

## **FRANCHISE DISCLOSURE DOCUMENT**



SH Franchising, LLC  
A Delaware limited liability company  
901 Dulaney Valley Road,  
Suite 700  
Towson, Maryland 21204  
1-866-353-3743  
www.seniorhelpers.com

The franchisee will operate care agencies that provide various non-medical and personal assistance services, primarily for elderly individuals, including care and companionship services, bathing, dressing, and grooming, light housekeeping, meal planning and preparation, running errands, medication reminders, and Alzheimer's and dementia care and caregiver staffing for various facilities (the "**Senior Helpers Care Business**").

The estimated total initial investment necessary to begin operation of a Senior Helpers Care Business ranges from \$127,800 to \$171,800. This includes an initial fee of \$55,000 that you must pay to us. If you are purchasing a Senior Helpers Franchised Business from an existing franchisee, other than the purchase consideration, the estimated initial investment ranges from \$62,200 to \$185,000.

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

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 Rob Cantrell, V.P. of Franchise Development, SH Franchising, LLC, 901 Dulaney Valley Road, Suite 700, Towson, MD 21204, (410) 337-5494.

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

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

The issuance date of this Franchise Disclosure Document is April 20, 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:

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

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

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

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

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

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

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

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

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, arbitration and/or litigation only in the state where we have our principal place of business (currently Maryland). Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in the state where we have our principal place of business (currently Maryland) than in your own state.
2. **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.
3. **Mandatory Minimum Payment:** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

### **Michigan Disclosure Addendum**

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

- (A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.**
- (B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.**
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.**
- (D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.**
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.**
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF**

**ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.\***

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

**\* \* \* \***

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

**\* \* \* \***

**IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF**

**INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.**

\* \* \* \*

**THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.**

\* \* \* \*

**ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:**

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE  
670 G. MENNEN WILLIAMS BUILDING  
LANSING, MICHIGAN 48913  
(571) 373-7117**

**SENIOR HELPERS  
FRANCHISE DISCLOSURE DOCUMENT**

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**Exhibits**

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| B. List of State Administrators               | H. State-Specific Disclosures              |
| C. Agents for Service of Process              | I. State-Specific Agreement Amendments     |
| D. List of Current Senior Helpers Franchisees | J. Franchisee Compliance Certification     |
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|   | M. Receipts (2 copies)                     |



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

**The Franchisor**

SH Franchising, LLC is the franchisor. For ease of reference, we will refer to SH Franchising, LLC as “us”, “our” or “we.” (We will sometimes refer to the franchisor, or us, as “**SH-Delaware**” to distinguish us from our predecessors and their related entities (see below), some of which have the same entity name.) We are a Delaware limited liability company and were formed in Delaware following the conversion of SH-Florida (as defined below) to SH-Delaware on October 5, 2012. Our principal business address is 901 Dulaney Valley Road, Suite 700, Towson, Maryland 21204. Our agents for service of process are listed in Exhibit C to this Disclosure Document.

We conduct our business under our entity name and the name “Senior Helpers,” and no others.

SH-Delaware began to offer franchises for Senior Helpers Care Businesses (as defined below) in October 2012. However, SH-Florida (defined and discussed below) began offering franchises in March 2010, and its predecessor began offering franchises in April 2005.

Other than the franchises being offered in this Disclosure Document, we do not and have not in the past offered franchises in this or any other line of business, and we are not involved in other business activities. We do not operate, and have not operated, a business of the type described in this Disclosure Document. However, as discussed below, our affiliates operate Senior Helpers Care Businesses, and an affiliate of SH-Florida operated one Senior Helpers Care Business from May 2002 until March 2012.

**Our Predecessors and Affiliates (and transaction history)**

During the period beginning on September 28, 2012 and ending on October 9, 2012, we and SH-Florida (defined below) consummated a series of financing and re-capitalization related transactions (collectively, the “**2012 Transactions**”) which resulted in the conversion of SH-Florida into SH-Delaware and the merger of SH-Florida and SH Holdings (defined below). As part of the 2012 Transactions, SH-Delaware became the franchisor of the Senior Helpers franchise system and network of Senior Helpers Care Businesses. The following is a summary of our parents, predecessors and affiliates required to be disclosed in this Disclosure Document.

The first predecessor required to be disclosed in this Item 1 is SH Franchising, LLC, a Florida limited liability company (“**SH-Florida**”). Its principal place of business was 8600 LaSalle Road, Suite 311, Towson, Maryland 21286. Except for the franchising of the Senior Helpers Care Businesses before the 2012 Transactions, SH Florida did not offer franchises in any line of business, and did not operate any other business.

Prior to the 2012 Transactions, one of SH-Florida’s affiliates, SH Holdings, LLC, a Florida limited liability company (“**SH Holdings**” or “**SH Holdings-Florida**”) was the owner of the Marks (defined below) and System. Under an agreement between SH Holdings and SH-Florida, SH-Florida had the right to use and license others to use the System and Marks. On September 28, 2012, in connection with the 2012 Transactions, SH Holdings merged with and into our predecessor SH Franchising, LLC, and SH-Florida became the surviving entity of the merger. As of September 28, 2012, all of the Marks and the System were owned by SH-Florida (subject to the filing of administrative documents with governmental agencies).

On October 5, 2012, SH-Florida converted from a Florida limited liability company to a Delaware limited liability company, and the franchisor became SH-Delaware. All of the assets of the franchise system, including the franchise agreements, Marks and System are currently owned by SH-Delaware, and SH-Delaware continues to hold all of the rights, privileges and powers, as well as the debts, liabilities and duties, of SH-Florida.

On October 21, 2016, our parent, SHF Acquisition Company, Inc., (“**SHF Acquisition**”) acquired 100% of the equity of SH-Delaware. SHF Acquisition does not offer franchises in any line of business or provide products or services to the franchisees of SH-Delaware. SHF Acquisition’s principal business address is 901 Dulaney Valley Road, Suite 700, Towson, MD 21204.

Our affiliate, SH Corporate Company, Inc. (“**SH Corporate**”), a Delaware corporation, was formed on April 10, 2017. SH Corporate’s principal business address is 901 Dulaney Valley Road, Suite 700, Towson, Maryland 21204. Effective May 1, 2017, SH Corporate purchased the membership interests of Senior Helpers LLC, a Maryland limited liability company. Senior Helpers LLC was originally owned by one of the founders and principal owners of SH Franchising-Maryland, and that entity owned and operated one Senior Helpers Care Business in Towson, Maryland from May 2002 until March 2012. In March 2012 it was sold to a franchisee and the business was operated as a franchised business since March 2012. Senior Helpers LLC was an affiliate of SH Franchising-Maryland and SH-Florida until March 2012. As of May 1, 2017, Senior Helpers LLC’s Senior Helpers business in Towson, Maryland became an “affiliate-owned” or “company-owned” business. Effective August 9, 2017, SH Corporate purchased the membership interests of Handle With Care In-Home Care & Assistance, LLC, an Illinois limited liability company. Handle With Care In-Home Care & Assistance’s business is located in Des Plaines, Illinois and is an “affiliate-owned” or “company-owned” business. Effective April 16, 2018, SH Corporate purchased the common stock of Samuel Services Corporation, a North Carolina corporation. Samuel Services Corporation operated multiple Senior Helpers franchised businesses from December 17, 2007 until April 16, 2018. Samuel Services Corporation’s business is located in Pineville, North Carolina and is an “affiliate-owned” or “company-owned” business. Effective August 20, 2018, SH Corporate purchased the common stock of Clear Blue Holdings, Inc., a Pennsylvania corporation. Clear Blue Holdings operated a Senior Helpers franchised business from December 31, 2012 until August 20, 2018. Clear Blue Holding’s business is located in Erie, Pennsylvania and is an “affiliate-owned” or “company-owned” business. Effective August 30, 2021, SH Corporate purchased the membership interests of Miller Home Care, LLC, a Wisconsin limited liability company. Miller Home Care, LLC operated multiple Senior Helpers franchised businesses from 2006 to August 30, 2021. Miller Home Care, LLC’s business is located in Glendale, Wisconsin and is an “affiliate owned” or “company owned” business.

Our affiliate, SHCC Chicago, LLC (“**SH Chicago**”), a Delaware limited liability company, was formed on November 14, 2017. SH Chicago’s principal business address is 1400 East Touhy Avenue, Suite 305, Des Plaines, Illinois 60018. Effective December 29, 2017, SH Chicago purchased substantially all of the assets of Tucker Marketing Group, Inc., an Illinois corporation, pursuant to an Asset Purchase Agreement. Tucker Marketing Group operated multiple Senior Helpers franchised businesses from January 27, 2009 until December 29, 2017.

SHF Holding Company, LLC (“**SHF Holding**”), a Delaware limited liability company, was the 100% equity owner of both SHF Acquisition and SH Corporate until April 1, 2021 when it sold 100% of the equity ownership of SHF Acquisition and SH Corporate to Advocate Aurora Enterprises, Inc. (“**Advocate Aurora**”). Advocate Aurora’s principal business address is 750 West Virginia Street, Milwaukee, WI 53204-1539.

## **The Franchise Offered**

We and our affiliates have, over a considerable time period and with considerable effort, developed a system relating to the establishment and operation of care agencies (the “**System**”). We offer franchises for the operation of care agencies that operate under the System and the “Senior Helpers” mark (the “**Senior Helpers Care Businesses**”). These care agencies provide various non-medical care and personal assistance services, primarily for elderly individuals. These services include care and companionship services, bathing, dressing, grooming, and personal hygiene assistance, light housekeeping, meal planning and preparation, running errands, transportation, medication reminders, Alzheimer’s and dementia care, and caregiver staffing for various facilities. We continue to develop and modify the System.

The Senior Helpers Care Businesses, and the System, have distinctive characteristics. These characteristics currently include providing generalized non-medical care services, including individual pre-engagement evaluations and assessments; procedures for operations; quality of services offered; procedures for management; training and assistance; advertising and promotional programs; business formats, methods, procedures, standards, and specifications. We may periodically change and improve the Senior Helpers Care Businesses and System.

We use, promote, and license certain trademarks, service marks, and other commercial symbols including the marks “SENIOR HELPERS” and “SENIOR HELPERS & Design” in operating Senior Helpers Care Businesses (the “**Marks**”). The Marks have gained and will continue to gain public acceptance and goodwill. We may create, use, and license other trademarks, service marks, and commercial symbols for Senior Helpers Care Businesses. If we do, these other marks and symbols will become part of the “Marks.”

We are offering franchises to persons or legal entities that meet our qualifications, and are willing to undertake the investment and effort to own and operate a Senior Helpers Care Business using our System and Marks.

We will loan a franchisee a copy of our Operations Manual. The Operations Manual may include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or an internal extranet, and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating a Senior Helpers Care Business. These are our “**System Standards.**” The Operations Manual also contains information on a franchisee’s other obligations under the Franchise Agreement (as defined below). We may modify the Operations Manual periodically to reflect changes in System Standards and other guidance and requirements regarding the operation and management of Senior Helpers Care Businesses.

We may offer you the opportunity to enter into a franchise agreement (“**Franchise Agreement**”) with us. We refer to the individuals, corporations, limited liability companies, or general or limited partnerships who will be the franchisee as “**you**” in this Disclosure Document. Under the Franchise Agreement we will grant you the right and license (the “**Franchise**”) to operate a Senior Helpers Care Business (the “**Franchised Business**”) at a location identified in the Franchise Agreement (the “**Premises**”). The Premises will be in an area identified under the Franchise Agreement (the “**Territory**”). The Franchise Agreement will be for a term beginning on the Effective Date of the Franchise Agreement and expiring 10 years from the opening date of the Franchised Business or five (5) years from the opening date of the Franchised Business if you are buying an existing Senior Helpers Franchised Business (re-sale/transfer) or buying your second or more Senior Helpers Franchised Business (the “**Initial Term**”). You must operate the Franchised Business in the Territory. You must use the System in operating your Franchised Business. You must at all times perform your obligations under the Franchise Agreement faithfully, honestly, and diligently, and use your best efforts to promote the Franchised Business.

You must operate the Franchised Business from an approved office, and not from a residence. If you have not identified the Premises, and received our approval of the Premises before you sign the Franchise Agreement, the Premises will be identified as part of our site selection and approval process.

Except for limited situations and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Senior Helpers Care Business at a location within the Territory during the term of the Franchise Agreement.

### **Management of a Senior Helpers Care Business**

You, as the franchisee, may be an individual, sole proprietor owner, or you may be an entity. If you are an entity, you must appoint an Operating Principal. The Operating Principal will be the person with whom we

will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for you and your entity. You, or your Operating Principal, will manage and provide general oversight of the Franchised Business.

Each Franchised Business will have a Key Manager. The Key Manager may be an owner of the franchisee entity, or a person designated by you, subject to our approval. The Key Manager will be charged with responsibility for direct supervision of the Franchised Business. Typically the Key Manager is the person having the authority and responsibility for planning, directing, and controlling the activities of the Franchised Business, either directly or indirectly.

### **Industry-Specific Regulations**

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to the caregivers and other employees. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the staffing and management of an in-home personal care business. In addition to complying with all employment, labor, and wage and hour laws, there may be wage and hour laws or regulations in your state that apply to home care workers. There may also be other laws and regulations specific to in-home care, personal assistance services, and companion care services. If a state or jurisdiction has such a law or regulation, these laws and regulations are likely to vary from state to state, and these may change from time to time. In addition, you must operate the Franchised Business in full compliance with all applicable federal, state and local laws, rules, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Your Franchised Business may be considered a Covered Entity for the purposes of HIPAA if it provides health care services as defined by federal law and you transmit any health information in electronic form in connection with a HIPAA covered transaction. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

### **Competition**

The market for personal care services is developing. The aging of the population has increased demand for a variety of non-medical care services. As a franchisee, you will compete with other care service chains, both franchised and non-franchised, as well as independent care service providers. Some companies focus on a specific niche of care and some try to cover a broader range of care. We will help you locate and understand the competitors in your area.

## **ITEM 2** **BUSINESS EXPERIENCE**

**Chief Executive Officer and Member of the Board of Managers:** **Peter Ross**  
Mr. Ross has been our CEO since our inception, and a Member of our Board of Managers since October 2012. Mr. Ross is also the CEO of SH Town Square Franchising, Inc. (“**SH Town Square**”) operating out of Perry Hall, Maryland and has been since its inception in 2018.

**Member of the Board of Managers:** **Scott Powder**  
Mr. Powder has been a member of our Board of Managers since April 1, 2021. Mr. Powder is also the President of Advocate Aurora Enterprises, Inc. and has been since April, 2020. Before that Mr. Powder was Chief Strategy Officer of Advocate Aurora, operating in Downers Grove, Illinois from April, 2018

through April, 2020. Before that Mr. Powder was Chief Strategy Officer for Advocate Health Care in Downers Grove, Illinois from November, 2006 through April, 2018.

**Member of the Board of Managers:** **Denise Keefe**

Ms. Keefe has been a member of our Board of Managers since August 2021. Ms. Keefe is currently and has been since April, 2018 the Executive Vice President of Advocate Aurora Health in Oakbrook, Illinois. Ms. Keefe is also currently the President of Advocate Aurora Health’s Continuing Health Division and has been since 1996 in Oakbrook, Illinois.

**Executive Vice President of Franchise Development:** **Rob Cantrell**

Mr. Cantrell has been our Executive Vice President of Franchise Development since December 2021. Before that, Mr. Cantrell was the Vice President of Franchise Development from January 2016 to December 2021. Mr. Cantrell was the Vice President of Franchise Development of SH Town Square operating out of Towson, MD from June 2020 through April 1, 2021.

**Chief Operations Officer** **Mari Baxter**

Ms. Baxter has been our Chief Operations Officer since April, 2021. Before that, Ms. Baxter was our Executive Vice President and Chief Performance Officer from December 2019 to April, 2021. Before that, Ms. Baxter was our Senior Vice President of Franchise Operations from June 2017 through December 2019. Ms. Baxter was the Executive Vice President and Chief Performance Officer of SH Town Square operating out of Towson, MD from June 2020 through April 1, 2021.

**Vice President of Training and Development** **Christina Chartrand**

Ms. Chartrand has been our Vice President of Training and Development since March 2010. Ms. Chartrand was the Vice President of Training and Development for SH Town Square operating out of Towson, MD from April 2018 through April 1, 2021.

**Chief Information Officer** **Michael Chumley**

Mr. Chumley has been our Chief Information Officer since November, 2021. Before that, Mr. Chumley was our Vice President of Information Technology from May 2012 to November, 2021. Mr. Chumley was the Vice President of Information Technology for SH Town Square operating out of Towson, MD from April 2018 through April 1, 2021.

Except as described above, the location of the employer for each of the officers, directors and management personnel listed in this Item 2 is Towson, Maryland.

**ITEM 3**  
**LITIGATION**

Hanley Limited Partners, LLC, Raymond Hanley and Marsha Hanley vs. Doctors Express Franchising, LLC, Peter Ross, Anthony Bonacuse, Scott Burger and Rhino 7 Consulting Company – U.S. District Court, Northern District of Maryland, Case No. 1:12-cv-00795-ELH. The plaintiffs were a former Doctor’s Express franchisee and its owners, who had operated and closed a franchised Doctors Express location in Missouri. This action was filed on March 13, 2012 against, in addition to Doctors Express Franchising, LLC (“DEF”), one of our officers, Peter Ross, who was also an officer of DEF. The complaint included claims for violation of the Maryland Franchise Registration and Disclosure Law, fraud, and constructive fraud in connection with the offer of a “Doctors Express” franchise by DEF to the plaintiffs, and a request for rescission and damages. The litigation was settled during 2013 when DEF and Hanley Limited Partners entered into a Settlement Agreement and Release in which the parties agreed to dismiss the litigation and Hanley Limited Partners was paid \$525,000 by DEF’s insurer. The complaint was dismissed on July 30, 2013 pursuant to the District Court’s Settlement Order. This action did not relate to us or the Senior Helpers franchise system.

Joseph P. Morrow vs. Assisted Transition, LLC, Peter Ross, Glen Amador, Britt Schroeter, Danielle Russell, Craig Sobel, and Steve Delcarson – Posey County Circuit Court, State of Indiana, Case No. 65C01-1306-PL-000258. The plaintiff was a former Assisted Transition franchisee who had operated an Assisted Transition franchised business in Indiana. This action was filed on June 27, 2013. In addition to Assisted Transition, LLC, one of our officers, Peter Ross, who was not at the time an officer of Assisted Transition, was named in the complaint. The complaint included claims for breach of contract, fraud, and violations of Indiana franchise laws, and a request for rescission and damages. The litigation was settled in August, 2013 when Assisted Transition and Joseph Morrow entered into a Settlement Agreement and Mutual Release wherein the parties agreed to dismiss the litigation, Joseph Morrow was paid \$30,000 and the franchise agreement was terminated excepting certain confidentiality and non-compete provisions. The complaint was dismissed on August 26, 2013. This action did not relate to us or the Senior Helpers franchise system.

Allegra Nienart as Attorney-in-Fact for Benjamin Nienart and Lila B. Nienart, husband and wife vs. SH Franchising, LLC, Skylands Home Care, LLC dba Senior Helpers, Kewbwna Bonna, Tamara Young and Erica Craft, Superior Court of New Jersey for Essex County, ESX-L-220-16. The complaint was initially filed in January 2016, but was amended on July 6, 2016 to include SH-Delaware as a party. The amended complaint alleged that a former franchisee’s caregiver was negligent in caring for the plaintiffs. The amended complaint included claims of negligence, negligent hiring, violation of the New Jersey Consumer Fraud Act and that SH-Delaware is vicariously liable for such negligence/violations based on an agency and apparent agency theories. The plaintiffs requested compensatory, punitive, and special damages, as well as interest and costs of suit. The parties entered into a Release of All Claims on October 4, 2017, wherein the parties agreed to dismiss the litigation and the plaintiff was paid \$150,000. The parties to the action signed a Stipulation of Dismissal With Prejudice on November 29, 2017, stipulating and agreeing that all claims filed by the plaintiffs against all defendants, and any all cross-claims between the parties are dismissed with prejudice. The Superior Court of New Jersey for Essex County dismissed the action on November 30, 2017.

Wilma Beck by Attorney-in-Fact Barbara Elkins v. Foreman Care Corp. and SH Franchising, LLC – Cass County Superior Court, Indiana, Case No. 09D1-1805-CT-000012 – Wilma Beck filed a complaint on May 10, 2018 against Foreman Care Corp., a franchisee and SH-Delaware. The complaint alleges counts of vicarious liability and respondeat superior, negligence, negligent hiring and supervision, negligent infliction of emotional distress, breach of contract, unjust enrichment, breach of fiduciary duties and/or constructive fraud, senior consumer protection act liability, and deceptive consumer sales act liability for negligent caregiving, real and personal property damage caused to Wilma Beck’s home and theft of more than \$8,000 of Wilma Beck’s personal funds. Defendants filed an answer to the complaint on July 16, 2018. The parties entered into a Release and Confidentiality Agreement on August 5, 2019 wherein the plaintiff was paid \$150,000 in return for the dismissal of the lawsuit with prejudice. The Cass County Superior Court dismissed the action on August 26, 2019.

In Re: Franchise No Poaching Provisions (SH Franchising, LLC), State of Washington, King County Superior Court, Civil Case No. 19-2-31058-8 - On September 6, 2019 the Attorney General of Washington sent notice to SH-Delaware that it was investigating “no-poach” provisions in its franchise agreements and issued a Civil Investigative Demand requesting information related to the franchise agreements used by SH-Delaware. On November 22, 2019 the State of Washington and SH-Delaware entered into and filed an Assurance of Discontinuance (“AOD”) in the matter. As part of the AOD, SH-Delaware agreed to (1) notify all franchisees of the entry of the AOD, (2) seek to amend all franchise agreements with State of Washington franchisees to remove the non-solicitation of employees provision from the franchise agreements, and (3) not include the non-solicitation provision of employees in its franchise agreement for all franchisees nationwide.

Other than these items, 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**

**Initial Franchise Fee**

You must pay us a nonrecurring and initial franchise fee in the lump sum of \$55,000 when you sign the Franchise Agreement. The initial franchise fee is fully earned by us, uniformly applied, and is non-refundable. We have offered to finance the initial franchise fee for certain exceptional franchisees to purchase an additional franchised business. See Item 10 for further details. If you are signing the Franchise Agreement in connection with the purchase of an existing Senior Helpers Franchised Business from an existing franchisee or from us (as part of a transfer or re-sale), you will not be required to pay the initial franchise fee.

To honor those men and women who have served in the U.S. military we offer a ten percent (10%) discount of the initial franchise fee to individuals who qualify. The veteran must have served in the U.S. Armed Forces such as the Air Force, Army, Coast Guard, Marines, or Navy and must not have been discharged or released therefrom under dishonorable conditions. Additionally, we offer a ten percent (10%) discount of the initial franchise fee to minority individuals who qualify. To qualify, minority individuals must show that they are disadvantaged because of race, ethnicity, or physical handicap. The veteran and minority individual discounts shall not be combinable.

**ITEM 6**  
**OTHER FEES**

<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
Royalty	During the first Year of Operation, 5% of the Gross Sales (see Note 2) from the preceding two-week period. Following the first Year of Operation, the greater of 5% of the Gross Sales from the preceding two-week period, or the Minimum Periodic Royalty Payment. If you are a new owner that is signing your first Franchise Agreement with us, and you sign the Franchise Agreement and pay the initial franchisee fee on Discovery Day then, during the six (6) month period beginning on the	On the Wednesday immediately following the previous two-week period	The Royalty is payable to us by an automatic, electronic debit of funds. See Note 2 below.

