or any other agreement between you or your Related Party and us or our Related Party.

(g) If you fail to successfully complete the initial training program and we conclude, in our sole discretion, that you are unable or unwilling to do so.

(h) If you misuse the Trade Name, Marks or the System or engage in conduct that reflects materially and unfavorably on the goodwill associated with them or if you use in your Office any names, marks, systems, logotypes, or symbols that we have not authorized you to use.

(i) If you or any of your Related Parties has any direct or indirect interest in the ownership or operation of any business that is confusingly similar to any Office or that uses the System or the Marks without authorization from us, or if you fail to give us a signed copy of the nondisclosure and noncompetition agreement of each of your Related Parties within ten (10) days after that party becomes a Related Party.

(j) If you or your Related Party attempt to assign your rights under this Agreement or to transfer the Office in any manner not authorized by this Agreement.

(k) If you or your Related Party has made any material misrepresentation in connection with the acquisition of an Office or to induce us to enter into this Agreement, or if you bill a Client directly or if you retain payments made to you by a Client rather than immediately forwarding them to us, or if you knowingly keep false books or intentionally make false financial reports or make any other material misrepresentation in the operation of the Office.

(l) If any other agreement between you or your Related Party and us is terminated because of your material default.

(m) If you act without our prior written approval or consent in regard to a matter for which this Agreement expressly requires our prior written approval or consent.

(n) If you stop operating the Office for a week or more without our prior written consent or under circumstances that lead us to the reasonable conclusion that you do not intend to resume operation.

(o) If you commit a material default and we have twice previously given you written notice of the same type of default within the preceding twelve (12) months, even if you have cured the defaults.

(p) If we make a reasonable determination that the continued operation of the Office will pose a threat to public safety;

(q) If you become insolvent;

(r) If you are convicted of criminal misconduct that is relevant to the operation of the Office or any felony; or

(s) If you fail on three or more separate occasions within any period of twelve (12) consecutive months, after receipt of written notice thereof to comply with this Agreement, whether or not such failures to comply were corrected after written notice was delivered.

10.3 Rights and Obligations After Termination. Upon Termination of this Agreement for any reason, you will have the following rights and obligations:

(a) If you are the employer of record for any Temporary Associates, we may, at our option, identify those Temporary Associates that we select to continue to service our Clients, and you must terminate such Temporary Associates' employment with you and make such Temporary Associates available to us.

(b) Immediately upon Termination, you must send to us, by overnight delivery or as otherwise arranged with us, all payroll, tax and employment records in your possession concerning our employees who are or have been Temporary Associates furnished to Clients by your Office. If you fail to provide us with a trackable waybill showing that have complied with this provision within two (2) business days after Termination, we have a right, without posting a bond, to obtain an injunctive order enforcing this provision.

(c) You must give us a final accounting for the Office, pay us within thirty (30) days after Termination all payments due to us, and return the Manuals, marketing materials, proprietary forms, software, videotapes and any other property belonging to us or containing proprietary information.

(d) Upon our written request, you must immediately and permanently stop using the Marks or any confusingly similar marks, the System, and any advertising, signs, stationery, or forms that bear identifying marks or colors that might give others the impression that you are operating an Office.

(e) You must promptly sign any documents and take any steps that in our judgment are necessary to delete your listings from classified telephone directories, disconnect or, at our option, assign to us any telephone numbers that have been used in connection with the Office, and terminate all other references that suggest you are or ever were associated with us. By signing this Agreement, you irrevocably appoint us your attorney-in-fact to take the actions described in this paragraph if you do not do so yourself within seven (7) days after this Agreement is terminated.

(f) You must maintain all records we require you to maintain under this Agreement for not less than six (6) years after final payment of any money you owe to us when this Agreement is terminated.

(g) We have the right to buy any or all of the Office assets from you, during sixty (60) days following the effective date of Termination, upon the following terms:

(i) The physical assets of the Office, including its equipment, supplies and inventory, during sixty (60) days following the effective date of Termination, valued at the lower of depreciated cost or fair market value. We must send written notice to you within thirty (30) days after Termination of this Agreement if we elect to exercise the option to purchase these assets. If the parties do not agree on a price for the physical assets within the option period, the option period may be extended for up to fifteen (15) business days to permit an appraisal by an independent ASA (American Society of Appraisers) Accredited Senior Appraiser in the discipline of Office Valuation that we select. The appraiser's determination of value will be final and binding on both us and you.

(ii) Upon our request, you must give us copies of the leases for any equipment used in the Office and allow us the opportunity, at a mutually satisfactory time, to inspect the leased equipment. We must advise you of our wish to assume any equipment lease within fifteen (15) days after we have received the information and/or inspected the equipment. We may assume any equipment lease in consideration of our assumption of future obligations under the lease. Upon our exercise of this option, we will indemnify you against future rents and other future liabilities under the equipment lease, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iii) If you rent the premises of the Office, we may assume the lease in consideration of our assumption of future obligations under the lease. Upon our assumption of the lease, we will indemnify you against future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when we assume the lease.

(iv) If we elect to buy all of the assets of the franchised Office described in subsections (i), (iii) and (iv) of this Agreement, payment for the franchised business may be made by our promissory note, payable in forty-eight (48) equal monthly payments. Interest will be payable at the rate of eight percent (8%) per year. There will be no prepayment penalty. We may offset against the total price for the business any amounts we must advance to the landlord or trade vendors to cure your pre-Termination defaults and to bring your equipment and premises up to our current standards as well as any money you owe us at Termination.

(v) If we elect to buy all of the assets of the franchised Office described in subsections (i), (iii) and (iv) of this Agreement, we have the right to immediate possession and may seek provisional relief from any court of competent jurisdiction to enforce this right. Until such time as the purchase price for the business has been determined as described above and the purchase has been concluded, we will operate the business on your behalf. During any such interim period, we have the right to use the proceeds of the business to pay a reasonable salary to the manager we place in the premises, to meet your payroll obligations and to pay trade debts as they arise. In addition, we may make any necessary repairs to the business assets and premises, advancing the funds against the ultimate purchase price if the current income is insufficient. We will deliver the excess of income over expenses to you when the purchase is concluded.

(vi) If there is any dispute between the parties regarding the purchase and the rights and obligations described in this subsection, the prevailing party will be entitled to attorney's fees and costs incurred in resolving the dispute, as determined by the arbitrator.

(h) If the franchise granted in this Agreement is terminated because of either party's material default, the rights described in this Section may not necessarily be the injured party's exclusive remedies, but will instead supplement any other equitable or legal remedies available.

(i) Termination of this Agreement will not end any obligation of either party that has come into existence before Termination. All obligations of the parties that by their terms or by reasonable implication are to be performed in whole or in part after Termination will survive Termination.

10.4 Non-Solicitation of Clients. You acknowledge and agree that the Clients are PrideStaff's clients. Accordingly, for two (2) years after the termination of this Agreement, you agree that you will not, directly or indirectly or by action in concert with others, solicit, induce or influence or seek to solicit, induce or influence any Client or prospective Client with whom you did business during your relationship with PrideStaff for the purpose of promoting or selling any products or services that are competitive with those offered by PrideStaff and its franchisees.

10.5 <u>Non-Solicitation of Temporary Associates and Others</u>. You acknowledge and agree that the Temporary Associates are PrideStaff's employees. Accordingly, for two (2) years after the termination of this Agreement, you will not, directly or indirectly or in concert with others, furnish to or for the benefit of any competitor of PrideStaff, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any Temporary Associate, or any person who is employed or engaged as an account representative or staffing consultant by PrideStaff or by any other franchisee of PrideStaff. In addition, for two (2) years after the termination of this Agreement, you will not, directly or indirectly or by action in concert with others, solicit, induce or influence, or seek to solicit, induce or influence any Temporary Associate or any person who is employed by or engaged as an account representative or staffing consultant by PrideStaff or by any other franchisee of PrideStaff to terminate his or her employment or engagement.

10.6 <u>Final Payment of Franchisee Share</u>. After you comply with all of your post termination obligations under this Agreement (including, without limitation, your non-competition and non-solicitation obligations, your obligation to provide to us a final accounting and pay all receivables due to us for services provided through the Office) and after we take all Authorized Deductions, we will then make the final payment of your Franchisee Share to you. For the avoidance of doubt, we may offset against your Franchisee Share any amounts that you owe to us under this Agreement or otherwise.

SECTION 11

MISCELLANEOUS PROVISIONS

11.1 <u>Construction of Contract</u>. Section headings in this Agreement are for reference purposes only and will not in any way modify the statements contained in any section of this Agreement. Each word in this Agreement may be considered to include any number or gender that the context requires. If there is any conflict between this Agreement and the Manuals, this Agreement will control.

11.2 <u>Governing Law</u>. This Agreement will be governed by and interpreted under the laws of the state in which the Territory is predominantly located, with the following exceptions: (a) the arbitration clause will be exclusively governed by and construed in accordance with the Federal Arbitration Act, and (b) trademark rights will be governed by and construed in accordance with the Lanham Act.

11.3 <u>Notices</u>. The parties to this Agreement should direct any notices to the other party at the address below that party's name on the final page of this Agreement or at another address if advised in writing that the address has been changed. Notice may be delivered by facsimile, email, delivery service or first class mail. Notice by facsimile or email will be considered delivered upon transmission (with confirmation of receipt), by delivery service, upon delivery or attempted delivery (with proof of delivery or attempted delivery), and by first class mail, three days after posting. Notice of Termination or nonrenewal will be given by a receipted form of delivery and simultaneously mailing of a notice by first class mail. Notice by delivery service will be effective even if the recipient does not sign the receipt or otherwise accept delivery.

11.4 Amendments. This Agreement may be amended only by a document signed by all of the parties to this Agreement or by their authorized agents.

11.5 Waiver. Waiver of any breach of this Agreement may not be interpreted as a waiver of any other or subsequent breach.

11.6 Integration. This Agreement and any exhibits or attachments to it are the entire agreement between the parties concerning the franchise it grants. All other agreements and representations, other than the representations in the disclosure document, are superseded by it. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

11.7 Negotiation and Mediation.

11.7.1 Agreement to Use Procedure. The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. They agree that, if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first attempt to negotiate a settlement and, if either party files a mediation proceeding, participate in the mediation. Good faith participation in these procedures to the greatest extent reasonably possible is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

11.7.2 Initiation of Procedures. The party that initiates these procedures must give written notice to the other party, describing in general terms the nature of the dispute, specifying the initiating party's claim for relief, and identifying one or more people with authority to settle the dispute for him, her, or it. The party receiving the notice has ten (10) days within which to designate by written notice to the initiating party one or more people with authority to settle the dispute on the responding party's behalf.

11.7.3 Direct Negotiations. The parties may investigate the dispute as they consider appropriate, but agree to meet in person, by prearranged teleconference, or by video conference within fourteen (14) days from the date of the initiating party's written notice to discuss resolution of the dispute. The parties may meet at any times and places and as often as they agree.

11.7.4 Mediation. If the dispute has not been resolved within thirty (30) days after the initial meeting, either party may, at its option, begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association ("**AAA**") in Fresno, California, except that the mediator must have been a member of the American Bar Association's Forum on Franchising for at least five (5) years. If the AAA is unable to provide a list of mediators that meet this requirement on its panel of mediators, it must look to its panel of arbitrators and, if necessary, beyond the panel or outside the area for mediators. Either party may also suggest a mediator, subject to approval by the other party.

11.8 Arbitration. All controversies, disputes or claims between us and our shareholders, officers, directors, agents and employees and your (your owners, guarantors, affiliates and employees, if applicable) arising out of or related to: (1) this Agreement or any other agreement between you and us or any provision of any such agreement; (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you and us or any provision of any such agreement (including the validity and scope of the arbitration obligations under this Section, which the parties acknowledge is to be determined by an arbitrator and not a court); or (4) any System Standard relating to the establishment or operation of the business will be submitted for arbitration to be held at a suitable location chosen by the arbitrator which is within ten (10) miles of our then existing principal business address on demand of either party and, except as otherwise provided in this Agreement, will be heard by one arbitrator in accordance with the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Section 1 et seq.) and not by any state arbitration law.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or, except as otherwise provided in Section 11.18, to award exemplary or punitive damages (we and you hereby waiving to the fullest extent permitted by law, except as expressly provided in Section 11.18 below, any right to or claim for any punitive or exemplary damages against the other). The award and decision of the arbitrator will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Section 11.10.

We and you agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between us and our shareholders, officers, directors, agents and employees and you (and/or your owners, guarantors, affiliates and employees, if applicable) may not be consolidated with any other arbitration proceeding between us and any other person, corporation or partnership. Notwithstanding the foregoing or anything to the contrary in this Section or Section 11.1, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 11.8, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Section 11 (excluding this Section 11.8).

Notwithstanding anything to the contrary contained in this Section, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that we and you must contemporaneously submit their dispute for arbitration on the merits as provided herein. The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11.9 Limitation of Actions. Neither party may maintain any action or proceeding against the other party unless (a) to the greatest extent possible in light of the conduct of the other party, the party makes a good faith effort to follow the negotiation and mediation procedures described above, and, except in regard to non-waivable statutory claims, (b) files an arbitration petition within one (1) year after the party knows or should know the facts on which the claim is based.

11.10 Attorney Fees. If either we or you seek to enforce the terms and conditions of this Agreement in an arbitration, judicial or other proceedings, the prevailing party shall be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees, and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses) incurred in connection with such arbitration, judicial or other proceeding.

11.11 Business Judgement. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made or our right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions could have been made by us; (2) our decision or the action we take promotes our financial or other individual interest; (3) our decision or the action we take applies differently to you and one or more other franchisees or our company-owned operations; or (4) our decision or the exercise of our right or discretion is adverse to your interests. In the absence of an applicable statute, we will have no liability to you for any such decision or action. We and you intend that the exercise of our right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

11.12 Severability and Substitution of Provisions. Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

11.13 **<u>Exercise of Rights</u>**. The rights of the parties hereunder are cumulative and no exercise or enforcement by either party of any right or remedy hereunder shall preclude the exercise or enforcement by such party of any other right or remedy hereunder which such party is entitled to enforce by law. If you commit any act of default under any agreement or this Agreement for which we exercise our right to terminate this Agreement, you shall pay to us the actual and consequential damages we incur as a result of the premature termination of this Agreement. You acknowledge and agree that the proximate cause of such damages sustained by us is your act of default and not our exercise of our right to terminate. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of such right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying such breach or violation is provided to the other party within twenty four (24) months after the date of such breach or violation.

11.14 **<u>Approvals and Consents</u>**. Whenever this Agreement requires the approval or consent of either party, the other party shall make written request therefor, and such approval or consent shall be obtained in writing; provided however, unless specified otherwise in this Agreement, such party may withhold approval or consent, for any reason or for no reason at all. Furthermore, unless specified otherwise in this Agreement, no such approval or consent shall be deemed to constitute a warranty or representation of any kind, express or implied, and the approving or consenting party shall have no responsibility, liability or obligation arising therefrom.

11.15 **<u>Approval and Guaranties</u>**. If you are a corporation, all officers and shareholders with a ten percent (10%) or greater interest in you, or, if you are a partnership, all your general partners, or, if you are a limited liability company, all your members must approve this Agreement, permit you to furnish the financial information we require, and agree to the restrictions placed on them, including restrictions on the transferability of their interests in the franchise and the Office and limitations on their rights to compete, and sign separately written guaranties of your payments and performance in the form of <u>Attachment 8</u> to this Agreement.

11.16 **<u>Acceptance by PrideStaff</u>**. This Agreement will not be binding on us unless and until it has been signed by our Senior Vice President of Franchise Development, Paula Pizarro.

11.17 **<u>Our Representations</u>**. WE MAKE NO REPRESENTATIONS OR PROMISES OF ANY KIND EXCEPT THOSE SPECIFICALLY STATED IN THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT THAT HAS BEEN DELIVERED TO YOU. WE DO NOT GUARANTEE THAT YOU WILL SUCCEED IN THE OPERATION OF YOUR PRIDESTAFF® BUSINESS. WE ARE NOT A FIDUCIARY AND HAVE NO SPECIAL RESPONSIBILITIES BEYOND THE NORMAL RESPONSIBILITIES OF A SELLER IN A BUSINESS TRANSACTION.

11.18 **<u>WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL</u>**. EXCEPT WITH RESPECT TO FRANCHISEE'S OBLIGATION TO INDEMNIFY US PURSUANT TO

SECTION 8.5 AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND OUR RESPECTIVE OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS, PROVIDED WE SHALL HAVE THE RIGHT TO RECOVER CONSEQUENTIAL DAMAGES. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

11.19 Receipt of Franchise Disclosure Document and Agreement. You acknowledge having received our franchise disclosure document and this Agreement, with all blanks completed, within the time periods required by applicable law.

11.20 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

> No statement, questionnaire or acknowledgment signed or agreed by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS TO THE PROVISIONS OF THIS AGREEMENT, the undersigned have signed it on the date stated in Section 1.

FRANCHISOR

PRIDESTAFF, INC.