<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
	Opening Date, the Royalty will be 2.5% of the Gross Sales from the preceding two-week period. (see Notes 2 and 3)		
Marketing Fund (see Note 4)	An amount up to 2% of your Gross Sales. (See Note 4). Currently the greater of 1% of Gross Sales or \$75 per billing period per territory.	Payable in the same manner as the Royalty	Further details about the Marketing Fund can be found in Item 11, under the subheading “Marketing.”
Brand Management Fee	Currently \$150 per two-week period per territory, but we may increase this amount upon 30 days advance written notice.	Payable in the same manner as the Royalty	Further details about the Brand Management Fee can be found in Item 11, under the subheading “Marketing.”
On-Going Training	<p>Reasonable registration or similar fees. Currently, the attendance fee for the national conference is approximately \$799 per attendee.</p> <p>There is currently no fee charged by us for the Senior Gems® training.</p>	As incurred	<p>We may require you (or your Operating Principal), your Key Manager, and/or other previously trained and experienced managers to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Attendance at the national conference is required of all franchisees. If you fail to attend the national conference you will be charged the conference registration fee plus a non-attendance fee. The registration fee covers the registration of all Key Managers of a Franchised Business for the specific training program or meeting. The attendance fee for the national conference is for each attendee. We require at least one person from your Franchised Business which may be you (or your Operating Principal), your Key Manager, and/or other previously trained and experienced managers and employees to attend and complete Senior Gems® training within six (6) months of the Opening Date. We may charge a reasonable fee for the Senior Gems® training. You agree to pay all</p>



<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Date Due</b>	<b>Remarks</b>
			travel and living expenses which you and your employees incur during all Senior Gems® training.
Transfer Fee	50% of our then-current initial franchise fee or such greater amount as is required to reimburse us for reasonable expenses associated with reviewing the transfer.	At time of transfer	The transfer fee will be waived if the transferee is an entity you control.
Offering Fee	\$7,500 or such greater amount as is necessary to cover our costs and expenses for reviewing the proposed offering.	When you notify us of the potential offering	Payable to us for reviewing a proposed offering of stock or partnership interests in your company.
Interest on Overdue Amounts	1.5% per month or the highest commercial contract interest rate that the law allows on amounts owed to us.	Upon demand	We may debit your bank account automatically for late fees and interest. This interest on overdue amounts is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business.
Cross-Territorial Policy Payment	Varies	Varies	A violation of the Cross-Territorial Policies may subject you to a payment to one or more franchisees who operate in other territories and to us.
Audit Costs	Costs of the examination	Upon demand	Payable only if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding 5% of the amount that you actually reported to us for the period examined.
Indemnification	Varies	Upon demand	You will indemnify us against any costs arising out of the Franchised Business's operation, the business you conduct under the Franchise Agreement, or your breach of the Franchise Agreement.
Costs and Attorneys' Fees	Varies	Upon demand	Reimbursement to us for all of the costs and expenses that we incur due to your failure to pay when due amounts owed to us, to submit when due any reports,

Type of Fee (Note 1)	Amount	Date Due	Remarks
			information, or supporting records, or otherwise to comply with the Franchise Agreement.
Insurance Costs	Varies	Upon demand	If you fail or refuse to obtain and maintain the insurance we specify, we may obtain the insurance for you and the Franchised Business on your behalf, in which event you must reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.
IT Fee	Currently \$280 per month, but we may increase or decrease upon 30 days advance written notice.	Monthly	We and our affiliates may charge you a monthly or other fee for certain information technology related costs such as Relias, FranConnect access, Online Web Hosting/SEO, Applicant Tracking System and e-mail, that we, our affiliates or vendors provide during the term of the Franchise Agreement. The IT Fee is payable to us by an automatic, electronic debit of funds.
LIFE Profile License Fee and Initial Training Fee	Currently \$350 per month.	Monthly	The LIFE Profile License Fee is payable to us by an automatic, electronic debit of funds.

Notes:

**(Please review the table above in conjunction with the notes that follow.)**

1. Except for the Cross-Territorial Policy Payment, all fees are imposed by and are payable to us. All fees are uniformly applied to new system franchisees and are non-refundable. However, in cases and circumstances in which it was appropriate to do so, we may have waived some or all of these fees for a particular franchisee.
2. “Gross Sales” means all revenue that you bill/invoice (whether or not collected), plus all other amounts you derive, from operating the Franchised Business, including all services and products sold, all amounts that you charge, invoice, or receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, and (2) excluding client-billed caregiver mileage reimbursements.

During the first Year of Operation (as defined below) you must pay a Royalty of 5% of the Gross Sales of the Franchised Business for each two-week period. Following the first Year of Operation, you must pay a Royalty equal to the greater of (i) 5% of the Gross Sales of the Franchised Business for each two-week period or (ii) the Minimum Periodic Royalty Payment (described below) for each period.

If you are a new owner that is signing your first Franchise Agreement with us, and you sign the Franchise Agreement and pay the initial franchise fee on your Discovery Day then, during your first six months of Operation of the Franchised Business, you will pay a Royalty equal to 2.5% of the Gross Sales of the Franchised Business for each two-week period. “Discovery Day” is a day when you meet our franchise team in person at our corporate headquarters to discuss the opportunity to become a franchisee.

*Minimum Periodic Royalty Payments*

The Minimum Periodic Royalty Payments will be:

Year of Operation*	Minimum Performance Standard	Minimum Periodic Royalty Payments
1	\$150,000	--
2	\$300,000	$\$300,000/26 \times .05 = \$576.92/\text{period}$
3	\$450,000	$\$450,000/26 \times .05 = \$865.38/\text{period}$
4	\$600,000	$\$600,000/26 \times .05 = \$1,153.85/\text{period}$
5	\$700,000	$\$700,000/26 \times .05 = \$1,346.15/\text{period}$
6	\$800,000	$\$800,000/26 \times .05 = \$1,538.46/\text{period}$
7	\$900,000	$\$900,000/26 \times .05 = \$1,730.77/\text{period}$
8 and subsequent years	\$1,000,000	$\$1,000,000/26 \times .05 = \$1,923.08/\text{period}$

\* For the purposes of the Minimum Performance Standards, the first Year of Operation will begin on the initial date of the first royalty reporting period and continue for 26 billing periods each year. If there is a transfer, the Minimum Performance Standard for the new franchise agreement (if applicable) will be based on the Gross Sales of the transferor for the twelve (12) month period immediately preceding the date of the transfer. For example, if the transferor’s Gross Sales for the twelve (12) month period immediately preceding the date of the transfer were \$375,000 then the transferee will be considered to have completed Operating Year 2 and will be required to meet the Minimum Performance Standard for Operating Year 3 or \$450,000 (and the applicable Minimum Periodic Royalty Payments of \$865.38 per period shall apply) for the year following the transfer.

In the event that your Royalty fees paid during a Year of Operation was in excess of the greater of either (i) the applicable Minimum Periodic Royalty Payments for such Year of Operation multiplied by 26 periods or (ii) 5% of the Gross Sales of the Franchised Business for the Year of Operation, then we will refund you such excess Royalty fees within thirty (30) days of the ending date of the applicable Year of Operation.

You will authorize us to debit your business checking account automatically for the Royalty, the Marketing Fund contribution, the Brand Management Fee, and the IT Fee (the “**Electronic Depository Transfer Account**” or “**EDTA**”). We will debit the EDTA on the specified dates that payments are due.

3. The Royalty will be calculated on a bi-weekly basis, according to the two-week accounting and reporting periods established by us.

4. The current Marketing Fund contribution is 1.0% of Gross Sales, with a minimum contribution of \$75 per billing period. These amounts may be increased, including an increase of up to 2% of Gross Sales, after we provide you with sixty (60) days prior notice of the increase. We have the right to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund’s expense.

We may at any time defer or reduce contributions of a Senior Helpers Care Business franchisee and, upon thirty (30) days prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund.

We will work with you to develop, on an annual basis, an advertising and marketing plan (the “**Plan**”) for you, your Franchised Business, and your Territory. In addition to your Marketing Fund contribution, you must spend each month, beginning at least two weeks before you commence operations, at least \$1,000 or 2% of your Gross Sales, whichever is higher, to advertise and promote your Franchised Business in accordance with your Plan.

4. You must subscribe for a license of our client assessment software tool, LIFE Profile, through our designated vendor, Performance Based Health Solutions (PBHS). You will be required to sign a license agreement for the licensing of LIFE Profile that will require that you pay a license subscription fee of \$350 per month. These fees may be increased per the terms of your license agreement (attached to the Franchise Agreement as Exhibit F).

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Estimated Amount/ (Low-High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee (1)	\$55,000	Lump sum	At signing of your Franchise Agreement	Us
Travel and Living Expenses While Training (2)	\$1,500 - \$3,000	As incurred per participant	During training	Airlines, hotels and restaurants
Lease, Utility and Security Deposits (3)	\$3,000 - \$4,000	As incurred	When you sign your lease or start up an account with utility company	Landlord, Utilities
Leasehold Improvements (4)	\$2,500 - \$6,500	As incurred	As incurred	Third parties
Promotional Items (5)	\$2,000 - \$4,000	As incurred	When ordered	Suppliers
Additional Staffing (6)	\$22,000 - \$25,000	As incurred	As incurred	Employees
Furniture & Fixtures and Equipment (including Computer System) (7)	\$7,000 - \$9,000	As incurred	When ordered	Suppliers
Supplies (8)	\$700 - \$1,500	As incurred	When ordered	Suppliers
Initial Advertising (9)	\$3,000 - \$6,000	As incurred	As incurred	Third parties; suppliers
Business License & Permits (10)	\$0 - \$12,500	As incurred	As incurred	Third parties

<b>Type of Expenditure</b>	<b>Estimated Amount/ (Low-High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Legal/Professional Fees (11)	\$100 - \$1,300	As incurred	As incurred	Attorney/ Accountant
Insurance (12)	\$3,500 - \$5,000	As incurred	Before opening	Insurance agent or carrier
Recruitment (13)	\$1,000 - \$2,000	As incurred	As incurred	Third parties
Additional Funds (3 months) (14)	\$26,500 - \$37,000	As incurred	As incurred	Employees, suppliers, utilities
Total (15)	\$127,800 - \$171,800			

Notes:

The table above represents the initial investment for a single Franchised Business. Please review the table and the notes that follow.

- (1) Initial Franchise Fee. The initial franchise fee is \$55,000 and is paid when you sign the Franchise Agreement. We have offered to finance the initial franchise fee for certain exceptional franchisees to purchase an additional franchised business. See Item 10 for further details.
- (2) Travel/Training. You will pay for all travel and living expenses which you (or your Operating Principal) and all of your employees incur and for your employees' wages and workers' compensation insurance while they are training. The costs will depend on the distance you must travel and the type of accommodations you choose. We will provide the initial training program at our franchise administrative office (currently Towson, Maryland) or at a designated training facility of our choice. The low estimate assumes that you live within driving distance of our headquarters or the designated training facility; the high estimate assumes that you will incur costs for lodging, food and travel for the training period.
- (3) Lease; Utility and Security Deposits. You must operate from an office within your Territory. We expect that you will need approximately 1,000 square feet for the office. Offices must contain signage and a separate area for training that is not part of shared space. You must have a dedicated training space designed as a realistic simulation of a client's home ("Center of Excellence"). Lease costs will vary with real estate costs in each market. You are responsible for obtaining all necessary permits or licenses necessary for the site locating, renovation and operation of the Franchised Business.

Prepaid rent and security deposits are generally required by landlords, utilities and certain other merchants or government entities. The high end of this estimated cost includes a one-month security deposit. Based on our experience, we have found that prepaid rent is generally non-refundable. Security or other deposits may be refundable either in full or in part, depending on your lease or contract.

- (4) Leasehold Improvements. Leasehold improvements will vary with many factors, including the size and conditions of the Premises and whether the lessor provides any type of tenant improvement allowance.

- (5) Promotional Items. You will need to order promotional items from an approved vendor, such as coffee mugs, pens, note pads, candy jars, etc. that will be used to help market your franchise in your territory. These costs will include printing services for promotional items.
- (6) Additional Staffing. You will need to hire a full-time office support person and marketing person initially to help you with scheduling and other office administrative duties and marketing initiatives. This will need to be done at opening and will help you to establish your business quicker than doing it by yourself.
- (7) Furniture, Fixtures and Equipment (including Computer System). You may need to purchase furniture and fixtures (e.g., desks and chairs) for the Premises. You will need to purchase furniture and equipment for the Center of Excellence. Various household furniture such as a bed, chair/recliner, tables and durable medical equipment will be necessary to build the Center of Excellence. Financing may be available for some of your leasehold improvements, fixtures, signage and furnishings through lessors or third parties. If you finance these items, you will incur financing costs.

The equipment cost estimate includes costs for communications equipment, computer hardware (computer – server, computer – client, printer/fax multifunction), and the costs of obtaining the required software we specify from time to time. Telephone and Internet connection service may cost approximately \$50 to \$300 per month. Included in these estimated costs are three monthly payments of the software license fee and LIFE Profile license. We and our affiliates may charge you a monthly fee or other fees for certain information technology related costs such as Relias, FranConnect access, Online Web Hosting/SEO, Applicant Tracking System and e-mail. The current IT Fee is \$280 per month. We expect that this fee will begin to be incurred during your first month of operations. You will need to install indoor signage in the Premises and outdoor signage in connection with the operation of a Franchised Business. Currently, neither we nor our affiliates are suppliers of signage.

- (8) Supplies. The estimates for this line item reflect the costs of various office supplies you will need in connection with the operation of the Franchised Business.
- (9) Initial Advertising. We strongly recommend that you conduct advertising, marketing, and promotional campaigns just prior to opening your Franchised Business and during the first few months of operations. We can help you develop these initial advertising plans and programs. We recommend that you spend approximately \$3,000 to \$6,000 on this initial advertising.
- (10) Business Licenses. You may be required to obtain a business license or permit before you can open the Franchised Business.
- (11) Legal and Professional Fees. We believe that it is important for you to consult with your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with us. You should also use an attorney or other business advisor to review any lease or other agreements that you enter in connection with your Franchised Business or other independent business relationship.
- (12) Insurance. This is an estimate of your initial insurance premium for required property and public liability insurance. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier and other factors. The cost of other coverage, including workers' compensation and other types of coverage cannot be estimated as they vary widely on a market-by-market basis. We set minimum insurance requirements for our Senior Helpers Care Businesses but we recommend that you seek the advice of an independent risk management professional and/or insurance broker to determine the additional coverage you should have in place for the business.

- (13) **Recruitment.** This is an estimate for your recruitment of the employees and caregivers of the Franchised Business.
- (14) **Additional Funds.** This is an estimate only for the additional operating capital needed to operate your Franchised Business during the initial 3 months after you open for business. We cannot guarantee that you will not have additional expenses starting the business. The estimate includes items such as initial payroll and payroll taxes (including payroll to cover the pre-opening training period for some of your Franchised Business staff), continuing service and royalty fees, Marketing Fund contributions, professional fees (including accounting and computer fees), additional advertising, rent, repairs and maintenance, bank charges, IT fees, miscellaneous supplies and equipment, state tax and license fees, depreciation/amortization, deposits and prepaid expenses (if applicable) and other miscellaneous items.

The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, whether your Franchised Business is located in a new market or a mature market, your experience and business acumen, competition, and the sales level you reach during this initial period. Additional operating expenses will be incurred in connection with the ongoing operation of your Franchised Business and periodic reinvestment will be necessary following the initial start-up phase for leasehold improvements, equipment, fixtures, and other assets.

- (15) **Total.** We have relied on data from our experience in the care business to compile these estimates. Your costs will depend on a number of factors including local economic and market conditions. The availability and terms of financing obtained from third parties will depend upon factors such as the availability of financing generally, your credit worthiness, collateral which you may make available, policies of local lending institutions concerning the type of business or the purpose for which money will be used, and other similar factors.

Unless otherwise noted above, none of the above fees are refundable to you.

If you are purchasing a Senior Helpers Franchised Business from an existing franchisee, other than the purchase consideration, the following will be your estimated initial investments.

#### **YOUR ESTIMATED INITIAL INVESTMENT – RE-SALE**

<b>Type of Expenditure</b>	<b>Estimated Amount/ (Low-High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee- Transfer Fee (1)	\$27,500	As incurred	Upon closing of sale	Us
Travel and Living Expenses While Training (2)	\$1,500 - \$3,000	As incurred per participant	During training	Airlines, hotels and restaurants
Lease, Utility and Security Deposits (3)	\$3,000 - \$4,000	As incurred	When you sign your lease or start up an account with utility company	Landlord, Utilities
Leasehold Improvements (4)	\$0 - \$3,500	As incurred	As incurred	Third parties
Promotional Items (5)	\$2,000 - \$4,000	As incurred	When ordered	Suppliers

<b>Type of Expenditure</b>	<b>Estimated Amount/ (Low-High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Additional Staffing (6)	\$0 - \$50,000	As incurred	As incurred	Employees
Furniture & Fixtures and Equipment (including Computer System) (7)	\$0 - \$7,000	As incurred	When ordered	Suppliers
Supplies (8)	\$700 - \$1,500	As incurred	When ordered	Suppliers
Initial Advertising (9)	\$3,000 - \$6,000	As incurred	As incurred	Third parties; suppliers
Business License & Permits (10)	\$0 - \$12,500	As incurred	As incurred	Third parties
Legal/Professional Fees (11)	\$1,000 - \$5,000	As incurred	As incurred	Attorney/ Accountant/HR
Insurance (12)	\$3,500 - \$5,000	As incurred	Before opening	Insurance agent or carrier
Recruitment (13)	\$1,000 - \$6,000	As incurred	As incurred	Third parties
Additional Funds (3 months) (14)	\$19,000 - \$50,000	As incurred	As incurred	Employees, suppliers, utilities
Total (15)	\$62,200 – \$185,000			

Notes:

The table above represents the initial investment (other than the purchase consideration) for a single Franchised Business that you purchase from an existing Senior Helpers franchisee. Please review the table and the notes that follow.

- (1) Initial Franchise Fee-Transfer Fee. The initial franchise fee does not apply to your purchase of a Senior Helpers franchisee, however, either you or the transferor is required to pay a transfer fee of \$27,500.
- (2) Travel/Training. You will pay for all travel and living expenses which you (or your Operating Principal) and all of your employees incur and for your employees' wages and workers' compensation insurance while they are training. The costs will depend on the distance you must travel and the type of accommodations you choose. We will provide the initial training program at our franchise administrative office (currently Towson, Maryland) or at a designated training facility of our choice. The low estimate assumes that you live within driving distance of our headquarters or the designated training facility; the high estimate assumes that you will incur costs for lodging, food and travel for the training period.
- (3) Lease; Utility and Security Deposits. You must operate from an office within your Territory. We expect that you will need a minimum of 1,000 square feet for the office. You may decide to assume the previous franchisee's office lease, if we consent, or you may choose to find a new office location, that shall be subject to our prior approval. Offices must contain signage and a separate area for training that is not part of shared space. You must have a dedicated space for a Center of Excellence. Lease costs will vary with real estate costs in each market. You are responsible for obtaining all



necessary permits or licenses necessary for the site locating, renovation and operation of the Franchised Business.

Prepaid rent and security deposits are generally required by landlords, utilities and certain other merchants or government entities. The high end of this estimated cost includes a one-month security deposit. Based on our experience, we have found that prepaid rent is generally non-refundable. Security or other deposits may be refundable either in full or in part, depending on your lease or contract.

- (4) Leasehold Improvements. Leasehold improvements will vary with many factors, including the size and conditions of the Premises.
- (5) Promotional Items. You will need to order promotional items from an approved vendor, such as coffee mugs, pens, note pads, candy jars, etc. that will be used to help market your franchise in your territory. These costs will include printing services for promotional items.
- (6) Additional Staffing. You may need to hire additional staff as appropriate per our suggestions.
- (7) Furniture, Fixtures and Equipment (including Computer System). You may need to purchase furniture and fixtures (e.g., desks and chairs) for the Premises. You will need to purchase furniture and equipment for the Center of Excellence. Various household furniture such as a bed, chair/recliner, tables and durable medical equipment will be necessary to build the Center of Excellence. Financing may be available for some of your leasehold improvements, fixtures, signage and furnishings through lessors or third parties. If you finance these items, you will incur financing costs. The low end of the estimates for line items “Signage” and “Furniture & Fixtures” reflects the lessor’s contribution to the full costs of “Signage” and “Furniture & Fixtures.”

The equipment cost estimate includes costs for communications equipment, computer hardware (computer – server, computer – client, printer/fax multifunction), and the costs of obtaining the required software we specify from time to time. Telephone and Internet connection service may cost approximately \$50 to \$300 per month. Included in these estimated costs are three monthly payments of the software license fee and LIFE Profile license and initial training fees. We and our affiliates may charge you a monthly fee or other fees for certain information technology related costs such as Relias, FranConnect access, Online Web Hosting/SEO, Applicant Tracking System and e-mail. The current IT Fee is \$280 per month. We expect that this fee will begin to be incurred during your first month of operations. You will need to install indoor signage in the Premises and outdoor signage in connection with the operation of a Franchised Business. Currently, neither we nor our affiliates are suppliers of signage.

- (8) Supplies. The estimates for this line item reflect the costs of various office supplies you will need in connection with the operation of the Franchised Business.
- (9) Initial Advertising. We strongly recommend that you conduct advertising, marketing, and promotional campaigns just prior to opening your Franchised Business and during the first few months of operations. We can help you develop these initial advertising plans and programs. We recommend that you spend approximately \$3,000 to \$6,000 on this initial advertising.
- (10) Business Licenses. You may be required to obtain a business license or permit before you can open the Franchised Business.
- (11) Legal and Professional Fees. We believe that it is important for you to consult with your own accountant, attorney, risk management and/or business advisor before making any decision to enter into a Franchise Agreement with us. You should also use an attorney or other business advisor to

review any lease or other agreements that you enter in connection with your Franchised Business or other independent business relationship.

- (12) Insurance. This is an estimate of your initial insurance premium for required property and public liability insurance. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier and other factors. The cost of other coverage, including workers' compensation and other types of coverage cannot be estimated as they vary widely on a market-by-market basis. We set minimum insurance requirements for our Senior Helpers Care Businesses but we recommend that you seek the advice of an independent risk management professional and/or insurance broker to determine the additional coverage you should have in place for the business.
- (13) Recruitment. This is an estimate for your recruitment of the employees and caregivers of the Franchised Business.
- (14) Additional Funds. This is an estimate only for the additional operating capital needed to operate your Franchised Business during the initial 3 months after you open for business. This estimate assumes that you will be producing some level of Gross Sales during the initial 3 months from your purchase of the Franchised Business. We cannot guarantee that you will not have additional expenses starting the business. The estimate includes items such as initial payroll and payroll taxes (including payroll to cover the pre-opening training period for some of your Franchised Business staff), continuing service and royalty fees, Marketing Fund contributions, professional fees (including accounting and computer fees), additional advertising, rent, repairs and maintenance, bank charges, IT fees, miscellaneous supplies and equipment, state tax and license fees, depreciation/amortization, deposits and prepaid expenses (if applicable) and other miscellaneous items.

The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, whether your Franchised Business is located in a new market or a mature market, your experience and business acumen, competition, and the sales level you reach during this initial period. Additional operating expenses will be incurred in connection with the ongoing operation of your Franchised Business and periodic reinvestment will be necessary following the initial start-up phase for leasehold improvements, equipment, fixtures, and other assets.