Date:________________________________ By:______________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:______________________________ ____

Dated:______________________________ ____

____

____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company: **FRANCHISEE**

Company Name: ____

Date________________________________ By:____________________________________

Name: ____
Title: ____

Franchisee Address: ____

____

____

STATE SPECIFIC ADDENDUM TO PRIDESTAFF FRANCHISE AGREEMENT

SECTION 1

INTRODUCTION

This Addendum (Addendum) is effective on the same date as the Franchise Agreement (Agreement) to which it is attached. The parties to the Addendum are the parties to the Agreement. The purpose of this Addendum is to modify certain clauses of the standard Agreement to meet the requirements of regulatory agencies for franchisees who live in or have their territories in the States of Illinois, Maryland, Minnesota, New York or North Dakota.

SECTION 2

AGREEMENT

The parties agree as follows:

2.1 Illinois.

2.1.1 Governing Law. Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

2.1.2 Jurisdiction and Venue. 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.

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

2.1.4 Release of Claims. 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.

2.2 Maryland. The following provisions apply to you if you are a resident of Maryland or if the Territory is to be located in Maryland:

2.2.1 Releases. Sections 4.5.2(d) entitled "Renewal" and 9.4(f) entitled "Conditions for Consent to Transfer" of the Agreement are amended by adding the following language:

> However, such general release will not apply to claims arising under, and to the extent prohibited by, the Maryland Franchise Registration and Disclosure Law.

2.2.2 Minimum Performance Standards. Section 4.6 entitled "Minimum Performance Standards" is amended by adding the following language:

> The general release required as a condition of sale shall not apply to any liability under, and to the extent prohibited by, the Maryland Franchise Registration and Disclosure Law.

2.2.3 Arbitration. Section 11.8 of the Agreement is amended by adding the following language:

> The Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2.2.4 Limitation of Actions. Section 11.9 of the Agreement is amended by adding the following language:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.2.5 Representations. The following language is added as a new Section 1.16 of the Agreement:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2.3 Minnesota. The following provisions apply to you if your State is Minnesota:

2.3.1 Special Release of Claims. The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under Minn. Stats. Chapter 80C. is a non-waivable statutory claim.

2.3.2 Notice and Cure Periods. The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

2.3.3 Trademarks. The following language is added to Section 7.1.4 of the Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, PrideStaff will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits or demands regarding your use of the Marks, in accordance with Minn. Stat. Section 80C.12. Subd.1(g).

2.3.4 Limitation of Actions. Section 11.9 (Limitation of Actions) of the Agreement says that, except as to non-waivable statutory claims, neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within one (1) year after the party knows or should know the facts on which the petition is based. Any claims arising under Minn. Stats. Section 80C may be brought for three (3) years after the cause of action accrues. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2.3.5 Arbitration Venue. Section 11.8 (Arbitration) of the Agreement requires binding arbitration of any dispute. The arbitration will occur in a state other than Minnesota, with costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Under Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400J, this section may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

2.4 New York. The following provision applies to you if your State is New York:

2.4.1 Special Release of Claims. The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Claims arising under Section 33 of the General Office Law of the State of New York are non-waivable statutory claims.

2.5 North Dakota. The following provisions apply to you if your State is North Dakota:

2.5.1 Special Release of Claims. The following is added to the end of Section 4.5 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2.5.2 Covenant Not to Compete. The following is added to the end of Section 8.6 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

2.5.3 Arbitration Venue. Section 11.8 (Arbitration) of the Agreement provides that disputes will be arbitrated in California. This requirement is deleted from the Agreement.

2.5.4 Limitation of Actions. The following is added to the end of Section 11.9 (Limitation of Actions) of the Franchise Agreement:

> The statutes of limitations under North Dakota Law apply with respect to claims arising under the North Dakota Franchise Investment Law.

2.5.5 Waiver of Punitive Damages, Jury Trial. To the extent required by the North Dakota Franchise Investment Law, Section 11.18 of the Franchise Agreement is deleted.

2.6 Washington. The following provisions apply to you if your State is Washington:

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

2.6.2 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.

2.6.3 Dispute Resolution. 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.

2.6.4 Releases. 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.

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

2.6.6 Non-Competition. 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.

2.6.7 Non-Solicitation. 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.

SECTION 3

INCORPORATION OF FRANCHISE AGREEMENT

The terms and conditions of the Agreement are incorporated into this Addendum by reference except to the extent that they conflict with the terms and conditions of this Addendum. If there is a conflict, the terms and conditions of this Addendum will govern.

IN WITNESS TO THE FOREGOING, the parties to this Addendum sign and deliver it.

FRANCHISOR

PRIDESTAFF, INC.

Date:______________________________ By:____________________________________
Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:______________________________ ____________________________________
____

Dated:______________________________ ____________________________________
____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

EAST\200266145.3

Sign here if Franchisee is a company: **FRANCHISEE**

Company Name: ____

Date________________________________ By:_____________________________________

Name: ____

Title: ____

Franchisee Address: ____

____

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

TERRITORY

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

DESIGNATION OF APPROVED LOCATION

Franchisee: ____
Date of Franchise Agreement: ____________________________________
Proposed Location: ____

Franchisee submits the proposed location described above to PrideStaff, Inc. ("**PrideStaff**"), for approval as its Approved Location under the franchise agreement referenced above. Upon PrideStaff acceptance of the proposed location by signing below, this Designation of Approved Location will supplement the franchise agreement referenced above and will be subject to all of its terms.

Sign here if Franchisee is an individual:

FRANCHISEE

Dated:______________________________ ____

Print Name: ____

Sign here is Franchisee is a company.

FRANCHISEE

Print Company Name: ____

Date________________________________ By:____________________________________

Print Name: ____
Print Title: ____

PrideStaff accepts the location described above.

FRANCHISOR

PRIDESTAFF, INC.

Date:______________________________

By:__________________________________
Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

**ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________**

SPECIAL RELEASE OF CLAIMS

This Special Release of Claims is signed on ____________________ [date], at Fresno, California, by ________________________________ [name of releasor], referred to in this Release as "**Releasor**," in favor of PrideStaff, Inc., referred to in this Release as "**Releasee**."

R E C I T A L S

This Release is made and delivered with reference to the following facts:

A. Releasee and Releasor are parties to a PRIDESTAFF® franchise agreement dated _______________ (the "**Franchise Agreement**").

B. Releasor would like to transfer the Franchise Agreement and the franchised business operated under it to a transferee described in the accompanying documents

–OR–

C. Releasor would like to renew the Franchise Agreement.

D. Releasee is willing to consent to Releasor's request on condition that Releasor meets the conditions for consent stated in the Franchise Agreement. One of these conditions is that Releasor must sign a release of claims in favor of Releasee.

E. For the above-described consideration, the value and adequacy of which Releasor acknowledges, Releasor signs and delivers this Release.

RELEASE

1. Releasor, on behalf of Releasor and Releasor's Related Parties, as the term "Related Parties" is defined in the Franchise Agreement, now and forever releases and discharges PrideStaff, Inc., and its successors, attorneys, insurers, brokers, principals, officers, directors, shareholders, partners, agents, employees, and contractors, from any and all claims, demands, losses, expenses, damages, liabilities, actions, and causes of action of any nature, **except for non-waivable statutory claims,** that in any manner arise from or relate to the franchise relationship described above.

2. This Release extends to and includes any and all claims, liabilities, injuries, damages, and causes of action, **except for non-waivable statutory claims**, that the parties do not presently anticipate, know, or suspect to exist, but that may develop, accrue, or be discovered in the future. RELEASOR EXPRESSLY WAIVES ALL RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of signing the release, which if known by him must have materially affected his settlement with the debtor." Releasor represents

and warrants that Releasor has considered the possibility that claims, liabilities, injuries, damages, and causes of action that Releasor does not presently know or suspect to exist in Releasor's favor may develop, accrue, or be discovered in the future, and that Releasor voluntarily assumes that risk as part of the consideration received for this Release.

3. Releasor covenants and agrees that Releasor will not make, assert, or maintain any claim, demand, action, or cause of action that is discharged by this Release against any Releasee named or described in this Agreement. Releasor agrees to indemnify, defend, and hold each Releasee named or described in this Release, and their successors in interest, harmless against any claim, demand, damage, liability, action, cause of action, cost, or expense, including attorney fees, resulting from a breach of the covenant contained in this paragraph.

I, the undersigned, have read this Release and understand all of its terms. I sign it voluntarily and with full knowledge of its significance.

Date:______________________________ ___________________________________
[Signature of Releasor]

____
[Print name of Releasor]

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

FRANCHISE SOFTWARE
USER AGREEMENT

1. **License**. PrideStaff, Inc. ("**PrideStaff**"), grants to Franchisee a nontransferable, nonexclusive, limited right to use certain customized Bullhorn Staffing and skills testing software ("**Software**") as instructed by PrideStaff unless this Agreement is earlier terminated for material breach.