- (15) Total. We have relied on data from our experience in the care business to compile these estimates. Your costs will depend on a number of factors including local economic and market conditions. The availability and terms of financing obtained from third parties will depend upon factors such as the availability of financing generally, your credit worthiness, collateral which you may make available, policies of local lending institutions concerning the type of business or the purpose for which money will be used, and other similar factors.

Unless otherwise noted above, none of the above fees are refundable to you.

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

### **General**

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in accordance with System Standards and the Franchise System. During the term of the Franchise Agreement:

The Franchised Business will provide all client care, companion services and personal assistance services, and other services and products that we specify from time to time;

The Franchised Business will offer and sell approved services and products only in the manner we have prescribed;

You will not offer for sale or sell at or from the Franchised Business, a client's home, or any other location any services or products we have not approved;

You will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. Without limiting the previous requirement, you must not provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval.

### **Approved Products, Distributors and Suppliers**

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets all required fixtures, furniture, equipment (including a required or recommended computer, facsimile, and point-of-sale information system), furnishings, and signs are referred to as "**Operating Assets**" in this Disclosure Document, and other products. If we develop such standards and specifications, we will either furnish these standards to you in the Operations Manual or otherwise in writing. Our criteria for approving suppliers, however, is fluid (but which is, generally, the ability to satisfy our quality standards and controls), and is not provided to franchisees. We reserve the right from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements. If we do so, you must purchase only products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We expect that we will notify you of approval or disapproval of suppliers, specifications, or products within 90 days of your written request for approval. At this time, we do not limit the suppliers from whom you may purchase approved products, except that a franchisee may not be an approved vendor to other Senior Helpers Franchised Businesses.

We may designate a single distributor or supplier (collectively, "**Supplier**") for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or an affiliate of ours. Currently, other than for the licensing of proprietary software or technology and advertising, as may be applicable (and, as discussed below), and except as described below, neither we nor our affiliates are approved suppliers.

Mobile Help, LLC, an affiliate of ours, is an approved supplier of personal emergency response systems (PERS) that clients can use to call for help in an emergency by pushing a button. We derive no revenue from our franchisee's purchase of Mobile Help's PERS systems, however, sales of the PERS systems to clients will be part of your Gross Sales from which you will pay us a Royalty.

We and our affiliates may receive payments from suppliers on account of the suppliers' dealings with you and other franchisees, and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. In 2022, we received no rebates on payments from suppliers based on franchisee purchases.

Except as noted above, neither we nor any affiliate of ours will derive (and, except as described above, neither we nor any affiliate of ours have derived) revenue as a result of your purchases or leases in accordance with our specifications or standards or from approved suppliers.

We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or advantageous advertising support or services. Approval of a supplier or distributor may be conditioned on requirements concerning product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service,

including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time.

We may negotiate purchase arrangements (including price terms) with certain suppliers of Approved Products. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor.

Except as described in this Item 8, we do not provide any material benefits to you based on your use of designated or approved suppliers (such as new Territory).

We estimate that your purchases or leases from approved suppliers or in accordance with our specifications will represent approximately 20% to 40% of your total purchases in the establishment of the Franchised Business, and 70% to 90% of your total purchases in your continuing operation of the Franchised Business.

### **Computer System**

You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify from time to time (the “**Computer System**”). We may modify specifications for and components of the Computer System.

### **Advertising**

We will work with you to develop, on an annual basis, an advertising and marketing plan (the “**Plan**”) for you, your Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations, you must spend each month, beginning at least two weeks before you commence operations, at least \$1,000 or 2% of your Gross Sales, whichever is greater, to advertise and promote your Franchised Business in accordance with your Plan. Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website’s domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local advertising. However, you will be required to pay those third parties directly without any offset to your local expenditures requirements.

For all proposed advertising, marketing, and promotional plans, you must submit samples of plans and materials to us for our review and prior written approval (except concerning prices that you may charge). If written approval is not received by you from us within ten days of the date of receipt by us of the samples or materials, the samples or materials will be deemed to have been disapproved.

### **Insurance**

You must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business’s operation, all containing the minimum liability coverage we prescribe from time to time. The current requirements for insurance policies and coverage include: (1) comprehensive general liability insurance with limits of at least \$1 million per occurrence and \$3 million aggregate; (2) workers’ compensation and employer’s liability insurance as well as other insurance that may be required by statute or rule of the state in which the Franchised Business is located and operated; (3) personal injury coverage with limits of at least \$1 million per occurrence and \$1 million aggregate; (4) property damage coverage with limits of at least \$1 million per occurrence and \$1 million aggregate; (5) professional liability coverage with limits of at least \$1 million each incident and \$3 million aggregate; (6) employment practices liability insurance with limits of at least \$500,000 per occurrence and \$500,000 aggregate; (7) fidelity bond with

limits of at least \$25,000 per occurrence and \$2,500 deductible; and (8) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1 million general aggregate limit. You also must obtain and maintain a fidelity bond in an amount at least equal to the greater of (i) the amount required by applicable state and local laws and regulations or (ii) the amount specified in the Operations Manual. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and any affiliates we designate as additional named insured and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain comparable insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining the insurance.

### **Payroll and Payroll Tax Providers**

You are required by federal and state laws to comply with certain employment laws and employee payroll and tax requirements and to pay employment taxes on behalf of your employees. You may also offer various employee benefits (but we do not require that you do), such as health, dental and/or vision insurance, a 401(k) plan, or other benefits. All employment, hiring, firing, compensation, and benefits decisions and actions are your sole responsibility. As a means to provide consistent reporting of payroll and employee information, along with providing benefits administration and other human resource functions, and to assist you in your payroll and payroll tax obligations, we require that all new franchisees retain and utilize an approved third-party payroll, tax and employee services administrator. We will strongly encourage and recommend that all existing franchisees utilize the designated payroll and benefits administrator. The fees for these services will be electronically debited from your bank account and paid to a third-party vendor. Franchisees are not allowed to be vendors or suppliers.

None of our officers owns an interest in any companies that are vendors or suppliers to our franchisees.

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We may operate and change the Franchise System in any manner that is not expressly or specifically prohibited by the Franchise Agreement. Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, as we consider to be best, to vary System Standards for any franchisee or any franchised Senior Helpers Care Business based upon the peculiarities of any condition that we consider important to that franchisee's or Senior Helpers Care Business's operation. Periodically, we may modify System Standards, and to the extent the changes to the System Standards will apply, generally, to franchisees and offices operating under the System, these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs. You must implement any changes in the System Standards within a time period we request, whether they involve refurbishing or remodeling the Premises or any aspect of the Franchised Business, buying new operating assets, adding new services offered by the Franchised Business, or otherwise modifying the nature of your operations.

**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Agreement(s)</b>	<b>Disclosure Document Item(s)</b>
a. Site selection and acquisition/lease	Section 2.1 of the Franchise Agreement	8 & 11
b. Pre-opening purchases/leases	Sections 2.2 and 2.4 of the Franchise Agreement	5, 7, 8 & 11
c. Site development and other pre-opening requirements	Sections 2.2 and 2.6 of the Franchise Agreement	8 & 11
d. Initial and ongoing training	Sections 4.1 and 4.2 of the Franchise Agreement	11
e. Opening	Section 2.5 of Franchise Agreement	11
f. Fees	Sections 3, 9.2, 12.3, and 12.8 of the Franchise Agreement	5 & 6
g. Compliance with standards and policies/Operating Manual	Sections 4.4, 5.2, and 8 of the Franchise Agreement	8, 11 & 14
h. Trademarks and proprietary information	Sections 5 and 15.2 of the Franchise Agreement	13 & 14
i. Restrictions on products/services offered	Sections 8.2 and 8.3 of the Franchise Agreement	5, 8 & 16
j. Warranty and customer service requirements	Section 8.4 of the Franchise Agreement	16
k. Territorial development	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 2.4, 8.3, and 8.4 of the Franchise Agreement	8
m. Maintenance, appearance and remodeling requirements	Sections 8.1, 8.9 and 13.2 of the Franchise Agreement	8
n. Insurance	Sections 2.5, 8.4, and 8.6 of the Franchise Agreement	7 & 8
o. Advertising	Section 9 of the Franchise Agreement	6, 8 & 11
p. Indemnification	Sections 5.5, 11.2, 16.4, and 17.3 of the Franchise Agreement	Not applicable
q. Owner's participation/management/staffing	Section 8.5 of the Franchise Agreement	15

<b>Obligation</b>	<b>Section in Agreement(s)</b>	<b>Disclosure Document Item(s)</b>
r. Records/reports	Sections 3.2 and 10 of the Franchise Agreement	6
s. Inspection/audits	Section 11 of the Franchise Agreement	6 & 11
t. Transfer	Section 12 of the Franchise Agreement	17
u. Renewal	Section 13 of the Franchise Agreement	17
v. Post-termination obligations	Section 15 of the Franchise Agreement	17
w. Non-competition covenants	Sections 7 and 15.4 of the Franchise Agreement	17
x. Dispute resolution	Section 17 of the Franchise Agreement	17
y. Taxes/permits	Sections 2.2, 2.5, and 16.3 of the Franchise Agreement	1
z. Personal Guarantee	Section 1.8 and Exhibit D of the Franchise Agreement	15

**ITEM 10**  
**FINANCING**

Other than the financing described below, we do not offer direct or indirect financing. Since 2013, we have offered and provided financing of the entire initial franchise fee to certain exceptionally performing franchisees for the purchase of an additional franchised business. The financed amount was to be repaid via monthly installments over a two-to three-year period with simple interest at the rate of seven percent (7%) per annum. No security interest was taken to secure the financing. The debt was personally guaranteed by the owners of the franchises who purchased the franchised business as an entity. The debt can be prepaid without any prepayment penalty. Upon a default of the note, the entire balance owed by the franchisee is to be accelerated and the franchisee would be responsible for our reasonable attorney’s fees and court costs incurred in collecting the debt. Additionally, upon a default of the note, we could elect to terminate the Franchise Agreement with the franchisee. The loan agreement does not bar the franchisee from asserting a defense against us or our assignees. We have no intent to sell, assign, or discount to a third party all or part of the financing arrangement. Although we may continue to provide financing to certain franchisees for the purchase of an additional franchised business, we will not offer financing to any new franchisee. The standard form of the promissory note is attached hereto as Exhibit L.

We do not guarantee your note, lease or obligation.

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

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

**Pre-Opening Obligations**

We are required by the Franchise Agreement to provide certain assistance and services to you. Before you open your Franchised Business:

- (1) We will assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information related to the Territory. We will provide you with certain recommended or required specifications for your office. For more details on site selection, please refer to the "Site Selection" subheading in this Item 11 below. (Franchise Agreement, Section 2.1).
- (2) We will give you mandatory and suggested specifications and layouts for your office at the Premises, including recommended office size and design and required or recommended fixtures, equipment, and signs. (Franchise Agreement, Section 2.2).
- (3) We will conduct an initial training program. For more details on training, please refer to the "Training" subheading below. (Franchise Agreement, Section 4.1).
- (4) During the Initial Term, we will loan you one copy of our Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials. (Franchise Agreement, Section 4.4).

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business, however, currently we supply you with a starting marketing kit which includes a stand-up banner. We also provide you with a list of approved vendors for any required equipment, signs or supplies that you need to operate your Franchised Business. We do not deliver or install the required equipment, signs or supplies.

**Continuing Obligations**

We are required by the Franchise Agreement to provide certain assistance and services to you. During the operation of your Franchised Business:

- (1) We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Senior Helpers Care Businesses, and we may pay a service or ASP hosting fee. (Franchise Agreement, Section 2.4).
- (2) We will, at our own cost, within six (6) months of your opening, send one of our representatives to the Franchised Business for a period of up to 2 days to assist with operations of the Franchised Business. (Franchise Agreement, Section 4.1).
- (3) We will advise you from time to time regarding the Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you concerning: (a) standards, specifications, and operating procedures and methods that Senior Helpers Care Businesses use; (b) advertising and marketing materials and programs; (c) employee training and recruiting programs; and (d) administrative, bookkeeping, and accounting procedures. (Franchise Agreement, Section 4.3).
- (4) We will provide assistance to you through mandatory standards and suggested operations procedures in our Operations Manual. (Franchise Agreement, Section 4.4).



(5) We will administer the Marketing Fund under the Franchise Agreement. (Franchise Agreement, Section 9.2).

(6) We will work with you to develop an advertising and marketing plan for you, your Franchised Business, and your Territory. (Franchise Agreement, Section 9.3).

### **Site Selection**

You must operate the Franchised Business from an approved office, and not from a residence or a “virtual” or “identity” office within your Territory. If you operate more than one Senior Helpers Care business from multiple territories that are geographically contiguous, we may, in our sole discretion, permit you to operate the Franchised Business from one of your other approved offices. Your office must contain signage and a separate area for training that is not part of shared space. You must have a dedicated space for a Center of Excellence. You must obtain our written approval of the Franchised Business’s proposed office location before signing any lease, sublease, or other document for the site.

We may assist you in your site selection by providing you with our site selection guidelines and criteria, and sources to obtain demographic information related to the Territory. We will provide you with certain recommended or required specifications for your office. If we have completed any research on the market area that you are considering, we will provide you with it for information and background purposes only. You should verify all information provided.

We will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval. Upon our approval of a site, and after you secure the site, we will insert its address into the Franchise Agreement, and it will be the Premises. You may operate the Franchised Business only from the Premises. If you do not begin operating your Franchised Business from an approved office within 120 days of signing the Franchise Agreement, we may terminate your Franchise Agreement.

If you desire to move or relocate your office, you must provide us a written request for relocation and a detailed reason for relocation. You must receive our prior written approval before you can relocate. Any proposed move must be within your Territory, and a relocation will be subject to the same criteria, conditions, and procedures as we have established (and may in the future modify) for the initial approval of the office.

If we recommend or give you information regarding the Territory, or a site for the Premises, and if we approve a site, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the site’s suitability for a Senior Helpers Care Business or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we recommend or approve fail to meet your expectations. Your acceptance of the Franchise should be based on your own independent investigation of the Territory and the site. Our site-selection assistance is primarily for our benefit and not for your benefit.

The typical time from signing the Franchise Agreement and opening the Franchised Business is approximately 120 to 240 days depending on the ability to obtain a lease, zoning and local ordinances, licensing and other factors.

### **Training**

We will conduct an initial training program for you (or, if you are an entity, your Operating Principal), and your initial Key Manager, which will address the material aspects of operating a Senior Helpers Care

Business. Training for you and/or your Key Manager may be conducted at our discretion within 6 months before opening the Franchised Business. We will provide the initial training program at our headquarters or at a designated training facility of our choice.

We will provide the initial training, for no additional fee, for your initial required attendees. In addition, if we have space available in a regularly scheduled training class, you may bring other of your employees to the training class(es) at no additional charge. You must pay for all travel and living expenses which you (or your Operating Principal) and all of your employees incur and for your employees' wages and workers' compensation insurance while they are training.

You (or your Operating Principal), and the initial Key Manager (if any) must satisfactorily complete initial training. If you (or your Operating Principal) or your initial Key Manager fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program.

All management personnel, including Operating Principal and Key Manager(s), and any other personnel that we designate, must receive our certification before managing the Franchised Business or training other personnel. We may, at any time during the term of the Franchise Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

In addition, all management personnel, and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing requirements.

If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase, you must pay our then applicable charges, including our personnel's per diem charges and travel and living expenses.

The following chart outlines our initial training program:

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<b>Pre-and Post-Initial Training</b>			
Pre-Opening Procedures	20.0	Not applicable	Remote Training
Competitive Analysis and Pricing	2.0	Not applicable	Remote Training
Advertising	2.0	Not applicable	Remote Training
Accounting	3.0	Not applicable	Remote Training
Setting Business and Advertising Plans	2.0	Not applicable	Remote Training
Hireology Overview	1.0	Not applicable	Remote Training
Relias Supervisor Training	1.0	Not applicable	Remote Training

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
LIFE Profile App Training	1.0	Not applicable	Remote Training
Caregiver Orientation	1.0	Not applicable	Remote Training
Sales Training	2.0	Not applicable	Remote Training
Post Training-Opening Procedures	20.0	Not applicable	Remote Training
<b>Day 1</b>			
Introduction	.5	Not applicable	Towson, Maryland
Senior Helpers Services	3.0	Not applicable	Towson, Maryland
Understanding Key Referral Sources Caregiver Recruitment and Interviewing	3.5	Not applicable	Towson, Maryland
Caregiver Orientation	2.0	Not applicable	Towson, Maryland
<b>Day 2</b>			
Lead Generation, Marketing Collateral, SH Micro Site, PR	6.0	Not applicable	Towson, Maryland
Building a local Marketing Plan	2.0	Not applicable	Towson, Maryland
<b>Day 3</b>			
Incoming Calls	1.0	Not applicable	Towson, Maryland
Service Inquiry Calls	6.0	Not applicable	Towson, Maryland
Overcoming Objections	1.0	Not applicable	Towson, Maryland
<b>Day 4</b>			
LIFE Profile Overview	4.0	Not applicable	Towson, Maryland
Components to an Assessment	4.0	Not applicable	Towson, Maryland
<b>Day 5</b>			
LIFE Profile Scoring	2.0	Not applicable	Towson, Maryland
Developing Care Plans	2.0	Not applicable	Towson, Maryland
Scheduling and Paperwork	2.0	Not applicable	Towson, Maryland
<b>Day 6</b>			
Top Referral Sources	2.0	Not applicable	Towson, Maryland
Sales Strategy	3.0	Not applicable	Towson, Maryland
Developing Action Plans for Meetings	3.0	Not applicable	Towson, Maryland

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Assessment Review	2.0	Not applicable	Towson, Maryland

Our training program is conducted under the supervision of Christina Chartrand. Ms. Chartrand has been involved in the elder care business for more than fifteen (15) years and has been involved in franchise systems and franchise training for more than twenty (20) years (at Senior Helpers, Kiddie Academy and Drama Kids).

You (or your Operating Principal), and/or other previously trained and experienced Key Managers and employees, must attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Currently, all franchisees (or their Operating Principal or Key Manager, as we may designate) are required to attend regional and annual conferences and meetings. We may charge reasonable registration or similar fees for these courses. Currently, the attendance fee for the national conference will be approximately \$799 per attendee. If attendance at these conventions, conferences and meetings is required, we reserve the right to charge you the registration fee and other fees, including a non-attendance fee in an amount we designate, even if you or the required attendee does not attend. We charge a fee for the national conference for each required attendee. In addition, you must pay all travel and lodging costs to attend.

We require at least one person from your Franchised Business which may be you (or your Operating Principal), your Key Manager, and/or other previously trained and experienced managers and employees to attend and complete Senior Gems® training within six (6) months of the Opening Date. We may charge a reasonable fee for the Senior Gems® training. You agree to pay all travel and living expenses which you and your employees incur during all Senior Gems® training.

Your replacement Key Managers and Operating Principal (if applicable and if any) must satisfactorily complete our initial training program within ninety (90) days after being designated as Key Managers or Operating Principal. You must pay all travel and living expenses which you and your employees incur during all training courses and programs.

Any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

The instructional materials for our training program include the Manual.

## **Marketing**

### **The Marketing Fund**

The image of the Senior Helpers brand, the Marks, and Senior Helpers Care Businesses held by the public in general, by clients, and by Senior Helpers Care Business managers and employees, is important to the System and the Marks. We have established a Marketing Fund (the “**Marketing Fund**”) for the enhancement and protection of the Senior Helpers brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate.

We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Senior Helpers brand and Marks, will

improve and increase public recognition and perception of the Senior Helpers brand and Marks and Senior Helpers Care Businesses, and will improve and enhance the perception of Senior Helpers Care Businesses held by franchisees, managers, and other employees of Senior Helpers Care Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; implementation of digitally identifiable marketing phone numbers; deployment and execution of marketing technology; selection and support of sponsorships; administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys, including the use of “secret ‘shoppers’ or clients;” lead sharing or lead generating services or vendors; the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; website, Online-site, extranet and/or intranet development, implementation, and maintenance; retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

Currently, you must contribute to the Marketing Fund an amount equal to up to 1% of your Gross Sales, payable in the same manner as the Royalty. We will specify, and periodically modify, with sixty (60) days prior written notice to you, the required contribution level, at our sole discretion. Currently, there is a minimum contribution of \$75 per billing period per territory. The maximum amount that we can set during the term of the Franchise Agreement will be 2% of Gross Sales. We are not required to contribute to the Marketing Fund for Senior Helpers Care Businesses that are owned by us or our affiliates.

In 2022, the Marketing Fund spent 21.1% of its funds on production, 55% on media placement, and 23.9% on administrative expenses and reserves for future marketing programs.

We have the right to collect for deposit into the Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Senior Helpers Care Businesses and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes. Therefore, we and our affiliates may use these monies for any purposes that we and they deem appropriate.

The Marketing Fund periodically will provide you samples of advertising, marketing, and promotional formats and materials at no cost. We may sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other funds and monies and not use the Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel (including our personnel and personnel of our affiliates) who manage and administer the Marketing Fund. We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead concerning Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs.

The Marketing Fund will not be our asset. Although the Marketing Fund is not a trust, we will hold all Marketing Fund contributions for the benefit of the Franchise System, the Senior Helpers brand, and the contributors, and use contributions only for the purposes described in this Item 11 and Section 9.2 of the

Franchise Agreement. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses. The statement will be available for your review upon written request, 90 days after our fiscal year. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Item 11 and Section 9.2 of the Franchise Agreement.

We intend the Marketing Fund to enhance public, franchisee, and employee recognition of the Senior Helpers brand, Marks and Senior Helpers Care Businesses. Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand enhancement activities that will benefit all Senior Helpers Care Businesses, we cannot and do not ensure that Marketing Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Senior Helpers Care Businesses operating in that geographic area. We are not required to spend any amount of the Marketing Fund in your area or Territory. We do not guarantee or assure that any Senior Helpers Care Business will benefit directly or in proportion to its Marketing Fund contribution from the brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but not the obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

If we terminate the Marketing Fund, we will distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Marketing Fund contributions during the preceding 12 month period.

### Brand Management Fee

In addition to the Marketing Fund contribution, you may be required to pay to us a Brand Management Fee per territory, which we will collect every two weeks in the same manner as the Royalty. Currently, we are charging a Brand Management Fee of \$150 per two-week period per territory. We may increase or decrease the Brand Management Fee upon 30 days advance written notice. Brand Management Fees will be used by us to fund various advertising and marketing initiatives which, in our sole judgment, are intended to promote the services offered by Senior Helpers Care Businesses, maintain and enhance client relations, and promote the presence of the "Senior Helpers" brand in various media outlets, including on the internet and through social media. We may use Brand Management Fees to fund initiatives such as advertising, search engine optimization, testing and optimization, report development and distribution, client and caregiver satisfaction programs, and recruiting and use of public figures to endorse the "Senior Helpers" brand.

### Local Advertising and Promotion

We will work with you to develop, on an annual basis, an advertising and marketing plan (the **Plan**) for you, your Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising

and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations described above, you must spend each month, beginning at least two weeks before you commence operations, at least \$1,000 or 2% of Gross Sales per month per territory, whichever is greater, to advertise and promote your Franchised Business in accordance with your Plan. Amounts spent towards the Brand Management Fee will be credited towards your required advertising expenditure. This advertising and promotion includes such items as advertising, brochures, promotional items, printing, and copying services. In addition, we will average out your advertising and promotion expenditures over a six-month period to see if you did spend at least \$1,000 or 2% of Gross Sales per month per territory, whichever is greater. You must send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify from time to time. We reserve the right to collect the required local advertising and marketing expenditures from you and to spend such amounts to implement the Plan for you. If you fail to expend the required minimum amount, then any amounts that you should have expended to reach the \$1,000 or 2% of Gross Sales per month per territory, whichever is greater, requirement must be contributed to the Marketing Fund at such times as we specify.