2. **Payment**. In return for the fees specified in the franchise agreement signed by Franchisee, PrideStaff grants to Franchisee the right to use the Software as PrideStaff instructs. Franchisee understands and agrees that a separate user agreement must be signed and a separate copy of the Software must be obtained for each user of the Bullhorn Staffing software.

3. **Proprietary Information**. The original and all copies of the Software and related materials, whether copyrighted or patented, will be considered confidential and proprietary information of PrideStaff, and will be and remain the sole property of PrideStaff's licensor. Franchisee agrees to maintain the confidential and proprietary information in strict confidence. Franchisee agrees to take all reasonable steps to safeguard the confidential and proprietary information from unauthorized disclosure, theft, and third party access.

The Software may not be sold, leased, assigned, sublicensed, or otherwise transferred, in whole or in part, unless otherwise permitted in writing by PrideStaff. Franchisee will not copy, modify, disassemble, decompile, or otherwise misuse the Software.

4. **Software Support**. PrideStaff will provide limited Software support ("**Support**"). PrideStaff may, at its discretion, discontinue Support at any time.

5. **Software "As Is"**. Franchisee understands that the Software provided under this Agreement is provided on an "as is" basis. Franchisee further understands and acknowledges that PRIDESTAFF MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THIS SOFTWARE, INCLUDING ITS QUALITY, PERFORMANCE, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL PRIDESTAFF BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE.

6. **Termination**. Franchisee agrees that if either party terminates a franchise agreement for an Office, any Software license used at the Office will be terminated immediately.

Upon termination of this license, use of the licensed Software must be discontinued, and the license and rights granted under this Agreement will expire and Franchisee will have no further rights or access to the Software. Franchisee must return or destroy, in PrideStaff's sole discretion, all copies of Software or related documentation.

7. **Changes**. Franchisee agrees to make all changes and upgrades (including, replacing Software with new software) required by PrideStaff immediately upon our notice.

8. **Consequential Damages**. In no event will either party be liable to the other for the payment of any incidental or consequential damages.

9. **Severability**. The invalidity, in whole or in part, of any provision of this Agreement will not affect the validity of any of its other provisions.

10. **Assignment**. Neither party will assign or subcontract part or all of its responsibilities under this Agreement, or any interest in it, without the other party's prior written consent, except that PrideStaff may assign this Agreement to any affiliate or subsidiary of PrideStaff without Franchisee's consent. Franchisee acknowledges that, upon any such assignment, PrideStaff will be released from any future liability under this Agreement.

11. **Waiver**. The failure of either party to insist on strict performance of any of the provisions of this Agreement or to exercise any right it grants will not be construed as a relinquishment or future waiver, rather, the provision or right will continue in full force. No waiver of any provision or right will be valid unless it is in writing and signed by the party giving it.

12. **Accumulation of Remedies**. All remedies available to either party for breach of this Agreement are cumulative and may be exercised concurrently or separately, and the exercise of any one remedy will not be considered an election of the remedy to the exclusion of other remedies.

13. **Applicable Law**. This Agreement will be governed by the laws of California.

14. **Incorporation by Reference**. The terms of any applicable appendix and of any agreements or other materials referred to in this Agreement are incorporated in and made a part of this Agreement.

15. **Notices**. Notices and other communications required by this Agreement will be in writing and will be delivered in the manner and to the addresses specified in the franchise agreement.

16. **Entire Agreement**. This Agreement, together with all appendices and other attachments to it, constitutes the entire agreement between the parties and supersedes all prior oral and written agreements. Amendments to this Agreement will not be effective unless in writing and signed by the party against whom enforcement of the amendment is sought.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS TO THE FOREGOING, the parties have signed this Agreement and warrant that their respective signatory whose signature appears below is duly authorized by all necessary and appropriate corporate action to sign this Agreement.

FRANCHISOR

PRIDESTAFF, INC.

Date:______________________________ By:___________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:______________________________ ______________________________________

____

Dated:______________________________ ______________________________________

____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company: **FRANCHISEE**

Company Name: ______________________________________

Date______________________________ By:___________________________________

Name: ______________________________________
Title: ______________________________________

Franchisee Address: ______________________________________

____

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

ASSIGNMENT OF TELEPHONE NUMBERS, EMAIL
ADDRESSES AND URL'S AND SPECIAL POWER OF ATTORNEY

1. _____________________ [Franchisee's legal name] ("**Franchisee**"), to induce PrideStaff, Inc. ("**PrideStaff**"), to grant Franchisee a franchise, assigns to PrideStaff all telephone numbers, email addresses, and URL's and listings Franchisee advertises, publicizes, or otherwise makes known to Clients or the public in the operation of a PRIDESTAFF® franchised Office, both now and in the future, in the city where the Office is operated.

2. This assignment will automatically become effective immediately upon Termination (meaning "termination, expiration, or nonrenewal") of Franchisee's PRIDESTAFF® franchise. When the franchise is terminated, Franchisee agrees to do whatever is necessary to cause the companies providing service to the Office to promptly transfer its telephone numbers, email addresses and URL's and associated directory listings to PrideStaff or its designee.

3. Franchisee agrees to pay these service providers, on or before the date when the franchise is Terminated, all amounts Franchisee owes it in connection with the telephone numbers, including payment for any advertisements or listings in a classified directory or directories. Franchisee further agrees to indemnify PrideStaff for any money PrideStaff must pay the service providers before the service providers will carry out this Agreement.

4. Franchisee appoints PrideStaff as attorney-in-fact to sign any documents and do any things necessary to carry out this Agreement if Franchisee fails to sign or do them within three (3) business days after termination of the franchise agreement. Franchisee further agrees to indemnify PrideStaff for any expenses, including legal fees, that PrideStaff incurs which would not have been incurred if Franchisee had performed as promised under this Agreement.

Sign here if Franchisee is an individual or a married couple:*

FRANCHISEE

Dated:______________________________ ____
____
Dated:______________________________ ____
____

**Multiple individuals wishing to enter into this Agreement must form a company to sign as franchisee.*

Sign here if Franchisee is a company:	**FRANCHISEE**
Company Name:	______________________________
Date______________________________	By:______________________________
Name:	______________________________
Title:	______________________________

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

LEASE PROVISIONS

Please give this list to your prospective lessor and ask that it be added to the terms of your lease. We normally will not approve leases that do not include substantially similar provisions:

- Lessor will simultaneously give written notice to both PrideStaff, Inc. ("**PrideStaff**"), and Lessee of any default under the lease. If Lessee does not cure any curable default during the time allowed by the lease, PrideStaff may have an additional 15 days within which to cure the default on its own behalf as assignee of the lease. Notice will be directed to PrideStaff at 7535 North Palm Avenue, Suite 101, Fresno, California 93711, Attn: George A. Rogers.

- If the lease is terminated for any reason or if the franchise agreement between PrideStaff and Lessee is terminated for any reason, PrideStaff may enter the leasehold premises for purposes of removing all signs and other materials bearing PrideStaff's trade name, marks or other commercial symbols.

- If the lease is terminated for any reason or if the franchise agreement between PrideStaff and Lessee is terminated for any reason, lessor consents to assignment, without further action on Lessor's part, of the rights and obligations of this lease to PrideStaff. Under these circumstances, Lessor will not unreasonably withhold its consent to assignment of the lease by PrideStaff to another PrideStaff franchisee with qualifications comparable to those of Lessee.

- Lessor may, upon PrideStaff's written request, disclose to PrideStaff all reports, information or data in Lessor's possession regarding sales made in, upon or from the leased premises.

- The leased premises may be used by Lessee only for operation of a PRIDESTAFF® Office.

- The leased premises may not be leased to or used by another temporary staffing firm within 12 months after termination of the lease.

- Lessee acknowledges and agrees that Lessor shall allow PrideStaff to access the leased premises upon PrideStaff's request.

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

NONDISCLOSURE AND
<u>NONCOMPETITION AGREEMENT</u>

Each of the undersigned (each a "**Confidant**") is about to undergo training by PrideStaff, Inc. ("**PrideStaff**"), or one of its franchisees. During this process, Confidant will learn a great deal about the PRIDESTAFF® System, including information about its members' business affairs, finances, management, marketing programs, philosophy, Clients and methods of doing business. Confidant will have access to confidential information developed and maintained at substantial cost by PrideStaff. This information is proprietary to PrideStaff. Its use by third parties could cause substantial and irreparable damage to the company.