We reserve the right to establish or designate specialized, or regional, or special-focused advertising, marketing or media campaigns (“**Special Campaigns**”) that may or may not involve you and/or other Senior Helpers businesses. If we establish or designate a Special Campaign that is or will be applicable to you, you must participate in that campaign and contribute to the costs of the Special Campaign in the amounts and in the manner that we specify. Any amounts that you spend or contribute to or for the Special Campaign will be credited toward your \$1,000 or 2% of Gross Sales per month per territory, whichever is greater, required expenditure noted above.

Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website’s domain name in the manner we designate. You may not develop, maintain, or authorize, without our prior written approval, any Website that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. You may use direct advertising only directed to customers located within your Territory. We may specify third parties that you must use for the design and development of your local advertising; however you will be required to pay those third parties directly without any offset to your required local expenditure requirements.

#### Advertising Cooperatives

We encourage franchisees to develop and participate in informal advertising cooperatives and collective advertising and marketing programs in their respective market areas.

#### Online Sites

In furtherance of our policies regarding Online Sites and the presence of the “Senior Helpers” brand on the Internet, we have the right to establish, maintain, and modify one or more Online Sites that identify the “Senior Helpers” brand, system, and businesses that operates under our Marks. We will establish webpages on one website that identify individual Senior Helpers Care Businesses, and five webpages will specifically identify your Franchised Business. You will have the right to promote your Franchised Business using these webpages, and to utilize and modify these webpages, provided that you comply with our Online Site and Internet policies, and our other System Standards. Our current website is identified as “www.seniorhelpers.com.” Our current website strategy, which we have the right to change from time to time, includes utilizing our website and various webpages for lead generation purposes, press releases, brand marketing, promotion, and dissemination of other information related to the Senior Helpers Care Businesses. We have the right to establish, maintain, and modify different types of online properties

including mobile versions of our Online Sites, and static and dynamic landing pages. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, mobile phones, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc.

#### E-Mail, Internet, and Other Media

You must comply with our requirements (which are either described in the Operations Manual, System Standards or otherwise in writing) with respect to the transmission of all e-mails in connection with the Franchised Business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. These activities include participation in any Internet “blogs” or social networking sites. Any similar activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received our approval, will be subject to our approval of advertising as described above.

#### Lead Generation and/or Call Center

We reserve the right to provide, and/or contract with a third-party to develop and operate, a call center or other sales inquiry/sales generating service, and/or to provide or contract with third parties, including Internet-based marketing companies, to provide, lead generation services to our network of Senior Helpers Care Businesses. Charges and fees for a call center and/or lead generation services may include one-time set-up fees per business, monthly fees, and/or per-call or per-lead fees. We expect that the fees charged will be to reimburse us for costs associated with these services, and/or to pay third parties for these services. We may require you to use the call center or lead generation services, or we may only recommend that you do. If you participate and use the call center or lead generation services, you must comply with all rules, policies, and requirements specified by the provider and us regarding such services. We reserve the right to add to, modify, or eliminate approved, recommended, or required products, services, or suppliers at any time.

#### Computer Systems

You must obtain and use the computer hardware and/or operating software and/or communications capabilities we specify from time to time (the “**Computer System**”). We may modify specifications for and components of the Computer System. You must maintain a functioning e-mail address. You must obtain high-speed communications access, such as broadband or DSL, or other high-speed capacity that we may specify. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System. You must incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and required service or support. We estimate the cost to purchase the Computer System to be approximately \$1,000 to \$1,500 for a single computer, with the appropriate software and peripherals for the Computer System, and may be more if additional computers or components are purchased. We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Senior Helpers Care Businesses, and we may pay a service or ASP hosting fee. We have no obligation to reimburse you for any Computer System costs that you incur. Within 60 days after you receive notice from us, you must obtain and install the Computer



System components that we designate. You must disclose to us any passwords or codes associated with the Computer System. (Section 2.4 of the Franchise Agreement)

We may access the Computer System as we deem appropriate (including on a continual basis), and retrieve all information concerning your Franchised Business's operation. There are no contractual limitations on our right to access your Computer System for information and data. (Section 10 of the Franchise Agreement)

The Computer System is for use by you in connection with operational and management tasks of your Franchised Business. It allows us to receive information concerning your Franchised Business's sales, financial performance, and provides you with consolidated sales along with periodic sales histories, and gathers information on sales by different categories.

You are not required to obtain service contracts to cover upgrades and updates, enhancements, and telephone support for any of the required software and hardware components of the Computer System. You are required to upgrade your software as necessary to ensure proper functioning of your system.

We, our affiliates or vendors may condition any license of proprietary software to you, or your use of technology that we, our affiliates or vendors develop or maintain, on your signing a software license agreement or similar document that we, our affiliates or vendors prescribe to regulate your use of, and our and your respective rights and responsibilities concerning, the software or technology. This software is used for managing client schedules and billing and coordinating caregiver schedules. We and our affiliates or vendors may charge you a monthly or other fee for any proprietary software or technology that we, our affiliates or vendors license to you and for other maintenance and support services that we, our affiliates or vendors provide. You must pay to us a monthly IT Fee. The IT Fee is currently \$280 per month, but is subject to change upon 30 days advance written notice. Currently, the IT Fee includes the cost of certain information technology related costs such as Relias, FranConnect access, Online Web Hosting/SEO, Applicant Tracking System and e-mail. Additionally, you must pay us a LIFE Profile license and training fee (currently \$350 per month). These fees may increase as described in the LIFE Profile license agreement (attached to the Franchise Agreement as Exhibit F).

Despite the fact that you must buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You should be prepared to upgrade your computer hardware every three years due to improvements in the software, advances in technology, and memory requirements. There is no contractual limitation on the frequency and cost of this obligation. The cost to upgrade the hardware and maintain or upgrade the software depends on our future needs, as well as technological developments. We have no formal policy or requirement for upgrading, so our "guesstimate" of possible upgrading and maintenance costs is approximately \$1,200 per year. You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might hamper or interfere with the operation of the Computer System in the manner we require. (Section 2.4 of the Franchise Agreement) You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks.

## **Manuals**

The table of contents of our Operations Manual is attached as Exhibit G. The Operations Manual consists of 356 total pages.

## **Owners Advisory Council**

We have established a franchisee advisory council (“**Owners Advisory Council**”) comprised of Senior Helpers Care franchisees or representatives of franchisees for the purpose of fostering communications among franchisees and with us. We have also formed committees or boards as part of the Owners Advisory Council. These are or will be comprised of Senior Helpers Care franchisees or representatives of franchisees (“**Committees**”) to discuss and help organize and manage certain functions that are integral to the development of Senior Helpers Care Businesses. Currently, we have a Marketing Committee to assist with review of Marketing Fund budgets and spend from the previous year, and to provide suggestions to us regarding the current and future year’s Marketing Fund budgets. We also have an Initiative, Programs and Services Committee to assist with caregiver recruiting and training. We have certain formal organizational or operating documents for the Owners Advisory Council, and we reserve the right to establish other legal, administrative, and organizational framework for the Owners Advisory Council or any Committee. We also reserve the right to discontinue the Owners Advisory Council, or any Committee, at any time.

## **ITEM 12** **TERRITORY**

You must operate the Franchised Business from the Premises identified in your Franchise Agreement and within your Territory. As discussed below, you will operate the Franchised Business within a “**Territory.**” You may only relocate your office after receiving our prior written approval.

Before you sign the Franchise Agreement, we will designate a Territory and describe it in the Franchise Agreement. The Territory will be defined by zip codes and will be included as part of the Franchise Agreement before you sign the Franchise Agreement. However, we reserve the right to define the Territory by other boundaries (e.g., natural boundaries). We will determine the Territory on a case-by-case basis based on economic, demographic and geographic information, including number of residents who are 75 years and older.

### **Territorial Rights**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. Nonetheless, we will grant you a Territory with certain rights and territorial protection. You will be permitted to offer services to clients within that Territory. Except as described below under the subheading “Rights We Reserve Under the Franchise Agreement,” neither we nor our affiliates will operate or grant a franchise for the operation of another Senior Helpers Care Business or a similar care business that operates under a different mark or trade name that has its principal office at a location within the Territory, or that is granted a territory, or territorial rights similar to those under your Franchise Agreement in your Territory, during the term of the Franchise Agreement.

The Franchise Agreement will refer to a specific Territory. The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional territories.

### **Rights We Reserve Under the Franchise Agreement**

As noted above, and as specified in the Franchise Agreement, we will not establish or license others to establish a Senior Helpers Care Business in the Territory during the term of the Franchise Agreement so long as you are in compliance with the Franchise Agreement. However, and despite those promises and obligations, we and our affiliates retain all rights with respect to Senior Helpers Care Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including:

(a) the right to operate, and to grant others the right to operate, Senior Helpers Care Businesses and similar care businesses under different names or marks located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Premises or the Territory, and subject to our cross-territorial policies, discussed below and in the Operations Manuals;

(b) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered at Senior Helpers Care Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate;

(c) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Senior Helpers Care Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing non-medical care business or agency, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory; provided, however, that if we or one of our affiliates acquire such a competing business or chain, we or our affiliates will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory. Any business operations of the same or similar business that existed or operated at the time of such acquisition or transaction will not constitute a breach of Section 1.2 of the Franchise Agreement; and

(d) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, Senior Helpers Care Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory.

### **Cross-Territorial Sales and Client Service**

You have the right and obligation to diligently and actively solicit and service clients in your Territory. Also, the efficient operation of the System is dependent upon franchisees and other operators of Senior Helpers Care Businesses, including us and our affiliates, complying with our policies regarding intra- and inter-territorial sales and servicing efforts. We have established policies concerning soliciting and/or servicing clients within and outside of a designated territory, or within the territory or area assigned to another franchisee or us or our affiliates (the “**Cross-Territorial Policies**”). We may modify these Cross-Territorial Policies, on a system-wide basis, from time to time, and you must comply with the changed policies. The current Cross-Territorial Policies are described in the Operations Manual, and provide, among other things, that:

Your area of primary responsibility will be your Territory. All media advertising and direct mail marketing that you undertake must be predominantly focused on media distributed in, or to prospective clients located in, your Territory.

Other than as specifically provided for in the Cross-Territorial Policies, you shall not conduct any assessments, or provide any services to clients located, in a territory or area assigned to another franchisee, us, or our affiliate. In the event that you receive leads from or for clients located in another territory or area, you must refer those leads to the franchisee (or us or an affiliate) who is assigned to operate in and service that territory or area.

Other than as specifically provided for in the Cross-Territorial Policies, you may not solicit clients, or market your products, services, or your Franchised Business to clients, located outside of your Territory. In the event you receive referrals to provide services to clients who are located in a then-unassigned (to a franchisee or us or an affiliate) territory or areas, you may service those clients. However, if and when an un-assigned territory is sold or assigned, and a franchised, company-owned, or affiliate-owned Senior Helpers Care business opens, you may not accept any new clients from that territory.

For the purposes of this Disclosure Document and the Franchise Agreement, and except as may be modified by us through changes in policies and/or the Operations Manual, references to “client” will mean the person receiving the services of the Franchised Business.

A violation of a Cross-Territorial Policy is grounds for termination of the Franchise Agreement. In response to comments and suggestions from several franchisees, we have convened meetings of the Owners Advisory Council to discuss Cross-Territorial Policies, and to consider fees and/or penalties for violations of the policies. As a result of these meetings, we adopted a Territory infringement policy (“**Territory Infringement Policy**”), which includes provisions for financial penalties in addition to, or in lieu of, termination of the Franchise Agreement following a violation of the Cross-Territorial Policy. The Territory Infringement Policy is now part of our System standards, and it is currently expected that we and all franchisees will abide by this policy.

### **Corporate Accounts**

We reserve the right to develop a corporate accounts program for the benefit of the System, franchisees, and operators of Senior Helpers Care Businesses. A “**Corporate Account**” is a client, a group of clients, or an organization or entity that has the right, by common ownership, control, or legal status, to arrange for Senior Helpers Care services to be provided at multiple locations and/or for multiple clients. Corporate Accounts may include a variety of different organizations, including state or local government agencies, insurance companies, or institutional referral sources. The locations of some of the Corporate Account clients may be in your Territory and they may also have locations in other territories or areas. Regardless of any contrary provision of the Franchise Agreement:

If you decide to participate in the Corporate Accounts program, all revenues from the Corporate Accounts program from clients in your Territory will be paid to you.

If you decide not to participate in, or service the Corporate Accounts in your Territory, we or one of our franchisees, licensees, or affiliates may do so without violating any of your territorial rights as described in this Disclosure Document and the Franchise Agreement.

You agree to comply with our Corporate Accounts rules and policies as they may be modified from time to time.

### **Performance Criteria**

The limited territorial grant described in the Franchise Agreement is conditioned upon your compliance with the Franchise Agreement, and our System Standards. You also must achieve and maintain satisfactory scores on client satisfaction surveys and business analyses that we establish. In addition, your Franchised Business must generate a minimum level of Gross Sales on an annual basis, in the amounts described in the Franchise Agreement (the “**Minimum Performance Standards**”). If you fail to satisfy the Minimum Performance Standards, and fail to cure any deficiencies (if we grant you an opportunity to cure such a default), we may take, at our discretion, any one or more of the following actions:

Reduce the size of your Territory, with a corresponding reduction in the Minimum Performance Standards; and/or

Permit other franchisees, or us or our affiliates, to provide services to clients located within your Territory; and/or

Establish, or license or franchise others to establish, a Senior Helpers Care Business in your Territory; and/or

Terminate the Franchise Agreement.

The current Minimum Performance Standards are:

<i>Year of Operation*</i>	<i>Minimum Annual Gross Sales</i>
1	\$150,000
2	\$300,000
3	\$450,000
4	\$600,000
5	\$700,000
6	\$800,000
7	\$900,000
8 and subsequent years	\$1,000,000

\* For the purposes of the Minimum Performance Standards, the first year of operation will begin on the beginning date of the first full two-week royalty reporting period of your operations, and will continue for 26 reporting periods each year. If there is a transfer, the new Minimum Performance Standards will be based on the Gross Sales of the transferor for the year preceding the date of the transfer. For example, if the transferor’s Gross Sales for the year preceding the date of the transfer were \$375,000 then the transferee will be considered to have completed Operating Year 2 and will be required to meet the Minimum Performance Standards for Operating Year 3 or \$450,000 for the year following the transfer.

**ITEM 13**  
**TRADEMARKS**

We grant you the right to use certain Marks under the Franchise Agreement. We own the registrations and applications for the following Marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

<b><u>SERVICE MARK AND/OR TRADEMARK</u></b>	<b><u>CLASS</u></b>	<b><u>REGISTRATION #</u></b>	<b><u>REGISTRATION/ DATE</u></b>
SENIOR HELPERS (and design)	45	3,072,314	March 21, 2006
SENIOR HELPERS	45	3,527,060	Nov. 4, 2008

<b><u>SERVICE MARK AND/OR TRADEMARK</u></b>	<b><u>CLASS</u></b>	<b><u>REGISTRATION #</u></b>	<b><u>REGISTRATION/ DATE</u></b>
SENIOR HELPERS CARE AND COMFORT AT A MOMENT'S NOTICE (and Design)	45	4,035,118	October 4, 2011
CARE AND COMFORT AT A MOMENT'S NOTICE	45	4,054,177	November 8, 2011
SENIOR GEMS	45	4,105,011	February 28, 2012
SENIOR HELPERS SENIOR CARE, ONLY BETTER (and Design)	45	App. No. 97718921	App. Date: December 15, 2022

We (or our predecessors) have timely filed, or intend to timely file, with the USPTO all required affidavits of use and an affidavit of incontestability, when due, for the above Marks and registrations. There are no agreements in effect which significantly limit our rights to use or license the Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state. We do not have a federal registration for our principal trademark "Senior Helpers Senior Care, Only Better (and Design)." Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Your right to use the Marks is derived only from the Franchise Agreement and limited to your operating the Franchised Business according to the Franchise Agreement and all System Standards we prescribe during its term.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding resulting from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with our Agreement, Operations Manual, and other directives from us. At our option, we may defend and control the defense of any proceeding resulting from your use of any Mark under the Franchise Agreement.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Marks.

We are not aware of any uses of names or marks similar to the Marks or infringing uses of the Marks that would materially affect your right to use the Marks.

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

### **Patents**

No patents are material to the Franchised Business or your operation of the Franchised Business.

### **Copyrights**

We claim copyright protection covering various materials used in our business and the development and operation of Senior Helpers Care Businesses, including advertising and promotional materials, the Operations Manual, and similar materials (discussed below). We have registered a copyright claim for “Senior Helpers Facility Agreement Information and Guide How to successfully staff a facility in your territory” with the United States Copyright Office on July 18, 2013 (Registration Number TX 7-775-057). We have not registered the other materials with the United States Register of Copyrights, but we are not required to do so. We may register any of these items or copyrightable materials in the future.

We have entered into a non-exclusive license with Positive Approach, LLC, to use certain Positive Approach copyrighted licensed works through January 31, 2024. The licensed works include caregiving techniques for Alzheimer’s and dementia care and the Gem classification for rating cognitive ability. Senior Helpers’ use of the licensed works is limited to marketing and promotion of Senior Helpers and its Senior Helpers Care Businesses and for relationship building with families and referral sources in Senior Helpers Care Business communities.

You must subscribe for a license to our client assessment software tool, LIFE Profile, through our designated vendor, Performance Based Health Solutions (PBHS). You will be required to sign a license agreement for the licensing of LIFE Profile and pay a license subscription fee of \$350 per month. PBHS owns certain copyrighted licensed works referred to as the “PBHS Model” (client assessment tools) that PBHS licenses to our franchisees as part of the license subscription fee.

There are currently no effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute those documents (and, if necessary, require your independent contractors to execute those documents) that may be deemed reasonably necessary by us to give effect to this requirement.

## **Confidential Information**

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), concerning developing and operating Senior Helpers Care Businesses, including: site selection and territorial criteria; training and operations materials and manuals; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Senior Helpers Care Businesses and providing care to clients; marketing and advertising programs for Senior Helpers Care Businesses; employee and caregiver recruitment, training, retention programs; knowledge of specifications for and suppliers of Operating Assets, and other products; any computer software or similar technology which is proprietary to us or the Franchise System, including, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Senior Helpers Care Businesses other than the Franchised Business; and graphic designs and related intellectual property.

You will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Business during the Franchise Agreement’s term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you: (1) will not use Confidential Information in any other business or capacity; (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Franchise Agreement’s term and after the term for as long as the item is not generally known in the employment and/or health care and/or care industries; (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to Franchised Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. There may be, however, certain limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Operations Manual.

We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You are obligated to maintain in your files those executed confidentiality agreements we specify and make them available to us upon request.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the employment and/or health care and/or care industries through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the employment and/or health care and/or care industries through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

## **Confidential Manuals**

We will loan you during the term of the Franchise Agreement one copy of our Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or our extranet (if one is developed) and/or written materials. Any required specifications, standards, and/or operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you.



You must keep your copy of the Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over its contents, our master copy of the Operations Manual controls. The Operations Manual's contents are confidential and you may not disclose the Operations Manual to any person other than Franchised Business employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you must obtain a replacement copy from us. We may assess you our then applicable printing or copying charge. This charge is for our direct costs, and is not related to any value that we place on the Confidential Information.

At our option, we may post some or all of the Operations Manual on a restricted Online Site or extranet to which you will have access. If we do so, you must monitor and access the Online Site for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on an Online Site will be deemed to be part of Confidential Information.

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

Your Operating Principal must manage and provide general oversight of the Franchised Business on a full-time basis. Beginning the thirty (30) days preceding the opening of the Franchised Business and through the first year of operation of the Franchised Business, the Operating Principal must manage the Franchised Business on a full-time basis and may not be employed or act as an independent contractor on a full-time basis by/for any persons other than the Franchisee. The Key Manager will be charged with responsibility for direct supervision of the Franchised Business. Your failure to have the Franchised Business managed on a full-time basis by your Operating Principal is a default for which we may terminate the Franchise Agreement if the default persists for 30 days after notice from us.

You must keep us informed at all times of the identity of any supervisory employee(s) or acting Key Managers. The Key Manager must devote full time and efforts to the management and supervision of the Franchised Business.

If you (or if you are an entity, your Operating Principal) own or control more than one Senior Helpers Care Business, each Senior Helpers Care Business must be under the direct on-premises supervision of a Key Manager that we have approved, who has completed our training programs and we have certified.

The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operation matters, and the only person from your entity that we will recognize as having authority to communicate for your entity. You may not change the Operating Principal without our prior written consent. We may require that you and/or one or more owners in your entity sign a guarantee and assumption of obligations. We require that all owners, except those that hold a small ownership interest in the franchises (10% or less), must sign the guaranty.

You (or your Operating Principal), and your Key Manager (if any) must satisfactorily complete initial training. If you (or your Operating Principal) or your initial Key Manager fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program. If we determine that you (or your Operating Principal) cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement at our sole discretion, and if we do, you and we will sign mutual releases.

All management personnel, including the Key Manager and any other personnel that we designate, must receive our certification, prior to managing the Franchised Business or training other personnel. The purpose of our certification program is to enhance the brand image, and to deliver consistent, high value

client service under the “Senior Helpers” marks, from all Senior Helpers Care Businesses, by training senior management team members regarding the Senior Helpers brand standards and client care standards. The goal is to enable management team members to train employees and caregivers. We may, at any time during the term of the Franchise Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

In addition, all management personnel and other personnel working at the Franchised Business must satisfactorily complete all state and local government required training and must meet all required licensing requirements. You are solely responsible for all employment related matters, including, without limitation, all hiring, firing, discipline, compensation, benefits, and scheduling matters.

Your replacement Key Managers (if applicable and if any) must satisfactorily complete our initial training program within 90 days after being designated as Key Managers. You will pay all travel and living expenses which you and your employees incur during all training courses and programs. Your Operating Principal, Key Managers (if any) must sign a confidentiality and non-compete agreement, in a form that is acceptable to us, which will contain covenants similar to those described in Items 14 and 17.

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

You must provide all client care, companion services and personal assistance services, and other services and products that we specify from time to time. You must offer and sell approved services and products only in the manner we have required. You must not offer for sale or sell at or from the Franchised Business, a client’s home, or any other location any services or products we have not approved. You will discontinue selling and offering for sale any services or products that we at any time decided (in our sole discretion) to disapprove in writing. Without limiting the previous requirement, you agree not to provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval. We may establish one or more arrangements with lead sharing or lead generation services vendors or our affiliates. We recommend that you use these services, but we do not require you to do so.

We generally do not restrict the persons you solicit, or the methods by which you promote the Franchised Business. However, if you utilize any form of direct advertising to solicit customers, the advertising may be directed only to customers within your Territory.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 1.3 of the Franchise Agreement	Term expires 10 years after opening date of the Franchised Business; 5 years after the opening date of the Franchised Business if you are buying an existing Senior Helpers Franchised Business (re-sale/transfer) or buying your second or more Senior Helpers Franchised Business.
b. Renewal or extension of the term	Sections 13.1 and 13.2 of the Franchise Agreement	4 additional 5-year successor terms.
c. Requirements for you to renew or extend	Section 13.1 of the Franchise Agreement	Substantial compliance; notice; maintain or substitute Premises; signing of then-current successor franchise agreement; release.  If you seek to renew your franchise at the expiration of the initial term, you will be asked to sign a new franchise agreement that may contain terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements.
d. Termination by you	Not applicable	Not applicable. Subject to state law.
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Sections 14.1, 14.2 and 14.3 of the Franchise Agreement	Failure to open Franchised Business within specified time period; transfer in violation of the Franchise Agreement; material misrepresentation on application for a Franchised Business; and other grounds.
g. "Cause" defined – curable defaults	Sections 14.2 and 14.3 of the Franchise Agreement	Failure to open Franchised Business within specified time period; failure to maintain required licenses; failure to maintain required insurance; failure to pay amounts due; and other grounds.

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
h. “Cause” defined - non-curable defaults	Sections 14.1 and 14.2 of the Franchise Agreement	Bankruptcy; insolvency; misuse of our Marks; transfer in violation of the Franchise Agreement, material misrepresentation on application for a Franchised Business, and other grounds.
i. Your obligations on termination/nonrenewal	Section 15 of Franchise Agreement	Cease use of Marks; payment of amounts due; cease operating Franchised Business, and others.
j. Assignment of contract by us	Section 12.1 of Franchise Agreement	We may assign the Franchise Agreement without limitation.
k. “Transfer” by you – defined	Section 12.2 of Franchise Agreement	Includes transfer of any interest.
l. Our approval of transfer by you	Section 12.6 of Franchise Agreement	Our consent to a transfer is not a waiver of any claims we have against you.
m. Conditions for our approval of transfer	Section 12.3 of Franchise Agreement	Our approval of transferee; sign then-current franchise agreement; payment of transfer fee (waived under certain circumstances); release; and others.
n. Our right of first refusal to acquire your business	Section 12.8 of the Franchise Agreement	We have the right of first option, if you determine to sell or transfer your interest in the Franchise Agreement.
o. Our option to purchase your business	Section 15.5 of the Franchise Agreement	We have the right upon termination or expiration to purchase all your assets from the Franchised Business at a purchase price equal to their fair market value.
p. Your death or disability	Section 12.5 of the Franchise Agreement	Your estate must transfer your interest in the Franchised Business to a third party we approve, within 12 months after death or disability. Your estate must appoint a manager within 15 days of death or disability and an Operating Principal (or Managing Principal, if applicable) within 60 days after death or disability.
q. Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	Includes a prohibition on engaging in Competitive Business (defined in Section 7 of the Franchise Agreement), including any home health care or care agency or business that offers or provides non-medical care, companionship services, personal assistant services, supplemental staffing or any other product or services that is similar to

<b>Provision</b>	<b>Section in Agreement</b>	<b>Summary</b>
		the services and products authorized to be offered or sold under the Marks and the System. This is subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4 of the Franchise Agreement	Includes a two-year prohibition on a Competitive Business at the Premises, within the Territory, and within 5 miles of the border of the Territory. This is subject to state law.
s. Modification of the agreement	Section 17.10 of the Franchise Agreement	The Franchise Agreement may only be modified by written agreement signed by both parties.
t. Integration/merger clause	Section 17.13 of the Franchise Agreement	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17.5 of the Franchise Agreement	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). This is subject to state law.
v. Choice of forum	Section 17.7 of the Franchise Agreement	We must litigate in the state and judicial district where we maintain our principal place of business, subject to state law. Currently, our principal business address is in Towson, Maryland. (See notes below)
w. Choice of law	Section 17.6 of the Franchise Agreement	Maryland, subject to state law (See notes below)

Notes:

1. If a state law requires any modification to these provisions of the Franchise Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this Disclosure Document (Exhibits H and I).

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Presented below are the actual, historical gross revenue figures for some of our franchised Senior Helpers Care Businesses in 2022. Please carefully read all of the information in this Item 19, and all of the notes following the charts, in conjunction with your review of the historical data.

The information below contains data for certain franchised Senior Helpers Care Businesses that have been operating for at least 12 months as of December 31, 2022. The information is organized into five categories: (a) franchised businesses that have been operating for 60 months or more as of December 31, 2022; (b) franchised businesses that have been operating between 48 and 59 months as of December 31, 2022; (c) franchised businesses that have been operating between 36 and 47 months as of December 31, 2022; (d) franchised businesses that have been operating between 24 and 35 months as of December 31, 2022; and (e) franchised businesses that have been operating between 12 and 23 months as of December 31, 2022. The results from some franchised Senior Helpers Care Businesses were not included in the table below; please see the notes that follow for an explanation.

<b><u>Franchised Senior Helpers Care Businesses: 2022 Gross Revenue (Unaudited)</u></b>	
Number of Franchised Businesses (open 60+ months)	218
Range of Gross Revenue	\$23,443 to \$7,854,967
Average Annual Gross Revenue	\$1,332,049
Median Annual Gross Revenue	\$1,092,170
Number of Franchised Businesses Greater Than Average	81 (37%)
Number of Franchised Businesses (open 48 – 59 Months)	21
Range of Gross Revenue	\$162,440 to \$2,245,849
Average Annual Gross Revenue	\$976,029
Median Annual Gross Revenue	\$762,723
Number of Franchised Businesses Greater Than Average	6 (29%)

Number of Franchised Businesses (open 36 - 47 months)	12
Range of Gross Revenue	\$0 - \$1,419,534
Average Annual Gross Revenue	\$677,514
Median Annual Gross Revenue	\$683,537
Number of Franchised Businesses Greater Than Average	6 (50%)
Number of Franchised Businesses (open 24 - 35 months)	15
Range of Gross Revenue	\$44,938 to \$1,285,586
Average Annual Gross Revenue	\$550,213
Median Annual Gross Revenue	\$470,688
Number of Franchised Businesses Greater Than Average	6 (40%)
Number of Franchised Businesses (open 12-23 months)	21
Range of Gross Revenue	\$106,571 to \$2,068,354
Average Annual Gross Revenue	\$536,510
Median Annual Gross Revenue	\$437,090
Number of Franchised Businesses Greater Than Average	9 (43%)

Explanations and Notes:

**“Gross Revenue”** – This represents the actual gross revenue for each franchised business in the sample for the period January 1, 2022 to December 31, 2022, as reported by our franchisees to us. Included in gross revenue are all revenues from the offer and sales of all services (and products) to customers and clients of each franchised business in the sample.

The gross revenue figures are compiled by using sales that are reported to us by franchisees. We have not audited or verified the reports, nor have franchisees confirmed that their reports are prepared in accordance with generally accepted accounting principles.

**“Average Annual Gross Revenue”** – is the total Gross Revenue for the franchised Senior Helpers Care Businesses in the sample, divided by the number of franchised Senior Helpers Care Businesses in the sample.

**“Median Annual Gross Revenue”** – is the Annual Gross Revenue figure for which one-half of the sample had Gross Revenue greater than this figure, and one-half of the sample had less than the figure.

This Item 19 presents information for each of the franchised Senior Helpers Care Businesses that have been in operation more than twelve (12) months. To avoid any skewing of data due to seasonality, revenues that may be generated from grand opening advertising or promotion, or effects (positive or negative) from start-up operations, the sample includes only franchisees who were operating during the entire 2022 calendar year and who were also operating for at least 12 months. The Item 19 Gross Revenue information also does not include a franchisee that purchased an existing home care provider (not operating under the “Senior Helpers” brand and System) in 2022 that had been in operation at the time of the purchase. As a result, the data in the table above includes a total of 287 franchised businesses. From the period January 1, 2022 to December 31, 2022, 27 Senior Helpers Care Businesses closed or were otherwise acquired by us and as a result are not included in this Item 19 information. From the period January 1, 2022 to December 31, 2022, no Senior Helpers Care Businesses closed after being open less than twelve (12) months.

As part of your due diligence, you are welcome and encouraged to speak to our existing franchisees about any or all of their operations.

The data in the charts have been separated into five categories of results for: (a) newer franchised businesses (those who have been operating for between 12 and 23 months); (b) franchised businesses that have been operating for between 24 and 35 months; (c) franchised businesses that have been operating for between 36 and 47 months; (d) franchised businesses that have been operating for between 48 and 59 months; and (e) more seasoned franchised businesses that have been operating for 60 months or more. We have divided the franchised business data as noted because we have found that length of operation has a bearing on the results of a Senior Helpers Care Business due to the recurring nature of the clients and revenues from the business.

The chart does not include any estimate of, or specific or historic data regarding, costs, expenses or debts that franchised businesses have incurred, or may in the future incur. Prospective franchisees should be aware that in evaluating a financial performance representation or an earnings claim that includes revenue or sales figures, or one that does not include any or all costs of goods sold, operating expenses, and other expenses, that costs and expenses must be deducted from the gross revenue or gross sales figures to obtain net income or profit. This Item 19 financial performance representation does not include net income or profit.

Costs and expenses that you may incur in the operation of your Senior Helpers Care Business include, among others, labor costs, any payments, compensation or owner draws provided to the franchisee or the owner of the franchisee entity, marketing expenses, rent, mortgage or other debt/financing costs, computer upgrades, legal and professional fees, income and other non-real estate taxes, royalty fees, and various other expenses. You will incur these and other costs, and you should conduct an independent investigation of the costs and expenses you will or may incur in operating your franchised Senior Helpers Care Business. Franchisees or former franchisees listed in this disclosure document may be one source of this information. Franchisees are not required to report this data to us, and we do not have these operating costs for franchisees.

\* \* \*

You are strongly encouraged to consult with your own financial advisors in reviewing the table and, in particular, in estimating your sales that you may achieve in operating your own Senior Helpers Care Business.

Actual costs, expenses and revenues vary from business to business, and from franchisee to franchisee. We cannot estimate the results of any specific business or franchisee.

**Some franchised businesses have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**



Written substantiation for the data described in the table will be made available by us to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, 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 our management by contacting Mari Baxter, C.O.O., SH Franchising, LLC, 901 Dulaney Valley Road, Suite 700, Towson, MD 21204, 1-866-353-3743, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1:**  
**Systemwide Outlet Summary**  
**For years 2020 to 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	297	300	3
	2021	300	315	15
	2022	315	313	-2
Company-Owned	2020	4	4	0
	2021	4	5	1
	2022	5	5	0
<b>Total Outlets</b>	<b>2020</b>	301	304	3
	<b>2021</b>	304	320	16
	<b>2022</b>	320	318	-2

**Table No. 2:**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2020 to 2022<sup>(1)</sup>**

<b>State<sup>(2)</sup></b>	<b>Year</b>	<b>Number of Transfers</b>
Arizona	2020	2
	2021	1
	2022	0
California	2019	2
	2021	5

<b>State<sup>(2)</sup></b>	<b>Year</b>	<b>Number of Transfers</b>
	2022	0
Colorado	2020	0
	2021	0
	2022	2
Connecticut	2020	0
	2021	1
	2022	0
Florida	2020	0
	2021	0
	2022	2
Georgia	2020	1
	2021	0
	2022	0
Idaho	2020	1
	2021	0
	2022	1
Kansas	2020	0
	2021	1
	2022	0
Kentucky	2020	0
	2021	1
	2022	1
Maryland	2020	0
	2021	1
	2022	0
Massachusetts	2020	7
	2021	0
	2022	0
Minnesota	2020	0
	2021	0
	2022	1
Missouri	2020	1
	2021	0

<b>State<sup>(2)</sup></b>	<b>Year</b>	<b>Number of Transfers</b>
	2022	1
Mississippi	2020	0
	2021	0
	2022	1
Nevada	2019	0
	2021	1
	2022	0
New Jersey	2020	1
	2021	0
	2022	1
North Carolina	2020	2
	2021	0
	2022	0
Ohio	2020	2
	2021	0
	2022	0
Oregon	2020	0
	2021	0
	2022	2
Pennsylvania	2020	0
	2021	1
	2022	6
South Carolina	2020	1
	2021	0
	2022	1
Texas	2020	0
	2021	0
	2022	0
Virginia	2020	0
	2021	1
	2022	1
Wisconsin	2020	0
	2021	1

State <sup>(2)</sup>	Year	Number of Transfers
	2022	0
<b>Total</b>	<b>2020</b>	<b>19</b>
	<b>2021</b>	<b>14</b>
	<b>2022</b>	<b>20</b>

Notes:

- (1) All numbers are as of the end of the fiscal year. Each fiscal year ends December 31.
- (2) States not listed had no franchises or no activity during this three-year period.

**Table No. 3:  
Status of Franchised Outlets  
For years 2020 to 2022<sup>(1)</sup>**

State <sup>(2)</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets <sup>(3)</sup> at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Alaska	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arizona	2020	7	1	1	0	0	0	7
	2021	7	2	1	0	0	0	8
	2022	8	1	1	0	0	0	8
Arkansas	2020	2	0	0	0	0	0	2
	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	39	3	0	0	0	0	42
	2021	42	7	1	0	0	0	48
	2022	48	5	6	0	0	0	47
Colorado	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6

State <sup>(2)</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets <sup>(3)</sup> at End of the Year
Connecticut	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Delaware	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
District of Columbia	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Florida	2020	26	1	0	0	0	0	27
	2021	27	2	0	0	0	0	29
	2022	29	0	1	0	0	0	28
Georgia	2020	7	1	0	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	2	1	0	5	0	5
Hawaii	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Idaho	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020	7	0	0	0	0	0	7
	2021	7	1	1	0	0	0	7
	2022	7	5	1	0	0	0	11
Indiana	2020	15	0	1	0	0	0	14
	2021	14	0	1	0	0	0	13
	2022	13	0	0	0	0	0	13
Iowa	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kansas	2020	1	0	0	0	0	0	1

State <sup>(2)</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets <sup>(3)</sup> at End of the Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Kentucky	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Maryland	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Massachusetts	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
Michigan	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	3	0	0	0	6
Minnesota	2020	5	0	4	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Nebraska	2020	1	0	0	0	0	0	1
	2021	1	0	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Nevada	201920	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4

State <sup>(2)</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets <sup>(3)</sup> at End of the Year
	2022	4	0	0	0	0	0	4
New Hampshire	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
New Jersey	2020	14	0	0	0	0	0	14
	2021	14	0	0	0	0	0	14
	2022	14	0	1	0	0	0	13
New York	2020	14	0	0	0	0	0	14
	2021	14	0	0	0	0	0	14
	2022	14	1	0	0	0	0	15
North Carolina	2020	4	3	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	2	3	0	0	0	7
North Dakota	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	10	0	0	0	0	0	10
	2021	10	0	1	0	0	0	9
	2022	9	0	0	0	0	0	9
Oklahoma	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Oregon	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	19	1	1	0	0	0	19
	2021	19	1	0	0	0	0	20
	2022	20	0	1	0	0	0	19
Rhode Island	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State <sup>(2)</sup>	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets <sup>(3)</sup> at End of the Year
South Carolina	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	1	0	0	0	0	9
Tennessee	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
Texas	2020	20	1	3	0	0	0	18
	2021	18	2	1	0	0	0	19
	2022	19	4	1	0	2	0	20
Utah	2020	3	0	0	0	0	0	3
	2021	3	0	1	0	0	0	2
	2022	2	0	1	0	0	0	1
Virginia	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
Washington	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	0	7
West Virginia	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Wisconsin	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	2	0	4
	2022	4	1	0	0	0	0	5
Wyoming	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Totals</b>	<b>2020</b>	<b>297</b>	<b>15</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>
	<b>2021</b>	<b>300</b>	<b>27</b>	<b>10</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>315</b>
	<b>2022</b>	<b>315</b>	<b>25</b>	<b>20</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>313</b>

Notes:



- (1) All numbers are as of the end of the fiscal year. Each fiscal year ends December 31.
- (2) States not listed did not have any franchises.
- (3) The names, addresses, and telephone numbers of our franchisees, as of the end of our most recent fiscal year, appear in Exhibit D. Any franchisees who had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year, or have not communicated with us within ten weeks of the date of this Disclosure Document are identified on Exhibit E. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Table No. 4:**  
**Status of Affiliate-Owned Outlets<sup>(1)</sup>**  
**For years 2020 to 2022<sup>(2)</sup>**

State <sup>(3)</sup>	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets <sup>(3)</sup> at End of the Year
Georgia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	5	0	5	0
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Maryland	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
North Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	2	0	2	0
Wisconsin	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
<b>Totals</b>	2020	4	0	0	0	0	4
	2021	4	0	1	0	0	5
	2022	5	0	7	0	7	5

Notes:

- (1) As described in Item 1, our affiliates own and operate these Senior Helpers Care Business.
- (2) The numbers are as of December 31 for each year.
- (3) States not listed had no affiliate-owned Senior Helpers Care Businesses during the relevant period.

**Table No. 5:  
Projected Openings As Of December 31, 2022 for 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Year
California	3	3	0
Florida	2	2	0
Georgia	1	1	0
Maryland	2	0	0
Minnesota	2	1	0
New Jersey	1	1	0
North Carolina	2	2	0
Pennsylvania	1	1	0
Texas	1	1	0
Utah	1	0	0
Virginia	1	1	0
Washington	1	1	0
<b>Total</b>	<b>18</b>	<b>14</b>	<b>0</b>

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.

As of the date of this franchise disclosure document, there are no Senior Helpers franchisee associations in existence regardless of whether or not they use our trademark.

We have a franchisee referral program. If an existing franchisee refers to us a prospective franchisee who eventually becomes a Senior Helpers franchisee, we will pay the referring franchisee a bonus or referral fee.

**ITEM 21**  
**FINANCIAL STATEMENTS**

The following financial statements are attached to this Disclosure Document as Exhibit F:

The audited financial statements of SH-Delaware for the fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020.

**ITEM 22**  
**CONTRACTS**

The following contracts are attached to this Disclosure Document:

Franchise Agreement (Exhibit A).

Franchisee Compliance Certification (Exhibit J).

General Release (Exhibit K).

**ITEM 23**  
**RECEIPTS**

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

**EXHIBIT A**  
**FRANCHISE AGREEMENT**



**SH FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE OF AGREEMENT**

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**TERRITORY & OFFICE ADDRESS**

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**SH FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”) (regardless of the dates of the parties’ signatures) by and between:

- **SH Franchising, LLC** a Delaware limited liability company, with our principal business address at 901 Dulaney Valley Road, Suite 700, Towson, Maryland 21204 (“**we**,” “**us**,” or “**our**”), and
- \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**you**” or “**your**”).

**PREAMBLES AND BACKGROUND**

A. We and our affiliates, as a result of the expenditure of time, skill, and effort have developed (and continue to develop and modify) a system relating to the establishment and operation of care agencies that provide various non-medical care and personal assistance services, provided in a client’s residence or via supplemental staffing to institutional clients, primarily for elderly individuals, including care and companionship services, bathing, dressing, grooming, and personal hygiene assistance, light housekeeping, meal planning and preparation, running errands, transportation, medication reminders, and Alzheimer’s and dementia care (the “**System**”).

B. These businesses operate under the “Senior Helpers” name and Marks (defined below) and the System (“**Senior Helpers Care Businesses**”). The Senior Helpers Care Businesses and System have distinctive characteristics which currently include, without limitation, providing generalized non-medical care services, including individual pre-engagement evaluations and assessments; procedures for operations; quality of services offered; procedures for management; training and assistance; advertising and promotional programs; business formats, methods, procedures, standards, and specifications, all of which we may change, improve, and further develop from time to time.

C. We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols including the mark “SENIOR HELPERS” in operating Senior Helpers Care Businesses, which have gained and will continue to gain public acceptance and goodwill, and we may create, use, and license other trademarks, service marks, and commercial symbols for Senior Helpers Care Businesses (collectively, the “**Marks**”).

D. We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Senior Helpers Care Business using our System and Marks.

E. You have applied for a franchise to own and operate a Senior Helpers Care Business, and you, as the franchisee that will operate the franchised business, must comply with this Agreement and all System Standards (as defined below in Section 4.4) in order to maintain the high and consistent quality that is critical for Senior Helpers Care Businesses.

## 1. GRANT OF FRANCHISE; TERRITORY

### 1.1 Grant of Franchise

You have applied for a license to own and operate a Senior Helpers Care Business at the location identified on Exhibit A (the “**Premises**”), and in the area identified in Exhibit A (the “**Territory**”). If you have not identified the Premises, and received our written approval of the Premises before you sign this Agreement, the Premises will be identified and included on Exhibit A as described in Section 2. Subject to this Agreement’s terms, we grant you the right and license (the “**Franchise**”) to operate a Senior Helpers Care Business (the “**Franchised Business**”) in the Territory (defined below), and to use the System in its operation, for a term beginning on the Effective Date and expiring ten (10) years from the opening date of the Franchised Business, or five (5) years from the opening date of the Franchised Business if you are buying an existing Senior Helpers Franchised Business (re-sale/transfer) or buying your second or more Senior Helpers Franchised Business (the “**Initial Term**”), unless sooner terminated as provided herein. You agree at all times to perform your obligations under this Agreement faithfully, honestly, and diligently and to use your best efforts to promote the Franchised Business.

### 1.2 Territorial Rights

Before this Agreement is executed, we will describe the Territory in Exhibit A. Except as provided for by Sections 1.3, 1.4, and 1.5 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Senior Helpers Care Business, or a similar care business that operates under a different mark or trade name, that has its principal office at a location within the Territory, or that is granted a territory, or territorial rights similar to those under this Agreement in your Territory, during the Initial Term of this Agreement.

### 1.3 Rights We Reserve

Except as expressly limited by Section 1.2 above, we and our affiliates retain all rights with respect to Senior Helpers Care Businesses, the System, the Marks, the sale of similar or dissimilar services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

(1) the right to operate, and to grant others the right to operate, Senior Helpers Care Businesses and similar care businesses under different names or marks located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the Premises or the Territory, and subject to our cross-territorial policies, discussed below and in the Operations Manuals (defined below);

(2) the right to establish and operate (and to grant to others the right to establish and operate) any other businesses offering products and services that are not the same as or similar to the products or services offered at Senior Helpers Care Businesses, through similar or dissimilar channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks (including other trademarks or service marks owned by us and any of our affiliates) and on any terms and conditions we deem appropriate;

(3) the right to acquire the assets or ownership interests of one or more businesses that operates, and/or has granted franchises, licenses, or similar rights to one or more third parties to operate, businesses similar to and/or competing with Senior Helpers Care Businesses, and/or the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a competing non-medical care business or agency, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory, provided, however,

that if we or one of our affiliates acquire such a competing business or chain, we or our affiliates will not establish or grant franchises or licenses to establish new or additional competing businesses under the Marks or the acquired chain's marks in your Territory, and it is expressly acknowledged by you and us that any such business operations of the same or similar business that existed or operated at the time of such acquisition or transaction shall not constitute a breach of Section 1.2;

(4) the right to create, place, and/or distribute any advertising and promotional materials related to the System, the Marks, Senior Helpers Care Businesses, and the services and products offered, and authorize others to do so, and those materials may appear in media, including, without limitation, the Internet or similar electronic media, or be received by prospective customers located anywhere, including within the Territory; and

(5) all rights to the Marks, the System, and the advertisement, offer, or sale of Senior Helpers Care services in the metaverse.

#### 1.4 Cross-Territorial Sales and Client Service

You understand and agree that you have the right and obligation to diligently and actively solicit and service clients in your Territory, and that the efficient operation of the System is dependent upon franchisees and other operators of Senior Helpers Care Businesses, including us and our affiliates, complying with our policies regarding intra- and inter-territorial sales and servicing efforts. We have established policies concerning soliciting and/or servicing clients within and outside of a designated territory, or within the territory or area assigned to another franchisee or us or our affiliates (the “**Cross-Territorial Policies**”). We may modify these Cross-Territorial Policies, on a System-wide basis, from time to time, and you must comply with the changed policies. The current Cross-Territorial Policies are described in the Operations Manual, and provide, among other things, that:

(1) Your area of primary responsibility will be your Territory. All media advertising and direct mail marketing that you undertake must be predominantly focused on media distributed in, or to prospective clients located in, your Territory.