Therefore, in return for either (a) his or her training by PrideStaff to operate an Office or (b) his or her employment by PrideStaff or by one of its franchisees, each Confidant agrees as follows:

1. **<u>Nondisclosure of Trade Secrets and Confidential Information</u>**. Confidant agrees, during the term of the franchise agreement and following termination, expiration, or assignment of the agreement, not to disclose, duplicate, sell, reveal, divulge, publish, furnish, or communicate, either directly or indirectly, any Trade Secret or other Confidential Information of PrideStaff to any other person or company unless authorized in writing by PrideStaff. Confidant agrees not to use any Trade Secret or Confidential Information for his or her personal gain or for purposes of others, whether or not the Trade Secret or Confidential Information has been conceived, originated, discovered, or developed, in whole or in part, by Confidant or represents Confidant's work product. If Confidant has assisted in the preparation of any information that we consider to be a Trade Secret or Confidential Information or has himself or herself prepared or created the information, Confidant assigns any rights that he or she may have in the information as its creator to PrideStaff, including all ideas made or conceived by Confidant.

2. **<u>Definition of Trade Secrets and Confidential Information</u>**. For purposes of this Agreement, the terms "**Trade Secret**" and "**Confidential Information**" mean any knowledge, technique, processes, or information made known or available to Confidant that we treat as confidential, whether existing now or created in the future, including but not limited to information about the cost of materials and supplies, supplier lists or sources of supplies, sales and marketing information, pricing information, proprietary software, internal business forms, orders, Client accounts, manuals and instructional materials describing our methods of operation, including our Operations Manuals, audiotapes and video tapes, products, drawings, designs, plans, proposals, and marketing plans, all concepts or ideas in, or reasonably related to our business that have not previously been publicly released by PrideStaff, and any other information or property of any kind of PrideStaff that may be protected by law as a Trade Secret, confidential, or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of PrideStaff.

3. **Return of Proprietary Materials**. Upon termination or expiration of franchise ownership or employment by PrideStaff or a PRIDESTAFF® franchisee, Confidant must surrender to PrideStaff all materials considered proprietary by PrideStaff, technical or nontechnical, whether or not copyrighted, that relate to a Trade Secret, Confidential Information, or conduct of the operations of PrideStaff. Confidant expressly acknowledges that any such materials of any kind given to him or her are and will remain the sole property of PrideStaff.

4. **Non-Solicitation of PrideStaff's Clients**. Confidant acknowledges and agrees that the Clients are PrideStaff's clients. Accordingly, during the term of Confidant's relationship with PrideStaff or one of its franchisees, and for two (2) years after the relationship terminates, Confidant agrees that he or she will not, directly or indirectly or by action in concert with others, solicit, induce or influence or seek to solicit, induce or influence any Client or prospective Client with whom Confidant did business during his or her relationship with PrideStaff or one of its franchisees for the purpose of promoting or selling any products or services that are competitive with those offered by PrideStaff and its franchisees.

5. **Non-Solicitation of PrideStaff's Employees (Including Temporary Associates)**. Confidant acknowledges and agrees that the Temporary Associates are PrideStaff's employees. Accordingly, Confidant further agrees that, during the term of his or her relationship with PrideStaff or one of its franchisees and for two (2) years after its expiration, he or she will not, directly or indirectly or in concert with others, furnish to or for the benefit of any competitor of PrideStaff, or the competitor's employees, agents, licensees, or franchisees, or the competitor's subsidiaries, the name of any person who is employed or engaged as an independent contractor by PrideStaff or by any other franchisee of PrideStaff, including, without limitation, the Temporary Associates. In addition, Confidant agrees that, during the term of his or her relationship with PrideStaff or one of its franchisees, and for two (2) years after the relationship terminates, he or she will not, directly or indirectly or by action in concert with others, solicit, induce or influence, or seek to solicit, induce or influence any person who is employed by or engaged as an independent contractor by PrideStaff to terminate his or her employment or engagement, including, without limitation, the Temporary Associates.

6. **Noncompetition**. Confidant agrees and covenants that because of the confidential and sensitive nature of the Confidential Information and because the use of the Confidential Information in certain circumstances may cause irrevocable damage to PrideStaff, Confidant will not, until the expiration of two (2) year after the termination of the employment relationship between Confidant and PrideStaff or the franchisee that employs him or her, or termination of the ownership interest of Confidant in a PRIDESTAFF® franchise, engage in, own an interest in, or serve as an officer, director, employee, agent, franchisee independent contractor, partner, shareholder, member or principal, directly or indirectly, or through any organization or Related Party, in any business that provides temporary, outsourcing or permanent employment services and that is located within the Territory where the franchisee's Office operates or operated.

7. **Immediate Family Members**. Confidant acknowledges that its disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. Confidant also acknowledges that it would be difficult for PrideStaff to prove whether Confidant disclosed the Confidential Information to family members. Therefore, Confidant agrees that he or she will be

presumed to have violated the terms of this Agreement if any member of Confidant's immediate family: (i) engage in, own an interest in, or serve as an officer, director, employee, agent, franchisee independent contractor, partner, shareholder, member or principal, directly or indirectly, or through any organization or Related Party, in any business that provides temporary, outsourcing or permanent employment services during any period of time during which Confidant is prohibited from engaging in such conduct, or (ii) uses or discloses Confidential Information. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Confidential Information to the family member.

8. **Transfer Restrictions**. If Confidant owns an ownership interest in Franchisee, Confidant acknowledges that a Transfer, as that term is defined in the Franchise Agreement, is subject to PrideStaff's approval. Accordingly, Confidant agrees that it will not make any such Transfer except in accordance with the terms and conditions set forth in Section 9 of the Franchise Agreement. You agree that any attempted Transfer requiring PrideStaff's consent under the Franchise Agreement for which our consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

9. **Saving Provision**. Confidant agrees and stipulates that the agreements and covenants not to compete contained in the preceding paragraph are fair and reasonable in light of all the facts and circumstances of the relationship between Confidant and PrideStaff. However, Confidant and PrideStaff are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of the provisions of the preceding paragraph, Confidant and PrideStaff agree that if a court or arbitrator should decline to enforce the provisions of the preceding paragraph, that paragraph must be considered modified to restrict Confidant's competition with PrideStaff to the maximum extent, in both time and geography, which the court or arbitrator finds enforceable.

10. **Irreparable Harm to PrideStaff**. Confidant understands and agrees that PrideStaff will suffer irreparable injury that cannot be precisely measured in monetary damages if Confidential Information or proprietary information is obtained by any person, firm, or corporation and is used in competition with PrideStaff. Accordingly, Confidant agrees that it is reasonable and for the protection of the business and goodwill of PrideStaff for Confidant to enter into this Agreement. If there is a breach of this Agreement by Confidant, Confidant consents to entry of a temporary restraining order or other injunctive relief and to any other relief that may be granted by a court having proper jurisdiction.

11. **Binding Effect**. This Agreement will bind Confidant's heirs, executors, successors, and assignees as though originally signed by them.

12. **Applicable Law**. The validity of this Agreement will be governed by the laws of the State where Confidant lives. If any provision of this Agreement is void or unenforceable in that State, the remainder of this Agreement will be fully enforceable according to its terms.

CONFIDANT

Date:______________________________ ____________________________________

Signature: ____________________________________

Print Name:

CONFIDANT

____

____

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND __________ DATED __________

PERSONAL GUARANTY AND SUBORDINATION AGREEMENT

To induce PrideStaff, Inc. ("**Franchisor**"), to enter into or permit assignment of a franchise agreement with **____** [franchisee's full legal name] ("**Franchisee**"), signed on the same date as the date of this Guaranty, the undersigned unconditionally, jointly and severally, personally guaranty to Franchisor, its successors, or its assignees, the prompt full payment and performance of all obligations of Franchisee that are or may become due and owing to Franchisor, including, but not limited to, all obligations, including all provisions applicable to dispute resolution, arising out of the franchise agreement and any other agreement between the parties and all extensions or renewals of it or them in the same manner as if the franchise agreement were signed between Franchisor and the undersigned, as franchisee, directly.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guarantee, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor, (ii) any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement, (b) proceed against or exhaust any security from Franchisee, (c) take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guarantee, or (d) pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee, (iii) any benefit of, any right to participate in, any security now or hereafter held by Franchisor, and (iv) acceptance and notice of acceptance by Franchisor of the undersigned's undertakings under this Guarantee; all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest; notices of dishonor; and notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and any other notices and legal or equitable defenses to which any of the undersigned may be entitled. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, assign the Agreement or the right to receive any sum payable thereunder, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement. Franchisor shall have no present or future duty or obligation to the undersigned under this Guarantee, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor.

In addition, the undersigned each waive any defense arising by reason of any of the following: (i) any disability or any counterclaim or right of set-off or other defense of Franchisee, (ii) any lack of authority of Franchisee with respect to the Agreement, (iii) the cessation from any cause whatsoever of the liability of Franchisee, (iv) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of Franchisee's creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (v) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder; provided, however, that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (vi) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (vii) any act or omission of Franchisee.