(2) You shall not conduct any assessments, or provide any services to clients located, in a territory or area assigned to another franchisee, us, or our affiliate. In the event that you receive leads from or for clients located in another territory or area, you must refer those leads to the franchisee (or us or an affiliate) who is assigned to operate in and service that territory or area.

(3) You may not solicit clients, or market your products, services, or your Franchised Business to clients, located outside of your Territory. In the event you receive referrals to provide services to clients who are located in a then-unassigned (to a franchisee or us or an affiliate) territory or areas, you may service those clients. If and when that un-assigned territory is sold or assigned, and a franchised, or company-owned, or affiliate-owned Senior Helper Care Business opens, you may no longer accept any new clients from that territory.

For the purposes of this Agreement, and except as may be modified by us through changes in policies and/or the Operations Manual, references to “client” shall mean the person receiving the services of the Franchised Business.

Violation of the Cross-Territorial Policies, as they may be modified from time to time, is a default of this Franchise Agreement, for which you may be subject to termination. We have adopted a Territory infringement policy (“**Territory Infringement Policy**”), which includes provisions for financial penalties in addition to, or in lieu of, termination of this Agreement following a violation of the Cross-Territorial

Policy. The Territory Infringement Policy is now part of our System Standards, and it is currently expected that we and all franchisees under the System will abide by this policy.

### 1.5 Corporate Accounts

We reserve the right to develop a corporate accounts program for the benefit of the System, franchisees, and operators of Senior Helpers Care Businesses. A “**Corporate Account**” is a client, a group of clients, or an organization or entity that has the right, by common ownership, control, or legal status, to arrange for Senior Helpers Care services to be provided at multiple locations and/or for multiple clients. Corporate Accounts may include a variety of different organizations, including state or local government agencies, insurance companies, or institutional referral sources. The locations of some of the Corporate Account clients may be in your Territory and they may also have locations in other territories or areas. Accordingly, regardless of any contrary provision of this Agreement, you and we agree as follows:

(1) If you decide to participate in the Corporate Accounts program, all revenues from the Corporate Accounts program from clients in your Territory will be paid to you.

(2) If you decide not to participate in, or service the Corporate Accounts in, your Territory, we or one of our franchisees, licensees, or affiliates may do so. We may do so without violating any of your territorial rights as described in this Agreement.

(3) You agree to comply with our Corporate Accounts rules and policies as they may be modified from time to time.

### 1.6 Modification of System

You understand and agree that we may operate and change the System in any manner that is not expressly and specifically prohibited by this Agreement. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we consider to be best, to vary System Standards (defined below in Section 4.4) for any franchisee or any franchised Senior Helpers Care Business based upon the peculiarities of any condition that we consider important to that franchisee’s or Senior Helpers Care Business’s operation. You may request that we grant you a variation or accommodation, but we have no obligation to do so.

### 1.7 Performance Criteria

You acknowledge and agree that the limited territorial grant described in this Section 1 is conditioned upon your compliance with this Agreement, and our System Standards. You also must achieve and maintain satisfactory scores on client satisfaction surveys and business analyses that we establish. In addition, your Franchised Business must generate a minimum level of Gross Sales (defined in Section 3.3) on an annual basis, in the amounts set forth in Exhibit A (the “**Minimum Performance Standards**”). If you fail to satisfy the Minimum Performance Standards, and fail to cure any deficiencies (if we grant you an opportunity to cure such a default), we may take any one or more of the following actions:

(1) Reduce the size of your Territory, with a corresponding reduction in the Minimum Performance Standard; and/or

(2) Permit other franchisees, or us or our affiliates, to provide services to clients located within your Territory; and/or

(3) Establish, or license or franchise others to establish, a Senior Helpers Care Business in your Territory; and/or

(4) Terminate this Agreement.

#### 1.8 Corporation, Limited Liability Company, or Partnership

If you are at any time a corporation, limited liability company, or general or limited partnership (collectively, an “**Entity**”), you agree and represent that:

(1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation.

(2) You will not alter, change, or amend your organizational documents, operating agreement, or partnership agreement, as applicable, without obtaining our approval.

(3) Your organizational documents, operating agreement, partnership agreement, or stock certificates, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement’s restrictions.

(4) Exhibit B to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(5) Each of your owners holding over ten percent (10%) ownership interest during this Agreement’s term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is at Exhibit D. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us a revised Exhibit B to reflect any permitted changes in the information that Exhibit B now contains;

(6) You will appoint a shareholder, member, or partner, as applicable, to be your “Operating Principal,” responsible for overseeing and supervising the operation of the Franchised Business. The Operating Principal, as of the Effective Date, is identified in Exhibit B. The Operating Principal will be the person with whom we will communicate on all major policy, financial, management and operational matters, and the only person from your Entity that we will recognize as having authority to communicate for and on your behalf and on behalf of your Entity. You may not change the Operating Principal without our prior written consent; and

(7) The Franchised Business and other Senior Helpers Care Businesses, if applicable, will be the only businesses that the Entity may operate, and your organizational documents must reflect this (although the owners in the Entity may have other business interests subject to any restrictions on competitive businesses in Section 7 or Section 15.4).

## **2. OPENING OF FRANCHISED BUSINESS, OFFICE APPROVAL, LEASE OF PREMISES, AND DEVELOPMENT**

### **2.1 Office Approval**

You must operate the Franchised Business from an approved office within the Territory, and not from a residence or a “virtual” or “identity” office. Your office must contain outdoor signage and a separate area for training that is not part of shared space. You must have a dedicated training space designed as a realistic simulation of a client’s home (“Center of Excellence”). If you operate more than one Senior Helpers Care Business with multiple territories that are geographically contiguous, we may in our sole discretion, permit you to operate the Franchised Business from one of your other approved offices. You agree to obtain our written approval of the Franchised Business’s proposed office location before signing any lease, sublease, or other document for the site.

We may assist you in your office and location selection process by providing you with our office guidelines and criteria, and sources to obtain demographic information related to the Territory. We will provide you with certain recommended or required specifications for your office. If we have completed any research on the market area that you are considering, we will provide you with it for information and background purposes only. You should verify all information provided.

We will approve or disapprove the proposed office location within thirty (30) days after your request for our approval. Upon our written approval of an office, and after you secure the location, we will insert its address into Exhibit A, and it will be the Premises. You may operate the Franchised Business only from the Premises.

You acknowledge and agree that, if we recommend or give you information regarding the Territory, or a site for the Premises, and if we approve an office location, our advice, action, or information is not a representation or warranty of any kind, express or implied, of the location’s suitability for a Senior Helpers Care Business or any other purpose. Our recommendation indicates only that we believe that the office meets our then-acceptable criteria. Applying criteria that have appeared effective with other offices and premises might not accurately reflect the potential for all offices and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of an office and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if an office and premises we recommend or approve fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise is based on your own independent investigation of the Territory and the office. You acknowledge and agree that our office selection assistance is primarily for our benefit and not for your benefit.

### **2.2 Franchised Business Development**

You are responsible for developing the Franchised Business. We will give you mandatory and suggested specifications and layouts for your office at the Premises, including recommended office size and design and required or recommended fixtures, equipment, and signs. You are responsible for compliance with any and all federal, state, or local laws, codes, and regulations.

You agree to do the following, at your own expense, to develop the Franchised Business at the Premises:

(1) secure all financing required to develop and operate the Franchised Business (we will not provide you with any financing for Franchised Business development);

- (2) obtain all required building, utility, sign, occupancy, business, and other permits and licenses;
- (3) construct all required improvements to the Premises and furnish and decorate the Franchised Business according to our approved plans and specifications;
- (4) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services; and
- (5) purchase or lease, and install, all required fixtures, furniture, equipment (including a required or recommended computer, facsimile, and point-of-sale information system), furnishings, and signs (collectively, "**Operating Assets**") for the Franchised Business.

### 2.3 Operating Assets

You agree to use in operating the Franchised Business only those Operating Assets that we approve for Senior Helpers Care Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the Premises (interior and exterior) only the signs, lettering, logos, and display materials that we approve from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

### 2.4 Computer System

You agree to obtain and use the computer hardware and/or operating software and/or communications capabilities we specify from time to time (the "**Computer System**"). We may modify specifications for and components of the Computer System. You also agree to maintain a functioning e-mail address. You agree to obtain high-speed communications access, such as broadband or DSL, or other high-speed capacity that we may specify. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the computer hardware, software, and/or communications capabilities comprising the Computer System (or additions and modifications) and required service or support. We or our affiliates may retain a third-party provider, or an Applications Service Provider (or ASP) to provide some or all of the service and support for your benefit or the benefit of Senior Helpers Care Businesses, and we may pay a service or ASP hosting fee. You must pay our then-current fee for certain information technology related costs such as Relias, FranConnect access, Online Web Hosting/SEO, Applicant Tracking System and e-mail accounts (the "**IT Fee**"). The IT Fee is currently \$280 per month, but we may increase or modify the IT Fee upon thirty (30) days advance written notice. We have no obligation to reimburse you for any Computer System costs that you incur. Within sixty (60) days after you receive notice from us, you agree to obtain and install the Computer System components that we designate. You must permit us to access those aspects of the Computer System that are necessary for us to retrieve data and/or to provide assistance to you and your business.

You are also required to subscribe for a license of our client assessment software tool, LIFE Profile, through our vendor Performance Based Health Solutions (PBHS). You will be required to sign a license agreement for the licensing of LIFE Profile which obligates you to pay a license subscription fee of \$350 per month. This fee may be increased per the terms of your license agreement. Please see attached Exhibit F a copy of the license agreement.



You agree that we, our affiliates, or vendors may condition any license of proprietary software to you, or your use of technology that we, our affiliates, or vendors develop or maintain, on your signing a software license agreement or similar document that we, our affiliates, or vendors prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates or vendors may charge you a monthly or other fee for any proprietary software or technology that we, our affiliates, or vendors license to you and for other maintenance and support services that we or our affiliates provide during this Agreement's term. The current IT Fee is set forth in Exhibit A. In addition, we may provide you with software that will enable us to pull existing financial information through your other accounting software, and that will help you with financial modeling. This is software that you will load and maintain on your Computer System and that we will pay for.

Despite the fact that you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded. You may not install any software, other than authorized upgrades, or make any hardware modifications to the Computer System that might hamper or interfere with the operation of the Computer System in the manner we require. You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders, and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures, or attacks.

Data that we reasonably believe to be necessary or desirable for the operation of a Senior Helpers Care Business is or may be currently stored in software programs that we provide to you. We reserve the right to modify our and your Computer System requirements, but will only do so upon sixty (60) days prior notice to you. These information and data programs are subject to this Section 2.4, and you must comply with our System Standards, and our data collection and reporting policies and procedures.

## 2.5 Opening of Franchised Business

You agree not to open the Franchised Business until:

(1) we notify you in writing that the Franchised Business meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any licensing, labor, building, fire, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);

(2) you have received all required state and local government certification, permits, and licenses necessary for the operation of a Senior Helpers Care Business, including any required licenses and certifications for your personnel;

(3) you (or your Operating Principal), your Key Manager, and other managers and personnel (if any) have satisfactorily completed training;

(4) you pay the initial franchise fee and other amounts then due to us;

(5) you have executed all agreements required prior to the opening of the Franchised Business, including, but not limited to, the Agreement, the Lease, and any software license agreements;

(6) you are not in default under or in violation of any agreements by and between you and us or any of our affiliates or suppliers; and

(7) you give us all certificates, endorsements and other documentation we request for all required insurance policies.

Subject to your compliance with these conditions, and except as we may otherwise approve, you agree to open the Franchised Business for business not later than two hundred and forty (240) days after execution of this Agreement. We will issue you a commencement of operation letter on the day (the “**Opening Date**”) we approve your compliance with these obligations.

### **3. FEES**

#### **3.1 Initial Franchise Fee**

You agree to pay us a nonrecurring initial franchise fee, in the amount set forth in Exhibit A. This fee is due, and fully earned by us, when you sign this Agreement. The initial franchise fee is nonrefundable. If you are signing this Agreement as part of buying an existing Senior Helpers Franchised Business (re-sale/transfer) then you will not be required to pay an initial franchise fee.

#### **3.2 Royalty Fee; Minimum Royalty Fee**

You agree to pay us, in the manner provided below (or as the Operations Manual otherwise prescribes), a Royalty Fee (the “**Royalty**”) equal to the greater of (i) the percentage set forth on Exhibit A of the Franchised Business’s Gross Sales (defined in Section 3.3 below) or (ii) the Minimum Periodic Royalty Payment, as set forth in Exhibit A. The Royalty must be transmitted in the manner we specify, which may include, as provided for in Section 3.6, an automatic, electronic debit of funds on a bi-weekly basis, by or before the Wednesday immediately following the previous two-week period (with each week beginning on a Monday and ending on a Sunday), based on the Gross Sales from the preceding two-week period. In addition, on or before the Wednesday following the two-week period, you agree to send us on a form we approve (or as we otherwise direct) a signed statement of the Franchised Business’s Gross Sales for the preceding two-week period.

#### **3.3 Definition of “Gross Sales”**

As used in this Agreement, the term “**Gross Sales**” means all revenue that you bill/invoice (whether or not collected), plus all other amounts you derive, from operating the Franchised Business, including, but not limited to, all services and products sold, all amounts that you charge, invoice, or receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, and (2) excluding client-billed caregiver mileage reimbursements.

#### **3.4 Late Fees and Interest**

All amounts which you owe us for any reason, will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for late fees and interest. You acknowledge that this Section 3.4 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business.

### 3.5 Application of Payments

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates or key suppliers against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

### 3.6 Method of Payment

Before the Franchised Business opens, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Marketing Fund contributions (defined below in Section 9.2), and other amounts due under this Agreement and for your purchases from us and/or our affiliates (the “**Electronic Depository Transfer Account**” or “**EDTA**”). Our current form of EDTA documents are attached as Exhibit C. We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals.

If you fail to report the Franchised Business’s Gross Sales, we may debit your EDTA for one hundred twenty percent (120%) of the highest bi-weekly Royalty and Marketing Fund contribution that we debited during the Initial Term. If the amounts that we debit from your EDTA are less than the amounts you actually owe us (once we have determined the Franchised Business’s true and correct Gross Sales), we will debit your EDTA for the balance on the day we specify. If the amounts that we debit from your EDTA are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your EDTA during the following bi-weekly period.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever we deem appropriate. We may require the payments, or automatic debits, be made more or less frequently than specified in Section 3.2, but not more frequently than once a week. You agree to comply with our payment instructions as they may be modified from time to time.

You must comply with all of our payment policies, procedures, and requirements, as described in the Operations Manual including, but not limited to, types of currency that you may accept as payment at the Franchised Business or that may be accepted as payment by us.

## 4. TRAINING AND ASSISTANCE

### 4.1 Initial Training

You must hire and retain a Key Manager, before you open for business. We may recommend or suggest, based on the size and scope of your proposed Senior Helpers Care Business, as well as your Operating Principal, and your Key Manager’s qualifications, and other factors that you hire more than one (1) Key Manager. We will conduct an initial training program for you (or, if you are an Entity, your Operating Principal), and your initial Key Manager, which will address the material aspects of operating a Senior Helpers Care Business. Training for the other Key Manager(s) and other personnel may be conducted at our discretion within six (6) months of your Opening Date. We will provide the initial training program at our headquarters or at a designated training facility of our choice.

We will provide the initial training, for no additional fee, for your initial required attendees. In addition, if we have space available in a regularly scheduled training class, you may bring other of your employees to the training class(es) at no additional charge. You agree to pay for all travel and living

expenses which you (or your Operating Principal) and all of your employees incur and for your employees' wages and workers' compensation insurance while they are training.

You (or your Operating Principal), and the initial Key Manager(s) (if any) must satisfactorily complete initial training. If you (or your Operating Principal) or your initial Key Manager fail to complete the initial training to our satisfaction, then you may repeat the course or send a substitute to complete the next available training program. We reserve the right to charge you for substitute personnel that attend the next training program. If we determine that you (or your Operating Principal) cannot complete initial training to our satisfaction, we may terminate this Agreement. Among the current criteria for satisfactory completion of training are attendance at all training classes, passing all interim and final tests and exams, and demonstrating a capability and willingness to comply with System Standards. The amount of hours and relative value of the initial training is described on Exhibit G.

All management personnel, including Key Managers, and any other personnel that we designate, must receive our certification, prior to managing the Franchised Business or training other personnel. The purpose of our certification program is to enhance the brand image, and to deliver consistent, high value client service under the "Senior Helpers" marks, from all Franchised Businesses, by training senior management team members regarding the Senior Helpers brand standards and client care standards. The goal is to enable management team members to train employees and caregivers. We may, at any time during the term of this Agreement, decertify any previously certified personnel if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training personnel that have been decertified.

You will have sole discretion regarding all employment decisions and matters relating to your personnel, including, without limitation, hiring, firing, discipline, compensation, benefits, personnel policies, recordkeeping, supervision and scheduling, regardless of whether you receive advice, suggestions, or recommendations from us on these subjects. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us, and such actions and decisions will not be, nor be deemed to be, a decision or action of ours. You must ensure that all of the management personnel and other personnel working at the Franchised Business satisfactorily complete all state and local government required training and obtain and maintain all of the licenses, accreditations, and certifications required by applicable law. You are also responsible for ensuring that your employees are adequately trained.

Within the first six (6) months following the opening of the Franchised Business, we will, at our own cost, send one of our representatives to the Franchised Business for a period of two (2) days to assist with the operations of the Franchised Business. The relative value of this assistance is described on Exhibit G.

#### 4.2 Ongoing Training; Training of Replacement Personnel

We may require you (or your Operating Principal), your Key Manager, and/or other previously trained and experienced managers and employees to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Generally, the principal goal of the training programs is to communicate to you, your managers, and employees the brand standards and critical features of a Senior Helpers Care Business to be able to deliver high quality, consistent care to all clients in accordance with Senior Helpers brand standards. We may charge reasonable registration or similar fees for these courses. If attendance at these conventions, meetings or conferences is mandatory, we reserve the right to charge you the registration, attendance or similar fees, including, a non-attendance

fee in an amount we designate, even if you or the required attendee does not attend. In addition, you must pay all costs to attend. As of January 1, 2018, attendance at the national conference is mandatory. We may revise this policy in the future.

We require that your replacement Key Managers and Operating Principal (if applicable and if any) satisfactorily complete our initial training program within ninety (90) days after being designated as Key Managers or Operating Principal. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs.

We require at least one person from your Franchised Business which may be you (or your Operating Principal), your Key Manager, and/or other previously trained and experienced managers and employees to attend and complete Senior Gems® training within six (6) months of the Opening Date. We may charge a reasonable fee for the Senior Gems® training. You agree to pay all travel and living expenses which you and your employees incur during all Senior Gems® training.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

#### 4.3 General Guidance

We will advise you from time to time regarding the Franchised Business's operation based on your reports to us and/or our direct or indirect observations, and we will provide guidance to you with respect to: (1) standards, specifications, and operating procedures and methods that Senior Helpers Care Businesses use; (2) advertising and marketing materials and programs; (3) suggested or recommended employee training and recruiting programs; and (4) administrative, bookkeeping, and accounting procedures.

We will provide guidance in our operations manual ("**Operations Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at our office or the Franchised Business. If you request, and we agree to provide, additional or special guidance, assistance, or training, you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses.

#### 4.4 Operations Manual

We will loan you during the Initial Term one (1) copy of our Operations Manual, which could include audiotapes, videotapes, compact disks, computer software, other electronic media, information distributed electronically or via the Internet or an internal extranet and/or written materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("**System Standards**") that we periodically prescribe for operating a Senior Helpers Care Business and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. The Operations Manual may contain mandatory and suggested specifications, standards, and operating procedures that we develop for the System and information relating to your other obligations. Any required specifications, standards, and/or operating procedures exist to protect our interests in the System and the Marks and to create a uniform customer experience. They are not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to you.

You agree to keep your copy of the Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over its contents, our master copy of the Operations Manual

controls. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than Franchised Business employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy from us. We may assess you our then applicable printing or copying charge. This charge is for our direct costs, and is not related to any value that we place on the Confidential Information (defined in Section 6 below).

At our option, we may post some or all of the Operations Manual on a restricted Online Site (defined in Section 9.5 below) or extranet to which you will have access. If we do so, you agree to monitor and access the Online Site for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on the Online Site will be deemed to be part of Confidential Information (defined in Section 6 below).

#### 4.5 Delegation of Performance

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

#### 4.6 Owners Advisory Council

We have established a franchisee advisory council ("**Owners Advisory Council**") comprised of Senior Helpers Care franchisees or representatives of franchisees for the purpose of fostering communications among franchisees and with us. We have also formed committees or boards as part of the Owners Advisory Council. These are or will be comprised of Senior Helpers Care franchisees or representatives of franchisees ("**Committees**") to discuss and help manage and organize certain functions that are integral to the development of Senior Helpers Care Businesses. Currently, we have a Marketing Committee to assist with review of Marketing Fund budgets and spend from the previous year, and to provide suggestions to us regarding the current and future year's Marketing Fund budgets. We also have a People Committee to assist with training and conference planning. You must participate and contribute such dues that may be required of, or assessed to, franchisees to support the Owners Advisory Council. We have certain formal organizational or operating documents for the Owners Advisory Council, and we reserve the right to establish and revise, as we deem necessary, the legal, administrative, and organizational framework for the Owners Advisory Council or any Committee. We also reserve the right to discontinue the Owners Advisory Council or any Committee at any time.

### 5. MARKS

#### 5.1 Ownership and Goodwill of Marks

Your right to use the Marks is derived only from this Agreement and limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after this Agreement's term contest or assist any other person in contesting the validity, or our ownership, of the Marks.

## 5.2 Limitations on Your Use of Marks

You agree to use the Marks as the Franchised Business's sole identification, except that you agree to identify yourself or the Entity as its independent operator in the manner we prescribe. You may not use any Mark, any derivatives of the Marks or similar mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with the Online Site, or (5) in any other manner that we have not expressly authorized in writing.

You may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising, supplies, and other materials we designate. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

## 5.3 Notification of Infringements and Claims

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

## 5.4 Discontinuance of Use of Marks

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the Franchised Business's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5.4 apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

## 5.5 Indemnification for Use of Marks

We agree to reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding, and you have used the Mark(s) in compliance with our Agreement, Operations Manual, and other directives from us. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

## 6. CONFIDENTIAL INFORMATION

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), relating to developing and operating Senior Helpers Care Businesses, including (without limitation):

- (1) site selection and territorial criteria;
- (2) training and operations materials and manuals;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Senior Helpers Care Businesses and providing care to clients;
- (4) marketing and advertising programs for Senior Helpers Care Businesses;
- (5) employee and care giver recruitment, training, retention programs;
- (6) knowledge of specifications for and suppliers of Operating Assets, and other products;
- (7) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (8) knowledge of the operating results and financial performance of Senior Helpers Care Businesses other than the Franchised Business;
- (9) graphic designs and related intellectual property; and
- (10) all Customer Data (defined in Section 8.11 below).

You acknowledge and agree that the foregoing Confidential Information, which may or may not be considered “trade secrets” under prevailing judicial interpretations or statutes, is private, valuable, and constitutes “trade secrets” belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the Franchised Business during this Agreement’s term, and that Confidential Information is proprietary and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (1) will not use Confidential Information in any other business or capacity;
- (2) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement’s term and then thereafter for as long as the item is not generally known in the employment and/or health care and/or in-home care industries;
- (3) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (4) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised



Business personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights. You are obligated to maintain in your files those executed confidentiality agreements we specify and make them available to us upon request.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the employment and/or health care and/or in-home care industries through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the employment and/or health care and/or in-home care industries through publication or communication by others (without violating an obligation to us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Operations Manual.

All ideas, concepts, techniques, or materials relating to a Senior Helpers Home Care Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

## **7. EXCLUSIVE RELATIONSHIP**

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during this Agreement’s term, you, any of your owners, and any of your or your owners’ immediate family members who have attended any of our training programs, or have participated in any aspects of the operation or management of the Franchised Business (“**immediate family members**” will include spouses and domestic partners, children 18 years old or older, and such other persons as we may specify following our review of your franchise application and proposed operations and ownership structure), for yourself (or themselves), or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not:

(1) own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) be, or perform services as, a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or customer of the Franchised Business to a Competitive Business; or

(4) engage in any other activity which might injure the goodwill of the Marks and System.

The term “**Competitive Business**” means (i) any home health care or in-home care agency or business that offers or provides non-medical care, companionship services, personal assistant services, or any other product or service that is similar to the services and products authorized to be offered or sold under the Marks and the System; (ii) any business that provides supplemental caregiving staff to institutional clients, such as hospitals, nursing homes, assisted living facilities, or independent living facilities, or (iii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i) or (ii) (other than a Senior Helpers Care Business operated under a franchise agreement with us).

You agree to obtain similar covenants from the personnel and persons we specify, including officers, directors, managers and other employees attending our training program or having access to Confidential Information and immediate family members. We have the right to regulate the form of agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

## **8. SYSTEM STANDARDS**

### **8.1 Condition and Appearance of the Franchised Business**

You agree that:

(1) You will maintain the condition and appearance of the Franchised Business and its Operating Assets in accordance with System Standards and consistent with the image of a Senior Helpers Care Business as an efficiently operated business offering high quality and professional services and products and observing high standards of client service and care, and providing efficient, courteous service, and in that connection will take, without limitation, the following actions during the term of this Agreement: (a) repainting, repair, and refurbishing of the Premises at intervals we prescribe; (b) repair or replacement of damaged, worn out or obsolete Operating Assets; and (c) you may place or display at the Premises only those signs, photographs, artwork, logos, and display and advertising materials that we from time to time approve;

(2) If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Premises or its Operating Assets does not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency. You will have ninety (90) days to comply and make these corrections. If you do not initiate action to correct such deficiencies within ninety (90) days after you receive our notice, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand for any expenses we incur in that connection; and

(3) On notice from us, you agree to remodel, expand, redecorate, reequip and/or refurbish the Premises and the Franchised Business to reflect changes in the operations of Senior Helpers Care Businesses which we prescribe and require of new franchisees.

### **8.2 Franchised Business Services, Specifications, Standards and Procedures**

You agree that: (1) the Franchised Business will provide all client care, companion services and personal assistance services, and other services and products that we specify from time to time; (2) the Franchised Business will offer and sell approved services and products only in the manner we have

prescribed; (3) you will not offer for sale or sell at or from the Franchised Business, a client's home, or any other location any services or products we have not approved; (4) you will discontinue selling and offering for sale any services or products that we at any time decide (in our sole discretion) to disapprove in writing. Without limiting the foregoing, you agree not to provide any medical care or medical services, as determined by us and applicable local, state, and federal laws and regulations, without our prior approval.

### 8.3 Approved Products, Distributors and Suppliers

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, and other products. We reserve the right from time to time to approve specifications or suppliers and distributors of the products that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates.

We may designate a single distributor or supplier (collectively, “**supplier**”) for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The designated supplier may be us or an affiliate of ours.

We and our affiliates may receive payments from suppliers on account of such suppliers' dealings with you and other franchisees, and may use any amounts received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or advantageous advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor from time to time. You or any other franchisee shall not be an approved vendor to the Senior Helpers System.

### 8.4 Compliance with Laws and Good Business Practices

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and the other licenses applicable to the care givers and other employees, and must operate the Franchised Business in full compliance with all applicable federal, state and local laws, rules, ordinances and regulations, including, without limitation, government regulations relating to occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes, sales and service taxes, and all federal, state, and local employment and labor laws and regulations. To the extent that the requirements of said laws are in conflict with the terms of this Agreement, the Operations Manual, or other instructions from us, you will: (i) comply with said laws; and (ii) immediately provide written notice to us describing the nature of the conflict. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the staffing and management of an in-home personal care business. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The Franchised Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Senior Helpers Care Businesses. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial

condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

#### 8.5 Management of the Franchised Business/Conflicting Interests

Your Operating Principal must manage and provide general oversight of the Franchised Business on a full-time basis. Beginning the thirty (30) days preceding the opening of the Franchised Business and through the first year of operation of the Franchised Business, the Operating Principal must manage the Franchised Business on a full-time basis and may not be employed or act as an independent contractor on a full-time basis by/for any persons other than the Franchisee. The Key Manager will be charged with responsibility for direct supervision of the Franchised Business. Your failure to have the Franchised Business managed on a full-time basis by your Operating Principal is a default for which we may terminate the Franchise Agreement if the default persists for 30 days after notice from us. You must keep us informed at all times of the identity of any supervisory employee(s) acting as Key Manager. The Key Manager must devote full time and efforts to the management and supervision of the Franchised Business. We may require that you hire prior to opening, and retain, a full-time client service/scheduler administrator or administrative support person.

If you (or your Operating Principal) own or control more than one Senior Helpers Care Business, each Senior Helpers Care Business must be under the direct on-premises supervision of a Key Manager that we have approved, who has completed our training programs and we have certified.

#### 8.6 Insurance

During the term of this Agreement you must maintain in force at your sole expense comprehensive public liability coverage, general liability insurance, personal injury coverage, workers' compensation and employer's liability insurance, professional liability insurance, employment practices liability insurance and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business's operation, all containing at least the minimum liability coverage we prescribe from time to time. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord or otherwise. You must obtain and maintain a fidelity bond in an amount at least equal to the greater of (i) the amount required by applicable state and local laws and regulations or (ii) the amount specified in the Operations Manual. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name us and our officers, directors, partners, members, affiliates, subsidiaries and employees as additional named insureds on all applicable policies, and must provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20-26 or any other form that we approve in writing that provides comparable coverage. Additional insured coverage shall apply on a primary and non-contributory basis, not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) our negligent acts, errors or omission or other additional insureds. Subrogation shall be waived on each applicable policy where allowed by law. You shall maintain such additional insured status for us on your general liability policies continuously during the term of this Agreement.

You routinely must furnish us copies of your Certificates of Insurance declarations page(s), endorsements, and other evidence (of the type and nature that we specify) that demonstrate your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the

insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Franchised Business on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. We encourage you to seek advice from an independent risk management provider who may specify higher limits.

We do not represent or warrant that any insurance that you are required to purchase, or which we procure on your behalf, will provide you with adequate coverage. Our review and verification of certain elements of your insurance does not in any way reduce or eliminate your obligation to fully comply with all insurance requirements. It is your sole obligation to fully comply with these insurance requirements and to confirm with your insurance providers that your policies are in compliance. The requirements of insurance specified in this Agreement are for our protection. You should consult with your own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by us, nor shall your procurement of required insurance relieve you of liability under the indemnity provisions set forth herein. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations.

#### 8.7 Pricing

We may periodically set a maximum price that you may charge for a service or product. If we impose such a maximum price for any product or service, you may charge any price for the product or service up to and including the maximum price we impose.

#### 8.8 Compliance with System Standards

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards are essential to preserve the goodwill of the Marks and all Senior Helpers Care Businesses. Therefore, you agree at all times to operate and maintain the Franchised Business according to all of our System Standards, as we periodically modify and supplement them. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business. If you fail to implement, maintain, and/or comply with System Standards, we may terminate your right to operate the Franchised Business, and/or take other actions to enforce the System Standards.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 8.1. through 8.7 above:

- (1) all care services, including but not limited to, home visits and assessments;
- (2) recommended or suggested staffing levels and client service standards for the Franchised Business; identifying the Franchised Business's personnel; and recommended or suggested employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, employment records, work schedules, discipline, hours worked, rates of pay and other benefits, work assigned, and working conditions, despite any recommendations or advice we may provide);

- (3) sales, marketing, advertising, and promotional programs and materials and media used in these programs;
- (4) use and display of the Marks at the Franchised Business and on signs, contracts, products and supplies;
- (5) days and hours of operation;
- (6) participation in market research and testing and product and service development programs as well as participation in, and dues assessed for, advisory councils;
- (7) accepting credit and debit cards, other payment systems, and check verification services;
- (8) participation in, and compliance with, private and government-sponsored insurance and reimbursement programs;
- (9) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchised Business;
- (10) any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Senior Helpers Care Businesses.

You agree that System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a System Online Site), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

#### 8.9 Modification of System Standards

We periodically may modify System Standards, and these modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Premises or any other aspect of the Franchised Business, buying new Operating Assets, adding new services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

#### 8.10 Lead Generation or Call Center

We reserve the right to provide, and/or contract with a third-party to develop and operate, a call center or other sales inquiry/sales generating service, and/or to provide or contract with third parties, including Internet-based marketing companies, to provide, lead generation services to our network of Senior Helpers Care Businesses. Charges and fees for a call center and/or lead generation services may include one-time set-up fees per business, monthly fees, and/or per-call or per-lead fees. We expect that the fees charged will be to reimburse us for costs associated with these services, and/or to pay third parties for these services. We may require you to use the call center or lead generation services, or we may only recommend that you do. If you participate and use the call center or lead generation services, you must comply with all rules, policies, and requirements specified by the provider and us regarding such services. We reserve the

right to add to, modify, or eliminate approved, recommended, or required products, services, or suppliers at any time.

#### 8.11 Data; Ownership of Data

You agree that all data that you collect from clients, customers and potential clients and customers in connection with the Franchised Business (“**Customer Data**”) is deemed to be owned exclusively by us, and you also agree to provide the Customer Data to us at any time that we request you to do so. You have the right to use Customer Data while this Agreement or a successor franchise agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business and marketing “Senior Helpers” products and services. However, if you Transfer the Franchised Business in an approved Transfer (as provided in Sections 12.2 and 12.3 below), as part of the Transfer, you must also Transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Franchised Business. We have the right to periodically specify in writing, in the Operations Manual or otherwise, the information that you must collect and maintain on the Computer System, and you agree to provide us with the reports that we may reasonably request from the data so collected and maintained. All data pertaining to, derived from, or displayed at the Franchised Business (including, without limitation, Customer Data) is and shall be our exclusive property, and we hereby grant you a royalty-free non-exclusive license to use that data during the Term of this Agreement for the sole purpose of operating your Franchised Business.

#### 8.12 PCI Compliance and Credit Cards.

With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

(1) You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory.

(2) You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

(3) We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

(4) You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer’s use of a credit card (we may set these requirements in the Operations Manual).

(5) You agree to comply with our requirements concerning data collection and protection, as specified in Section 8.11 above.

(6) You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other

standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

#### 8.13 Privacy Laws.

You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information (“**Privacy Laws**”). You agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and applicable law, you will: (i) comply with the requirements of applicable law; (ii) immediately provide us with written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if possible, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree that you will not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

### 9. MARKETING

#### 9.1 Marketing Contributions and Expenditures

You acknowledge and recognize the value of the Senior Helpers brand and Marks, the need to develop, enhance, and promote the Senior Helpers brand and Marks, and the need to advertise and market the Senior Helpers brand and Senior Helpers Care Businesses. You also acknowledge and recognize the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the Senior Helpers brand and Senior Helpers Care Businesses. Therefore, you agree to (i) contribute to the Marketing Fund pursuant to Section 9.2, and (ii) make local advertising and marketing expenditures pursuant to Section 9.3.

#### 9.2 Marketing Fund

You acknowledge and agree that the image of the Senior Helpers brand, the Marks, and Senior Helpers Care Businesses held by the public in general, by clients, and by Senior Helpers Care Business managers and employees, is important to the System and the Marks. We have established a Marketing Fund (the “**Marketing Fund**”) for the enhancement and protection of the Senior Helpers brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate.

We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Senior Helpers brand and Marks, will improve and increase public recognition and perception of the Senior Helpers brand and Marks and Senior Helpers Care Businesses, and will improve and enhance the perception of Senior Helpers Care Businesses held by franchisees, managers, and other employees of Senior Helpers Care Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials; creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media; media placement and buying, including all associated expenses and fees; implementation of digitally identifiable marketing phone numbers; deployment and execution of marketing technology; selection and support of sponsorships; administering regional and multi-regional marketing and advertising programs; market research and customer satisfaction surveys, including the use of “secret ‘shoppers’ or clients”; lead sharing or lead generating services or vendors; the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events; creative development of signage and posters; employee recognition and awards events and programs; periodic national and regional conventions and meetings; Online Site, extranet and/or intranet development, implementation, and maintenance; retention and



payment of advertising and promotional agencies and other outside advisors including retainer and management fees; and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

You agree to contribute to the Marketing Fund an amount equal to up to two percent (2%) of your Gross Sales, payable in the same manner as the Royalty. We will specify, and periodically modify, with 60 days' prior written notice to you, the required contribution level, at our sole discretion. Currently, the required contribution is one percent (1%) of Gross Sales, with a minimum contribution of \$75 per billing period. The maximum amount that we can set during the term of this Agreement as a Marketing Fund contribution will be two percent (2%) of your Gross Sales.

We have the right to collect for deposit into the Marketing Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Senior Helpers Care Businesses and with whom we have agreed that we will so deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates therefore may use for any purposes we and they deem appropriate, as provided in Section 8.3 above.)

The Marketing Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other funds and not use the Marketing Fund for any of our general operating expenses. However, we may use the Marketing Fund to pay administrative costs of the Marketing Fund including managing the advertising, marketing, and promotional programs and payment of outside suppliers utilized by the Marketing Fund, and we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel (including our personnel and personnel of our affiliates) who manage and administer the Marketing Fund. We may use the Marketing Fund to pay for other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs.

The Marketing Fund will not be our asset. Although the Marketing Fund is not a trust, we will hold all Fund contributions for the benefit of the System, the Senior Helpers brand, and the contributors, and use contributions only for the purposes described in this Section. We do not owe any fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund contributions to pay costs before using the Marketing Fund's other assets.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses. The statement is available for your review upon written request, ninety (90) days after our fiscal year. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

We intend the Marketing Fund to maximize and enhance public, franchisee, and employee recognition of the Senior Helpers brand, Marks and Senior Helpers Care Businesses. Although we may use the Marketing Fund, or portions of the monies in the Marketing Fund, to create, develop, use and/or place advertising and promotional marketing materials and programs, and we may try to engage in brand

enhancement activities that will benefit all Senior Helpers Care Businesses, we cannot and do not ensure that Marketing Fund expenditures will be made in or affecting any geographic area, or will be proportionate or equivalent to Marketing Fund contributions by Senior Helpers Care Businesses operating in that geographic area. We do not guarantee or assure that any Senior Helpers Care Business will benefit directly or in proportion to its Marketing Fund contribution from the brand enhancement activities of the Marketing Fund or the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund contributions at the Marketing Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a Senior Helpers Care Business franchisee and, upon thirty (30) days prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to our franchisees, and to us and our affiliates, in proportion to their, and our, respective Marketing Fund contributions during the preceding twelve (12) month period.

### 9.3 By You

We will work with you to develop an advertising and marketing plan (the **Plan**) for you, your Franchised Business, and your Territory. You must comply with all requirements regarding the Plan, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with all promotional recommendations. In addition to your Marketing Fund contribution obligations in Sections 9.1 and 9.2 above, you agree to spend, each month, beginning at least two weeks before you commence operations, at least the greater of One Thousand Dollars (\$1,000) or two percent (2%) of your monthly Gross Sales to advertise and promote your Franchised Business in accordance with your Plan. Your monthly expenditure may include the costs to design or develop local marketing programs, subject to our approval. You agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion at such times, and for such reporting periods, as we may specify from time to time. We reserve the right to collect the required local advertising and marketing expenditures from you and to spend such amounts to implement the Plan for you. If you fail to expend the required minimum amount, then any amounts that you should have expended to reach the greater of \$1,000 or two percent (2%) of Gross Sales requirement must be contributed to the Marketing Fund at such times as we specify.

We reserve the right to establish or designate specialized, or regional, or special-focused advertising, marketing or media campaigns ("**Special Campaigns**") that may or may not involve you and/or other Senior Helpers businesses. If we establish or designate a Special Campaign that is or will be applicable to you, you must participate in that campaign and contribute to the costs of the Special Campaign in the amounts and in the manner that we specify. Any amounts that you spend or contribute to or for the Special Campaign will be credited toward your required advertising/promoting expenditure under this Section 9.3.

We may require you to participate with other Senior Helpers Care Businesses in joint, collective, or market-wide advertising, marketing, or promotional campaigns or programs as part of your Plan, and to pay your share of that joint, collective, or market-wide advertising or program. Your local advertising and promotion must follow our guidelines, which may include, among other things, requirements for, or

restrictions regarding, the use of the Marks and notices of our Online Site's domain name in the manner we designate. You may not own, develop, maintain, control or authorize, without our prior written approval, any Online Site that mentions or describes you or the Franchised Business or displays any of the Marks. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. You may use direct advertising only directed to customers located within your Territory. We may specify third parties that you must use for the design and development of your local advertising; however you will be required to pay those third parties directly without any offset to your required local expenditure requirements.

#### 9.4 Brand Management Fee

In addition to the Marketing Fund contributions, we may require you to pay a brand management fee on a bi-weekly basis, at the same time and in the same manner as the Royalty (the "**Brand Management Fee**"). Currently the Brand Management Fee is \$150 per bi-weekly period. We may increase or decrease the Brand Management Fee upon 30 days advance written notice. Brand Management Fees will be used by us to fund various advertising and marketing initiatives which, in our sole judgment, are intended to promote the services offered by Senior Helpers Care Businesses, maintain and enhance client relations, and promote the presence of the Senior Helpers' brand in various media outlets, including on the internet and through social media. We may use Brand Management Fees to fund, initiatives such as advertising, search engine optimization, testing and optimization, report development and distribution, client and caregiver satisfaction programs, and recruiting and use of public figures to endorse the Senior Helpers brand. Any amounts that you spend or contribute to or for the Brand Management Fee will be credited toward your required advertising/promoting expenditure under Section 9.3.

#### 9.5 Approvals

For all proposed advertising, marketing, and promotional plans, you will submit samples of such plans and materials to us (by means described in Section 18 below), for our review and prior written approval (except with respect to prices to be charged by you). If written approval is not received by you from us within ten (10) days of the date of receipt by us of such samples or materials, we will be deemed to have not approved them. You acknowledge and agree that any and all copyright in and to advertising and promotional materials developed by you or on your behalf will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as may be deemed reasonably necessary by us to give effect to this provision.

#### 9.6 Online Sites

In furtherance of our policies regarding Online Sites and the presence of the "Senior Helpers" brand on the Internet, we have the right to establish, maintain, and modify one or more Online Sites that identify the "Senior Helpers" brand, system, and businesses that operate under our Marks. Currently, we intend to establish webpages on one website that identify individual Senior Helpers Care Businesses, and five such webpages shall specifically identify your Franchised Business. You will have the right to promote your Franchised Business using these webpages, and to utilize and modify these webpages, provided that you comply with our website and Internet policies, and our other System Standards. Our current website is identified as "www.seniorhelpers.com." Our current website strategy, which we have the right to change from time to time, includes utilizing our website and various webpages for lead generation purposes, press releases, brand marketing, promotion, and dissemination of other information related to the Senior Helpers Care Businesses. We have the right to establish, maintain, and modify different types of online properties including mobile versions of our Online Sites, and static and dynamic landing pages. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an

Online Site relating in any manner whatsoever to the Franchised Business or referring to the Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, mobile phones, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Instagram, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc.

#### 9.7 E-Mail, Internet, and Other Media

You must comply with our requirements and policies (as described in the Operations Manual or otherwise in writing) with respect to the transmission of all e-mails in connection with the Franchised Business, and in connection with discussing, advertising, or disseminating any information, or otherwise having a presence, on the Internet, or in any other media, regarding the Franchised Business. Such activities include, without limitation, participation in any Internet “blogs” or social networking sites. Any such activities which are not expressly permitted in the Operations Manual or otherwise in writing, or for which you have not previously received approval from us, shall be subject to our approval as described in Section 9.4 above.

### **10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. We reserve the right to require that you maintain a fiscal year different than the calendar year, and one that is consistent with our fiscal year. In addition, we reserve the right to require that you hire and utilize a bookkeeping and/or accounting service that we designate or approve. We may require you to use a Computer System to maintain certain sales data, financial data and other information. You must comply with our requirements regarding inputting of data, preparing reports, and transmitting data and reports to us, using the Computer System in the manner and at such times as we specify. You agree to prepare and provide to us, in the manner and format that we prescribe from time to time (which may include reporting through the Computer System and/or maintaining the Computer System to enable us to access your records to obtain the following reports):

(1) a report on the Franchised Business’s Gross Sales as provided in Section 3.2, and a monthly operating report and/or income statement with business and operating statistics of the type and in the form and manner that we specify;

(2) monthly and quarterly profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior calendar month and quarter;

(3) within ninety (90) days after the end of each calendar year, the operating statements, financial statements, statistical reports, and other information we request regarding you and the Franchised Business covering the previous calendar year; and

(4) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Franchised Business and to each of your owners holding over a ten percent (10%) ownership interest.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we may, as often as we deem appropriate (including on a continual basis), access the Computer System and retrieve all information relating to the Franchised Business's operation.

In the event you have been in default of any financial, payment, or reporting obligation under this Agreement, even if cured, more than twice during the term of this Agreement, we reserve the right to require that you prepare, and provide us, audited financial statements on an annual basis. In addition, you must provide us with audited financial statements in the event you prepare them for any other purpose.

You agree to preserve and maintain all records (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer and client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers) in a secure location at the Franchised Business for a period of at least five (5) years, or such longer period of time as may be required under applicable federal, state and local laws, regulations and requirements.

## **11. INSPECTIONS AND AUDITS**

### **11.1 Our Right to Inspect the Franchised Business**

To determine whether you and the Franchised Business are complying with this Agreement and to assess your operations and adherence to System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect and observe the operation of the Franchised Business; (2) interview the Franchised Business's personnel and clients; and (3) inspect and copy or request copies of any books, records, and documents relating to the Franchised Business's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the Franchised Business's operation.

### **11.2 Our Right to Audit**

We may, ten (10) days after our request, examine your (if you are an Entity) and the Franchised Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with us, our representatives, accountants, auditors, representatives, and/or contractors in any examination. We may conduct our audit or examination at our offices or the offices of our representative, accountant, auditor, or contractor. If any examination discloses an understatement of the Franchised Business's Gross Sales, you agree to pay us, within ten (10) days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding five percent (5%) of the amount that you actually reported to us for the period examined; then: (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees; and (b) we may require you to provide us with periodic audited statements. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## 12. TRANSFER

### 12.1 By Us

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

### 12.2 By You

You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses or capital appreciation related to the Franchised Business); (iii) the Lease; (iv) substantially all of the assets of the Franchised Business; (v) any ownership interest in you (regardless of its size); or (vi) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the Franchised Business's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (1) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (2) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (3) any sale of a security convertible to an ownership interest;
- (4) transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- (5) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the Franchised Business or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- (6) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the Franchised Business, or your transfer, surrender, or loss of the Franchised Business's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the Franchised Business's assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the Franchised

Business if you give us fifteen (15) days' prior written notice and if the pledge and/or financing satisfies our requirements, which may include, without limitation, execution of agreements by us, you, and/or such owners, and any of your secured creditors, in a form satisfactory to us, acknowledging the creditor's obligations to be bound by the terms of this Section 12.