This is an irrevocable, unconditional, and absolute guaranty of payment and performance and the undersigned agrees that the undersigned's liability under this guaranty will be immediate and will not be contingent upon the exercise or enforcement by Franchisor of whatever remedies it may have against the Franchisee or others, or the enforcement of any lien or realization upon any security Franchisor may at any time possess.

The undersigned agrees that any current or future indebtedness by the Franchisee to the undersigned will always be subordinate to any indebtedness owed by Franchisee to Franchisor. The undersigned will promptly modify any financing statements on file with state agencies to specify that Franchisor's rights are senior to those of Guarantor.

The undersigned further agrees that as long as the Franchisee owes any money to Franchisor (other than royalty and advertising fund payments that are not past due), the Franchisee will not pay and the undersigned will not accept payment of any part of any indebtedness owed by Franchisee to any of the undersigned, either directly or indirectly, without the consent of Franchisor.

In connection with any litigation or arbitration to determine the undersigned's liability under this Personal Guaranty, the undersigned expressly waives the undersigned's right to trial by jury, if any, and agrees to pay costs and reasonable attorney fees as fixed by the court or arbitrator.

If this Personal Guaranty is signed by more than one individual or if more than one Personal Guaranty has been signed, each person signing a Personal Guaranty will be jointly and severally liable for the obligations created in it. Each of the undersigned represents and warrants that the following table is complete and accurate:

Names	Percentage of Ownership in Franchisee
	%
	%
	%
	%
	%

This Personal Guaranty will remain in full force and effect until all obligations arising out of and under the franchise agreement, including all renewals and extensions, are fully paid and satisfied.

IN WITNESS TO THE FOREGOING, the undersigned sign and deliver this guaranty.

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

____
(Sign)

______________________________, individually
(Print Name)

ATTACHMENT 9 TO THE FRANCHISE AGREEMENT
BY AND BETWEEN PRIDESTAFF, INC.
AND ______________________________
DATED __________

MINIMUM PERFORMANCE STANDARD

(a) If your franchise is for a new franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD	
Agreement Year	**Gross Margin from Temporary Staffing Services**
Agreement Year 1	$125,000
Agreement Year 2	$250,000
Agreement Year 3	$375,000
Agreement Year 4	$500,000
Agreement Year 5	$500,000

(b) If your franchise is for a resale or renewal franchised PrideStaff business, the Minimum Performance Standard is as follows:

MINIMUM PERFORMANCE STANDARD	
Agreement Year	**Gross Margin from Temporary Staffing Services**
Agreement Year 1	$__________
Agreement Year 2	$__________
Agreement Year 3	$__________
Agreement Year 4	$500,000
Agreement Year 5	$500,000

(Note: the chart above will be completed by inserting for the first (1st) Agreement Year one hundred and ten percent (110%) of the Minimum Performance Standard (i) of the last year under your old franchise agreement, if this is a renewal franchise, or (ii) of the last full Agreement Year under the franchise agreement of your transferor, if this is a resale franchise; and then inserting pro rata increases for the second, third and fourth Agreement Years to reach the Minimum Performance Requirement of $500,000 for the fourth and fifth Agreement Years.)

Sign here if Franchisee is an individual:

FRANCHISEE

Dated:________________________________ ____

Print Name: ____

Sign here is Franchisee is a company.

FRANCHISEE

Print Company Name: ____

Date_________________________________ By:_____________________________________

Print Name: ____

Print Title: ____

PrideStaff accepts the location described above.

FRANCHISOR

PRIDESTAFF, INC.

Date:________________________________ By:_____________________________________

Paula Pizarro
Senior Vice President of Franchise Development

7535 North Palm, Suite 101
Fresno, CA 93711-1393

EXHIBIT D-1

CURRENT FRANCHISEES

EXHIBIT D-1
CURRENT FRANCHISEES

Alabama

KC Strategic Marketing & Media, LLC
3659 Lorna Road, Suite 165
Hoover, AL 35216
(205) 876-8844
Katrina Cade

CK 2 Solutions, Inc.
80 McFarland Boulevard, Suite 3
Northport, AL 35476
(205) 440-3729
Kim and Chris Tillery

Arizona

Pro Young, Inc.
2401 West Glendale Avenue, Suite 104
Phoenix, AZ 85201
(480) 546-8855
Lonnie Young

Agape Solutions, Inc.
432 North Litchfield Road, Suite 316
Goodyear, AZ 85338
(623) 215-2631
Rhae and Debbie Buckley

CMG Creations LLC
1201 South Alma School Road, Suite 12200
Mesa, AZ 85210
(480) 467-3200
Ann and Dave Gilbert

CMG Creations LLC
7250 North 16th Street, Suite 300
Phoenix, AZ 85020
(480) 777-0707
Ann and Dave Gilbert

California

CME Staffing, Inc.
2710 Loker Avenue West, Suite 160
Carlsbad, CA 92010
(760) 438-0161
Chris Rupp

RMCO, LLC
20 Corporate Park, Suite 225
Irvine, CA 92606
(949) 250-1444
Michelle Langley

CTYskape, Inc.
1660 Hotel Circle North, Suite 320
San Diego, CA 92108
(858) 453-7823
Thomas Young

Curtin Works, Inc.
28231 Marguerite Parkway, Suite 5
Mission Viejo, CA 92692
(949) 429-3330
Tim Curtin

MRH Impact Enterprises LLC
25195 Madison Avenue, Suite 102
Murrieta, CA 92562
(951) 999-4320
Mike Harris

MRH Impact Enterprises Tres LLC
4550 Ontario Mills Parkway, Suite 100
Ontario, CA 91764
(909) 316-6003
Mike Harris

M2C3, Inc.
300 Harding Boulevard, Suite 208
Roseville, CA 95678
(916) 757-6100
Craig and Mary Ryder

L.J. Donahue. Inc.
1150 North First Street, Suite 130
San Jose, CA 95112
(408) 298-6775
Linda Donahue
Laney Donahue-Nott

Dare2B, Inc.
3262 East Thousand Oaks Boulevard, Suite 150
Thousand Oaks, CA 91362
(805) 813-8431
Daan and Nieke Renssen

JCS Enterprises, Inc.
21010 Hawthorne Boulevard
Torrance, CA 90503
(310) 214-0622
Miriam Naya

BSC Employee Solutions, Inc.
3741 South Mooney Boulevard
Visalia, CA 93277
(559) 734-4002
Blanca Covarrubias

GBASI Enterprises, Inc.
2568 Industrial Boulevard, Suite 105
West Sacramento, CA 95691
(530) 661-3405
Paul Basi

Colorado

KJPA Enterprises, Inc.
7735 Wadsworth Boulevard, Unit C
Arvada, CO 80003
(720) 279-0960
John Bohannon

Happy Bulldog, Inc
3401 Quebec St., Ste 5020
Denver, CO 80207
(720) 420-9389
Yancey Warnock

Connecticut

CIBRINK, Inc.
2275 Silas Deane Highway, Suite 13
Hartford, CT 06067-2329
(860) 773-0059
Jon Brink

Delaware

Benitime Solutions, Inc.
701 Foulk Road, Suite 2F
Wilmington, DE 19803
(302) 476-8097
Monica Eboda

Florida

AspireHigher, LLC
5272 Summerlin Commons Way, Suite 604
Fort Meyers, FL 33907
(239) 356-3600
Patrick and Lisa Gunther

Becker Holdings Inc.
50 South Belcher Road, Suite 117
Clearwater, FL 33765
(727) 748-4141
Matt and Amanda Becker

HYBRIDAREA, Inc.
10500 University Center Drive, Suite 175
Tampa, FL 33612-6415
813.819.3155
Kris Mydam

JEMNS, LLC
5775 Blue Lagoon Drive, Suite 100
Miami, FL 33126
(305) 299-5300
Jonathan Hall

RCan Don’t Quit Corp.
8751 West Broward Boulevard, Suite100
Plantation, FL 33324
(754) 800-2850
Robert and Carmen Calamia

SLD Staffing, LLC
701 Northpoint Parkway, Suite 220
West Palm Beach, FL 33407
(561) 471-0828
Sherie Duttenhofer

TJB Enterprises of Tampa Bay, LLC
5421 Beaumont Center Boulevard, Suite 644
Tampa, FL 33634-5200
813.560.8780
Amanda and Matt Becker

Georgia

Ratonium Corporation
5252 Roswell Road, Suite 100
Atlanta, GA 30342
(404) 334-3677
Paige and David Ratonyi

Daedalus Investment Group
1240 Highway 54 West, Suite 303
Fayetteville, GA 30214
(678) 228-8896
Erica and Randy Walker

MTMcGraw Company, Inc.
235 Pearl Nix Parkway, Suite 5
Gainesville, GA 30501
(678) 343-9494
Mike McGraw

Goldrush Investments, LLC
1925 Vaughn Road Northwest, Suite 125
Kennesaw, GA 30144
(770) 999-0691
Thomas Zigtema

The Leo Murphy Group, LLC
5950 Live Oak Parkway, Suite 130
Norcross, GA 30093
470-865-6749
Leo Murphy

Rising Tide Partners, LLC
1000 Towne Center Blvd, Suite 1000C
Pooler, GA 31322
(912) 600-1117
Jack Gregory

Illinois

LewisReed, Inc.
902 IAA Drive, Suite 2C
Bloomington IL, 61701
(309) 661-1906
Sam and Terri Lewis

ANSU, Inc.
16614 West 159th Street, Suite 305
Lockport, IL 60441
(815) 730-3760
Ana Muñoz
Angelo and Susan Ippolito

GVO Business Services, Inc.
2225 Enterprise Drive, Suite 2505
Westchester, IL 60154
(630) 246-7837
Glenn O'Brien

Kentucky

SNR Enterprises, LLC
2406 High Street
Crescent Springs, KY 41017
(859) 474-6100
Steve Romanelli

M & PW, Inc.
9420 Bunsen Parkway,Suite 100
Louisville, KY 40220
(502) 292-4200
Mike Wolf

Louisiana

Clemons and Clemons, LLC
2815 Derek Drive
Lake Charles, LA 70607
(337) 602-8612
Thomas Clemons
Tanya Clemons

<u>Maryland</u>
Patuxent Pride, Inc.
7130 Minstrel Way, Suite 240
Columbia, MD 21045
(443) 546-4814
Aaron Silver

<u>Michigan</u>
MJB 7 Enterprises, Inc.
2700 Kraft Avenue SE, Suite C
Grand Rapids, MI 49546
(616) 871-2900
Matt Blok

AMAZ, Inc.
29856 Northwestern Highway
Southfield, MI 48034-1082
(248) 621-7100
Firas and Zina Kajy

Marvalco, Inc.
667 East Big Beaver Road, Suite 207
Troy, MI 48083
(248) 817-5740
Marcelo Valdivieso

<u>Minnesota</u>
HRH, Inc.
4634 85th Avenue North
Brooklyn Park, MN 55443
(763) 999-4390
Jerry and Jane Bergstrom

<u>Mississippi</u>
Payroll Plus, Inc.
28 Pass Road, Suite 500
Gulfport, MS 39507
(228) 865-9990
Gary Carmichael

Payroll Plus, Inc.
5910 US Highway 49, Suite 5
Hattiesburg, MS 39401
(601) 582-8881
Gary Carmichael

<u>Missouri</u>
PSZ Holdings, Inc.
St. Louis, MO (Western Suburbs)
11984 Dorsett Road
Maryland Heights, MO 63043
(314) 310-1500
Parth Zaveri

<u>Nevada</u>
Faith Conquers All, Inc.
3110 West Cheyenne Avenue, Suite 300
North Las Vegas, NV 89032
(702) 395-5314
Bob Daniel

<u>New Jersey</u>
DGB, 723, Inc.
452 Ridgedale Avenue,
East Hanover, NJ 07936
(862) 701-6950
Dino and Giselle Bavaro

Ziel, LLC
295 Pierson Avenue
Suite 105
Edison, NJ 08837
(732) 810-0900
Manisha Subramanian

<u>New York</u>
ADZ Staffing Co., Inc.
560 Broadhollow Road, Suite 306
Melville, NY 11747
(631) 752-7777
Aaron Zweback

PBG Holdings USA, LLC
218-14 Hempstead Avenue, Level C Suite 1
Queens Village, NY 11429-1235
929.733.7200
Paul Matthews

North Carolina

Western Connection, LLC
5 Regent Park Boulevard, Unit 102
Asheville, NC 28806
(828) 782-3392
Della Taylor

Black Bear Partners, Inc.
9605-B Caldwell Commons Circle, Unit B
Cornelius, NC 28031
(704) 237-4103
Bryant Brewer

Ohio

The Pratt Group, Inc.
1936 Buchholzer Boulevard
Akron, OH 44310
(330) 510-5700
Kevin and Deanna Pratt

RO Ventures, Inc.
156 Clint Drive
Pickerington, OH 43147
(614) 626-3770
David Rosen

Irish Family Incorporated
2471 Hilliard Rome Road
Hilliard, OH 43026
(614) 721-1060
Bill Gross

MC3 Partners, Inc.
1083 State Route 28, Suite A
Milford, OH 45150
(513) 334-4040
Cheryl Eckelman

WILDWESTWYOT, INC.
8738 Union Centre Boulevard
West Chester, OH 45069
(862) 701-6950
John Gemrich

Oregon

ACTOS, Inc.
12600 South West Crescent Street,
Suite108
Beaverton, OR 97005
(971) 371-4028
Robert Cohen

AME Group, Inc.
2214 Northeast Division Street, Suite 202
Bend, OR 97703
(541) 797-6941
Matt and Ashley Ertle

Pennsylvania

JC4, Inc.
3400 Bath Pike, Suite 202
Bethlehem, PA 18017
Lehigh Valley, Pennsylvania
(484) 550-7610
Jill Odzer

South Carolina

Bronze Horizon, Inc.
609 Haywood Road
Greenville, SC 29607
(864) 987-9006
Gary Brons

Tennessee

Superior Image, Inc.
178 North Seven Oaks Drive
Knoxville, TN 37922
(865) 444-6449
Paul Shands

J Thacker, Inc.
3129 Poplar Avenue
Memphis, TN 38111
(901) 685-5627
Jeremy Thacker

Lakeside Legacy, LLC
2603 Elm Hill Pike, Suite G
Nashville, TN 37214
(615) 884-5422
Tom Murphy
Michael Murphy

<u>Texas</u>
ARLINN Services, Inc.
14850 Quorum Drive, Suite 205
Dallas, TX 75254
(972) 661-1616
Amy Linn
Julie Vicic

ARLINN Services, Inc.
2591 Dallas Parkway, Suite 300
Frisco, TX 75034
(972) 661-1616
Amy Linn
Julie Vicic

ARLINN Services, Inc.
420 Decker Drive, Suite 120
Irving, TX 75062
(972) 661-1616
Amy Linn
Julie Vicic

Boosiefier, Inc.
10924 Vance Jackson Road, Suite 102
San Antonio, TX 78230
(210) 807-6206
Therese Calderon

Dream Big Enterprise, LLC
3001 Airport Freeway, Suite B
Bedford, TX 76021
(817) 500-0950
John Merrill

Eliada, Inc.
3040 FM 1960 Road East, Suite 108
Houston, TX 77073-2600
832.615.0261
Mark Miksa

JCE Prosperitas, Inc.
6115 Camp Bowie Boulevard, Suite 210
Forth Worth, Texas 76116
(817) 932-7309
Jeff Edwards

JPS Staffing, LLC
2400 Augusta, Suite 103
Houston, TX 77057
(713) 953-1800
Jonathan Smith

LBV Partners, LLC
7929 Brookriver Drive, Suite 225
Dallas, TX 75247-5052
214.506.6002
Amy Linn
Julie Vicic
Victoria Burke

Maebelle, Inc.
12127 Jones Road
Houston, TX 77070
(832) 604-2255
Michael Troyer

MS Lesa, LLC
10001 Almeda Genoa Road, Suite A
Houston, TX 77075
(832) 266-0921
Lesa and AJ Gibson

<u>Virginia</u>
4R Holdings Corporation
10565 Fairfax Boulevard, Suite 102
Fairfax, VA 22030
(571) 281-0770
Brian Hedlund

J2 Holdings, Inc.
151 Spring Street, Suite 100
Herndon, VA 20170
(703) 214-5260
Jim Betz
Jeff Wilsey

**FRANCHISE AGREEMENT SIGNED,
BUT BUSINESS NOT OPENED AS OF 12/31/2021**

None.

EXHIBIT D-2

FORMER FRANCHISEES

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

Alabama
Mark Mayer
Huntsville, AL
(246) 427-4700

California
Daan and Nieke Renssen
Oxnard, CA 93036
(805) 427-9100

Robert Johnson
Pleasanton, CA
(925) 275-0499
(*Resale*)

Georgia
Jonathan and Marian Stelling
Alpharetta, GA
(678) 392-2171

Missouri
Brian Thomas
Crestwood, MO
(314) 266-3300

North Carolina
Bryant Brewer*, **
Charlotte, NC
(704) 237-4103

Pennsylvania
Randy Pedretti
Bethlehem, PA
(484) 550-7610
(*Resale*)

South Dakota
Rob Angerhofer
Sioux Falls, SD
(605) 225-2552

Washington
Dan Parks
Tukwila, WA
(206) 241-9707

Notes:

* Indicates franchise agreement was terminated before outlet opened.
** Indicates franchisee operates another franchised business.

EXHIBIT E

PRIDESTAFF®

212° Training Manual
Table of Contents

Business Management Manual
Table of Contents

Sales Coaching Workbook
Table of Contents

Strategic-Partners Manual
Table of Contents

Total Number of Pages: 526

EXHIBIT F

E-MAIL AND INTERNET POLICY

PRIDESTAFF®

E-MAIL AND INTERNET POLICY

PrideStaff Strategic-Partners

I, ___________________________, acknowledge that while opening, operating and owning a PrideStaff franchise I will have access to their computer systems, which may include but is not limited to: computers, computer files, software, company records, electronic mail communication, and use of the internet.

I understand and agree to the following guidelines for the duration of my franchisor/franchisee relationship with PrideStaff: (As you review each section, initial that you have read and agree with the statement.)

_____ Electronic information, including e-mail, use of the internet, and all other computer-related files of PrideStaff is confined solely to business purposes and in no event may be used in a way that may be harmful to morale, offensive to others, disruptive to business operations, or for any unauthorized personal reasons. To ensure compliance with this policy, I understand that PrideStaff may monitor computer usage and e-mail.

_____ PrideStaff strives to maintain a workplace free of harassment and one that is sensitive to the diversity of its employees. Therefore, the display of sexually explicit messages or cartoons, or any display, transmission or use of electronic information communications that contain ethnic slurs, gender-specific comments, off-color jokes, racial epithets or any content that may be construed as harassment or disparagement of others based on race, sex, color, ancestry, religious creed, national origin, physical or mental disability, medical condition, age, marital status, sexual orientation or any other protected class is strictly prohibited.

_____ The use of PrideStaff systems to solicit others for non-company commercial ventures, outside organizations, religious or political causes or other non-business-related matters is strictly prohibited.

_____ Strategic-Partners should not use a password, access a file, or retrieve any stored communication without authorization.

_____ Strategic-Partners must comply with all mandatory System standards relating to their use of a website, social media, and other electronic media in connection with their PrideStaff office, as PrideStaff periodically modifies them.

_____ Unless authorized by the software developer, PrideStaff does not have the right to reproduce such software for use on more than one computer. Employees may only use software on wide area networks or on multiple machines according to the Software Licensing Agreement. PrideStaff prohibits the illegal duplication of software and its related documentation. The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the internet is expressly prohibited.

_____ All messages are company property and the company management reserves the right to intercept, access, audit, review, inspect, retain, and disclose all messages sent over its electronic mail system irrespective of their original purpose and irrespective of the file in which they are contained.

_____ E-mail services shall not be used for purposes that could reasonably be expected to cause, directly or indirectly, excessive strain on any computing facilities, or unwarranted or unsolicited interference with others' use of e-mail services to: (a) send or forward e-mail chain letters; (b) "spam," that is, to exploit listservers or similar broadcast systems for purposes beyond their intended scope to amplify the widespread distribution of unsolicited e-mail; and (c) "letter-bomb," that is, to resend the same e-mail repeatedly to one or more recipients to interfere with the recipient's use of e-mail.

Strategic-Partners should immediately notify their PrideStaff Home Office, IT Department, upon learning of any violations of this policy.

I hereby verify that I have read, understood, and acknowledge the above policy concerning "Electronic Information."

____

Strategic-Partner Signature Date

EXHIBIT G

STATE ADDENDA

The following are additional disclosures for the Franchise Disclosure Document of PrideStaff, Inc. as required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

1. <u>No Waiver of Disclaimer of Reliance in Certain States</u>. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington or Wisconsin:

> No statement, questionnaire or acknowledgment signed or agreed to by you 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 us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

<u>Illinois</u>

1. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

> Except for the Federal Arbitration Act that applies to arbitration, Illinois law shall apply to and govern the Franchise Agreement.
>
> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
>
> 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.

<u>Maryland</u>

1. The last paragraph in Item 12 under the heading "**<u>Minimum Performance Standards</u>**" and the "Summary" sections of Items 17(c), entitled **<u>Requirements for franchisee to renew or extend</u>**, and 17(m), entitled **<u>Conditions for franchisor approval of transfer</u>**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer/sale will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The "Summary" section of Item 17(h), entitled **<u>"Cause" defined – non-curable defaults</u>**, of the Disclosure Document is amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

3. The "Summary" section of Item 17(v), entitled **<u>Choice of Forum</u>**, of the Disclosure Document is deleted and replaced with the following:

A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of Item 17 of the Disclosure Document:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

<u>Minnesota</u>

1. **<u>Trademarks</u>**. The following language is added to the end of the next-to-last paragraph of Item 13 of the Franchise Disclosure Document:

Despite the foregoing, if you have complied with all of our requirements that apply to the Marks, we will protect your right to use the Marks and indemnify you from any loss, costs, or expenses arising out of any claims, suits, or demands regarding your use of the Marks, in accordance with Minn. Stat. Sec. 80C.12, Subd. 1(g).

2. The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Minnesota, with costs being borne by the non-prevailing party. Under Minnesota Statutes § 80C.21 and Minnesota Rule Part 2860.4400J, this provision may not in any way invalidate or reduce any of the franchise owner's rights that are listed in Chapter 80C of the Minnesota Statutes.

The Agreement states the cure periods for various types of defaults that may lead to termination or non-renewal. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 286Q.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter SOC, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Agreement says that we may require you to sign a special release of claims, except for non-waivable statutory claims, as a condition of renewal or transfer of your franchise. Any claim under Minn. Stats. Chapter 80C. is a non-waivable statutory claim.

Section 11.9 of the Agreement (Limitation of Actions) says that neither party may maintain any action or proceeding against the other party unless the party files an arbitration petition within 1 year after the party knows or should know the facts on which the petition is based. In spite of this, any claims arising under Minn. Stats. § 80C may be brought for 3 years after the cause of action accrues.

North Dakota

In North Dakota, the disclosure document is amended as follows to conform to North Dakota law:

Item 17c is revised to add the following: "However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law."

Item 17r is amended to add the following: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

Item 17u is amended to add the following: "To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

Item 17v is amended to read as follows: "You must sue us in Fresno, California, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

Rhode Island

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v of the disclosure document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor.

Virginia

In recognition of the restrictions contained in Section 13.1 564 of the Virginia Retail Franchising Act, the franchise disclosure document for PrideStaff, Inc., for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

EXHIBIT H

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

EXHIBIT I-1

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A-1.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:
❑ Paula Pizarro, 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, (800) 774 3316, and ________________________________.

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us.

Issuance Date: March 31, 2023

On _______________________, I received a disclosure document issued March 31, 2023, that included the following exhibits:

Exhibit	
A	List of State Agencies/Agents for Service of Process
B	Financial Statements
C	Franchise Agreement and State-Specific Addendum <u>Attachments</u>: (1) Territory (2) Designation of Approved Location (3) Special Release of Claims (4) Franchise Software User Agreement (5) Assignment of Telephone Numbers, Email Addresses and URLs (6) Lease Provisions (7) Nondisclosure and Noncompetition (8) Personal Guaranty and Subordination Agreement
D	(1) Current Franchisees (2) Former Franchisees and Transferred Franchisees
E	Table of Contents of Manuals
F	Email and Internet Policy
G	State Addenda
H	State Effective Dates Page
I	(1) Receipt (Your Copy) (2) Receipt (Our Copy)

______________________________ Date	______________________________ Prospective Franchisee [Print Name]
(Date, Sign, and Keep for Your Own Records)	______________________________ Prospective Franchisee [Signature]

EXHIBIT I-2

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 we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A-1.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:
❑ Paula Pizarro, 7535 North Palm Avenue, Suite 101, Fresno, CA 93711, (800) 774 3316, and ________________________________.

We authorize the agents listed in Exhibit A-2 to this disclosure document to receive service of process for us.

Issuance Date: March 31, 2023

On _______________________, I received a disclosure document issued March 31, 2023, that included the following exhibits:

	Exhibit
A	List of State Agencies/Agents for Service of Process
B	Financial Statements
C	Franchise Agreement and State-Specific Addendum Attachments: (1) Territory (2) Designation of Approved Location (3) Special Release of Claims (4) Franchise Software User Agreement (5) Assignment of Telephone Numbers, Email Addresses and URLs (6) Lease Provisions (7) Nondisclosure and Noncompetition (8) Personal Guaranty and Subordination Agreement
D	(1) Current Franchisees (2) Former Franchisees and Transferred Franchisees
E	Table of Contents of Manuals
F	Email and Internet Policy
G	State Addenda
H	State Effective Dates Page
I	(1) Receipt (Your Copy) (2) Receipt (Our Copy)

______________________________	______________________________
Date	Prospective Franchisee [Print Name]
	______________________________
(Date, Sign, and Return to Us)	Prospective Franchisee [Signature]