### 12.3 Conditions for Approval of Transfer

If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Section.

If you are an Entity, your owners may transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if: (1) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Senior Helpers Care Business franchisees (including no ownership interest in or performance of services for a Competitive Business); and (2) you give us prior written notice of the transfer.

For any other proposed transfer (including a transfer of this Agreement, a transfer of a controlling ownership interest in you or one of your owners, or a transfer which is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners) all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) The transferee has sufficient business experience, aptitude, and financial resources to operate the Franchised Business;

(2) The transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Senior Helpers Care Business franchisees;

(3) You have paid all Royalties and Marketing Fund contributions, and other amounts owed to us, our affiliates, and third party vendors, have submitted all required reports and statements, and are not in violation of this Agreement at the time of transfer;

(4) Neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(5) The transferee (or its Operating Principal) satisfactorily completes our training program at the then-current training cost;

(6) Your landlord allows you to transfer the Lease or sublease the Premises to the transferee;

(7) The transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Marketing Fund contributions, provided, however, that (1) the term of the new franchise agreement signed will be the remaining term on this Agreement and (2) following the transfer, the "years of operation" of the Franchised Business for purposes of calculating the Minimum Performance Standards under the new franchise agreement will be based on the Gross Sales of the transferor for the year preceding the date of the transfer.

For example, if the transferor's Gross Sales for the year preceding the date of the transfer were \$375,000 then the transferee will be considered to have completed Operating Year 2 and will be required to meet the Minimum Performance Standard for Operating Year 3 or \$450,000 for the year following the transfer;

(8) You or the transferee pays us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee or such greater amount as is required to reimburse us for reasonable expenses associated with reviewing the transfer; however, the transfer fee will be waived if the transferee is an entity you control.

(9) You (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our current and former shareholders, officers, directors, employees, and agents;

(10) We have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(11) If you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Marketing Fund contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;

(12) (a) You have corrected any existing deficiencies of the Franchised Business of which we have notified you in writing or by electronic communications, and/or (b) the transferee agrees to upgrade and refurbish the Franchised Business in accordance with our then current requirements and specifications for Senior Helpers Care Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(13) You and your transferring owners (and your and your owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 15.4 below; and

(14) You and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Senior Helpers Care Businesses you own and operate) identify yourself or themselves or any business as a current or former Senior Helpers Care Business or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Senior Helpers Care Business 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.

(15) Any purchase and sale agreement between You and the transferee shall provide for and require that the Senior Helpers Care Business shall continue to operate without interruption during the transfer.

We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business.



#### 12.4 Transfer to a Wholly-Owned Corporation or Limited Liability Company

Despite Section 12.3 above, if you are fully complying with this Agreement, and other agreements with us, our affiliates, and suppliers, after providing us with written notice, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the Franchised Business and, if applicable, other Senior Helpers Care Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business's assets are owned, and the Franchised Business's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to Section 12.3 above. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

#### 12.5 Your Death or Disability

(1) Transfer Upon Death or Disability. Upon your or your Operating Principal's death or disability, your or the Operating Principal's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Principal's ownership interest in you, to a third party (which may be your or the Operating Principal's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12, including the payment of the transfer fee required under Section 12.3. A failure to transfer your interest in this Agreement or the Operating Principal's ownership interest in you within this time period is a breach of this Agreement.

The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Operating Principal from supervising the Franchised Business's management and operation.

(2) Operation Upon Death or Disability. Upon your or the Operating Principal's death or disability, your or the Operating Principal's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The manager must complete our standard training program. A new Operating Principal acceptable to us also must be appointed for the Franchised Business, and that new Operating Principal must complete our standard training program, within sixty (60) days after the date of death or disability.

#### 12.6 Effect of Consent to Transfer

Our consent to a transfer of this Agreement and the Franchised Business, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

#### 12.7 Public or Private Offering

In the event you or your affiliates offer stock, partnership or other ownership or equity interests in you or your affiliates and such offering or transfer of ownership requires, under federal or state law, that you prepare and/or furnish materials to prospective purchasers or investors, all such materials required by

federal or state law shall be submitted to us for review as described below at the earlier of at least thirty (30) days before such materials are offered to prospective purchasers or investors or are filed with any government agency. You must submit any materials to be used in any exempt offering for our review prior to their use. No offering by you or your affiliates may imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of the securities of you or your affiliates; and our review of any offering will be limited solely to the relationship between you and us and any subsidiaries and affiliates, if applicable, and will not constitute any opinion as to any legal requirement. We may require the offering materials to contain a written statement prescribed by us concerning the limitations stated in the preceding sentence.

You (and the offeror, if it is not you), your owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, managers, officers, members, shareholders, partners, agents, representatives, servants, and employees in connection with the offering and you shall execute any and all documents required by us to endorse such indemnification. For each proposed offering, you must pay us a non-refundable fee of Seven Thousand Five Hundred Dollars (\$7,500) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You must give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 12.7 commences. We may request additional information, and you may be required to defer the offering or transaction until all of our requests are satisfied. Any such offering will be subject to all of the other provisions of this Section 12, including without limitation the terms set forth in Sections 12.2 and 12.3. You also agree that such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

#### 12.8 Franchisor's Right of First Refusal.

If you or your owners at any time seek or attempt to transfer all or substantially all of the Franchised Business, all or substantially all of the assets of the Franchised Business, this Agreement, or an ownership interest in you, you (or your owners) must submit to us any bona fide written offer executed by a prospective purchaser and must disclose the identity of such prospective purchaser to us. For a period of thirty (30) days after we receive a copy of such offer, we have the right, exercisable by written notice delivered to you, to notify you of our intent to purchase the interest which is the subject of the offer for the price, and then to purchase such interest, on the terms and conditions contained in the offer, provided that we may substitute cash for any form of payment proposed in the offer and have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you (or your owners) may complete the sale to the purchaser pursuant to and on the terms of the offer and in accordance with this Section, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of the terms of the original offer to us, or if there is a material change in the terms of such offer, we shall again have the right of first refusal set forth above.

### 13. EXPIRATION OF THIS AGREEMENT

#### 13.1 Your Right to a Successor Franchise Agreement

If you meet certain conditions, then you will have the option to request the right to operate the Franchised Business for four (4) successor terms. Each of the successor terms will be five (5) years each, for a total of twenty (20) years. The qualifications and conditions for the successor terms are described below.

When this Agreement expires:

(1) if you (and each of your owners) have substantially complied with this Agreement during its term; and

(2) if you (and all of your owners) are, both on the date you give us written notice of your election to request a successor franchise agreement (as provided in Section 13.2 below) and on the date on which the term of the successor franchise agreement would commence, in full compliance with this Agreement, other agreements with us, our affiliates, and your suppliers, and all System Standards; and

(3) provided that (a) you maintain possession of the Premises, or (b) at your option, you secure a substitute premises that we approve, and the Premises or substitute premises comply with, or are developed or refurbished to comply with, the System Standards then applicable for Senior Helpers Care Businesses;

then you have the option to execute a successor franchise agreement for a term of five (5) years commencing immediately upon the expiration of this Agreement. You agree to sign the franchise agreement we then use to grant franchises for Senior Helpers Care Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided, however, that the Royalty shall remain the same for the successor term as that set forth in this Agreement.

If you (and each of your owners) are not, both on the date you give us written notice of your election to request a successor franchise agreement and on the date on which the term of the successor franchise agreement commences, in full compliance with this Agreement, other agreements with us, our affiliates, and your suppliers, and all System Standards, you acknowledge that we need not grant you a successor franchise agreement, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section 14.1.

### 13.2 Grant of a Successor Franchise Agreement

You agree to give us written notice of your election to request a successor franchise agreement no more than two hundred seventy (270) days and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice (“**Our Notice**”), not more than ninety (90) days after we receive your notice, of our decision:

(1) to grant you a successor franchise agreement;

(2) to grant you a successor franchise agreement on the condition that you correct existing deficiencies of the Franchised Business or in your operation of the Franchised Business and/or satisfy our then current qualifications, certification, and training requirements; or

(3) not to grant you a successor franchise agreement based on our determination that you and your owners have not substantially complied with this Agreement, other agreements with us, our affiliates, and your suppliers during its term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to request a successor franchise agreement.

If applicable, our Notice will:

(4) describe any improvements and/or modifications required to bring the Franchised Business into compliance with then applicable System Standards for new Senior Helpers Care Businesses;

(5) describe our then-current qualifications, certification and training requirements, and specify the training program(s) that you and your employee must complete to our satisfaction before you may be offered a successor franchise agreement; and

(6) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise agreement, our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise agreement, your right to sign a successor franchise agreement is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in our Notice.

If our Notice states that you must cure certain deficiencies of the Franchised Business or its operation as a condition to our granting you a successor franchise agreement, we will give you written notice of our decision not to grant a successor franchise agreement, based upon your failure to cure those deficiencies, not less than ninety (90) days before this Agreement expires, provided, however, that we need not give you this ninety (90) days' notice if we decide not to grant you a successor franchise agreement due to your breach of this Agreement during the ninety (90) day period before it expires. If we fail to give you:

(7) notice of deficiencies in the Franchised Business, or in your operation of the Franchised Business, within ninety (90) days after we receive your timely election to request or obtain a successor franchise agreement (if we elect to grant you a successor franchise agreement under subparagraphs (2) and (b) above); or

(8) notice of our decision not to grant a successor franchise agreement at least ninety (90) days before this Agreement expires, if this notice is required,

we may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise agreement. If you fail to notify us of your election to request a successor franchise agreement within the prescribed time period, we need not grant you a successor franchise agreement.

### 13.3 Agreements/Releases

If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Senior Helpers Care Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement; provided, however, that the Royalty owed under the successor agreement for the first successor term will be the same as under this Agreement, however, any reduction to the Royalty fee during the first Year of Operation will not apply. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our current and former shareholders, members, managers, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to be granted a successor franchise agreement.

## **14. TERMINATION OF AGREEMENT**

### **14.1 Automatic Termination**

You shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

### **14.2 Termination Upon Notice Without Opportunity to Cure**

You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you by us, upon the occurrence of any of the following events:

(1) you (or any of your owners) intentionally underreport Gross Sales, falsify financial data, or otherwise commit an act of fraud, or make any material misrepresentation or omission in your application for, or in acquiring, the license and franchise rights, or in operating the Franchised Business;

(2) you (or your owners) make or attempt to make any transfer in violation of Section 12;

(3) you fail to maintain any required licenses, permits, or certifications to open or operate the Franchised Business, or fail to comply with any federal, state, or local law regulation, or you operate the Franchised Business in an unsafe manner, and you do not cure or commence to cure this failure within five (5) days after you receive notice;

(4) you or any of your employees fail to meet the state and local certifications or other requirements for employment in an in-home care, non-medical in-home health care, or similar business, and you fail to cure this default within five (5) days after you receive notice, or, alternatively, you fail to prohibit such employees from working in the Franchised Business until the requirements are met;

(5) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony;

(6) you (or any of your owners) or any of your key employees engage in any dishonest or unethical conduct, any unprofessional conduct, or any conduct or action which, in our opinion, adversely affects, harms, or has or may have a detrimental effect on or impact on, the Senior Helpers brand, the Franchised Business, other Senior Helpers franchised businesses, or the goodwill associated with the Marks;

(7) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(8) you (or any of your owners) fail to comply with the terms of Section 7 of this Agreement (Exclusive Relationship);

(9) you interfere with our relations with third parties and the ability to operate, and/or grant franchises under, our System;

(10) you fail to maintain the insurance we require or you fail to repay us for the insurance that we have paid on your behalf and you do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(11) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within five (5) days after we deliver written notice of that failure to you, or immediately if payment has not been made within thirty (30) days of its due date;

(12) you understate the Franchised Business's Gross Sales for any period by five percent (5%) or more three (3) times or more during any twelve (12) month period, or by more than ten percent (10%) on any one occasion;

(13) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any eighteen (18) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(14) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(15) you are in default of any other agreement with us or any of our affiliates, and you have failed to cure the default within the time period, if any, provided for such cure.

#### 14.3 Termination With Opportunity to Cure

Except as otherwise provided in Sections 14.1 and 14.2 above, upon any other default by you of your obligations hereunder, including those identified below, we may terminate this Agreement by giving written notice of termination, setting forth the nature of such default to you at least thirty (30) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us, all within the thirty (30) day period. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. The following is a non-exclusive list of illustrative events of default for which you may have an opportunity to cure the default to avoid termination:

(1) you do not open the Franchised Business for business within the time period prescribed in Section 2.5;

(2) you (or your Operating Principal) and/or your initial Key Manager do not satisfactorily complete the initial training program (after we provide a second opportunity as provided in Section 4.1);

(3) you abandon or fail actively to operate the Franchised Business for three (3) or more consecutive business days, unless you close the Franchised Business for a purpose we approve or because of casualty or government order;

(4) you (or any of your owners) misuse our Marks, or use our Marks at any other location owned or operated by you (or any of your owners) without our authorization;

(5) you make any unauthorized use of our proprietary software;

(6) you fail to operate the Franchised Business during the days and hours specified in the Operations Manual without our prior approval;

(7) you fail to operate the Franchised Business from the Premises or any substitute premises approved by us;

(8) you fail to satisfy the Minimum Performance Standards as they may be revised, as provided for in this Agreement;

(9) you fail to comply with our Cross-Territorial Policies, as they may be modified from time to time;

(10) you fail to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes;

(11) you fail to provide the financial statements and/or tax returns to us in a timely manner as specified in Section 10 of this Agreement (Records, Reports, and Financial Statements);

(12) you fail to promptly pay your suppliers, including any of our affiliates, when such payments are due; or

(13) you (or any of your owners) fail to comply with any other provision of this Agreement, the Operations Manual, or any System Standard.

#### 14.4 Extended Notice of Termination

If any law applicable to this Section 14, or Section 13 above, requires a longer notice period prior to termination of this Agreement, or prior to a refusal to enter into a successor franchise agreement, than is specified in this Agreement, a different standard of "good cause," or the taking of some other action not required under this Agreement, the prior notice, "good cause" standard, and/or other action required by such law will be substituted for the comparable provisions in this Agreement.

**15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT**

15.1 Payment of Amounts Owed to Us

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalties, Marketing Fund contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid.

15.2 Marks.

When this Agreement expires or is terminated:

(1) you may not directly or indirectly at any time or in any manner (except as we may otherwise approve, and except with respect to other Senior Helpers Care Businesses you lawfully own and operate) identify yourself or any business as a current or former Senior Helpers Care Business or as one of our current or former franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Senior Helpers Care Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us; and within fifteen days

(2) you agree to take within fifteen (15) days the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) you agree to deliver to us within thirty (30) days all signage, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Senior Helpers Care Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Premises and remove these items from the Franchised Business;

(4) if we do not have or do not exercise an option to purchase the assets of the Franchised Business under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in our Operations Manual (or otherwise) to distinguish the Franchised Business clearly from its former appearance and from other Senior Helpers Care Businesses in order to prevent public confusion;

(5) you agree to immediately notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of your right to use any telephone, facsimile, URLs and domain names, or other numbers names and telephone directory listings associated with any Mark; to authorize the transfer of these numbers, names, and directory listings to us or at our direction; and/or to instruct the telephone company, domain name registries, and Internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers, or addresses to names, numbers, or addresses we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

(6) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.



### 15.3 Confidential Information

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise and return to us the client list, all copies of the Operations Manual and any other confidential materials that we have loaned you.

### 15.4 Covenant Not to Compete

Upon:

- (1) our termination of this Agreement according to its terms and conditions,
- (2) your termination of this Agreement without cause, or
- (3) expiration of this Agreement (if we offer, but you elect not to execute, a successor franchise agreement, or if we do not offer you a successor franchise agreement due to your failure to satisfy the conditions for a successor franchise agreement set forth in Section 13),

you and your owners agree that, for two (2) years beginning on the later to occur of (i) the effective date of termination or expiration or (ii) the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4 or (iii) if litigation is necessary to enforce this Agreement, the date of entry of an order by a court of competent jurisdiction enforcing the Agreement, you and your owners, and your and their immediate family members, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, limited liability company, or other entity, will not own, maintain, operate, engage in, franchise or license, or have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) or be or perform services as a partner, director, officer, manager, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 7 above), that is or may be located or operating:

- (a) at the Premises;
- (b) within the Territory;
- (c) within five (5) miles of the border of the Territory;
- (d) within the territory, area, or market area of any other Senior Helpers Care Business in operation on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Section begin to comply with this Section; or
- (e) at the home of any client or customer, or person who received care from the Franchised Business during the one (1) year period prior to the effective date of termination or expiration of this Agreement.

Equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this Section 15.4.

These restrictions also apply after transfers, as provided in Section 12.3(12) above. If any person restricted by this Section refuses voluntarily to comply with these obligations, the two (2) year period for

that person will commence with the entry of a court order enforcing this provision. 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 in this Section will not deprive you of your personal goodwill or ability to earn a living.

#### 15.5 Our Right to Purchase Certain Assets of the Franchised Business

Upon termination of this Agreement, or upon expiration of this Agreement if you do not enter into a successor franchise agreement, we will have the right and option, but not the obligation, to purchase any and all of your assets from the Franchised Business at a purchase price equal to their fair market value. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect any equipment at any time prior to or during this thirty day period. If we elect to purchase the equipment, we will be entitled to, and you must provide, all customary warranties and representations relating to the equipment purchase, including, without limitation, representations and warranties as to the maintenance, function and condition of the equipment and your good title to the equipment (including that you own the equipment free and clear of any liens and encumbrances). If we and you cannot agree on fair market value, fair market value will be determined by three (3) independent accredited appraisers with experience in commercial real estate. You and we will each select one (1) appraiser, and one (1) will be selected by mutual agreement of the other two (2) appraisers. The appraisers will conduct an appraisal in accordance with this Section. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we wish to exercise our purchase option (if you and we have not agreed on fair market value before then). You and we will share equally the appraisers' fees and expenses. The appraisers must complete their appraisals within thirty (30) days after their appointment. The purchase price will be the average of the three (3) appraised values. If the two appraisers cannot agree on the third appraiser, one will be chosen by the American Arbitration Association.

#### 15.6 Return of Customer Data

Upon termination of this Agreement, or upon expiration of this Agreement if you do not enter into a successor franchise agreement, you must immediately return to us all Customer Data, stored or copied in any and all formats, in the manner we prescribe. You acknowledge and agree that we own the Customer Data, and you have no right to use, or to transfer or sell to a third party, the Customer Data upon termination or expiration of this Agreement.

#### 15.7 Continuing Obligations

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

### 16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

#### 16.1 Independent Contractors

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You further acknowledge and agree that we are not, and nothing in this Agreement or the Operations Manual is intended to make us, the employer or joint employer of your employees. You shall control and be solely responsible for the day-to-day operation of the Franchised

Business and the terms and conditions of your personnel and employees, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of your employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel and employees, and others as the Franchised Business's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

#### 16.2 No Liability for Acts of Other Party

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct under this Agreement.

#### 16.3 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 Franchised Business, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any taxing authority on account of either your operation or payments that you make to us. If you are required to deduct any sales tax, gross receipts tax, income tax, withholding tax or similar tax from any payment to us, then, to the extent that we are not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by you to us must be increased by such amount as is necessary to make the actual amount we receive (after such withholding tax and after any additional taxes on account of such additional payment) equal to the amount that we would have received had no tax payment been required; provided that such shortfall is not caused by our negligence in filing the claims, or for reasons that can be solely attributable to us.

#### 16.4 Indemnification

You agree to indemnify, defend, and hold harmless us our affiliates, and our and their respective current and former shareholders, directors, members, managers, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, actions, suits, proceedings, demands, investigations, inquiries (formal or informal), settlements, obligations, and damages directly or indirectly arising out of this Agreement, the Franchised Business's operation, the business you conduct under this Agreement, the actions or inactions of your employees, your failure to comply with applicable laws, or your breach of this Agreement, to the fullest extent permissible under applicable law, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction, including, but not limited to, claims brought by You; provided, however, that this indemnification shall not apply to matters where we have been found liable in a court of competent jurisdiction for causing the costs or claims.

For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to

settlements or take any other remedial, corrective, or other actions. We have the right to designate attorneys that you must retain to defend any claims subject to this indemnification provision.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph.

## **17. ENFORCEMENT**

### **17.1 Severability, Scope of Covenants and Substitution of Valid Provisions**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

You understand and acknowledge that we shall have the right to reduce the scope of any covenant set forth in Sections 7 or 15.4 of this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of this Section 17.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

### **17.2 Waiver of Obligations**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Senior Helpers Care Businesses; the existence of franchise agreements for other Senior Helpers Care Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Marketing Fund contributions due afterward.

#### 17.3 Costs and Attorneys' Fees

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs, interest and expenses that we incur, including, without limitation, reasonable accounting, attorneys' and related fees. Additionally, if we incur attorney's fees or other expenses in defending any claim you bring against us, including without limitation, a claim related to the offering of a franchise or the franchise relationship, you will be required to reimburse us for our reasonable costs and expenses (including attorneys' and expert witness fees).

#### 17.4 Rights of Parties are Cumulative

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

#### 17.5 Mediation

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from obtaining judicial or injunctive relief for claims that are based solely on demands for money owed, or from obtaining injunctive relief against threatened conduct that will cause it harm, under the usual equity rules, including the applicable rules for obtaining restraining orders

and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

The non-binding mediation provided for under this Section 17.5 shall be commenced by the party requesting mediation (the “complainant”) providing written notice of the request for mediation (the “request”) to the party with whom mediation is sought (the “respondent”). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to us if we are not a complainant or respondent.

Non-binding mediation commenced under this Section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

#### 17.6 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal law, this Agreement, the Franchise, the offer, sale and grant of the Franchise, the Franchised Business, and all claims arising from the relationship between us and you will be governed by the procedural and substantive laws of the State of Maryland, without regard to, and without applying, its conflict of laws rules, except that any Maryland law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

#### 17.7 Consent to Jurisdiction

You and your owners agree that all claims between or among you and us must be initiated and litigated exclusively and only in a state or federal court of competent jurisdiction within such state or judicial district in which we have our principal place of business at the time the action is commenced and no other venue, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive all objections you (or the owner) might have to either the jurisdiction of or venue in those courts. Nonetheless, you and your owners agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Business is located.

#### 17.8 Waiver of Class Actions

**ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.**

#### 17.9 Waiver of Punitive Damages and Jury Trial

**EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 16.4, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE**

**FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

**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 AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

#### **17.10 Binding Effect**

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

#### **17.11 Limitations of Claims**

**ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED. OUR CLAIMS ATTRIBUTABLE TO UNDERREPORTING OF SALES AND INSURANCE COVERAGE (SECTION 8.6), AND CLAIMS OF ANY PARTY FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS. AS USED IN THIS SECTION 17.11, "CLAIMS" MEANS ANY ALLEGATION, CHALLENGE, DEMAND, CAUSE OF ACTION, LAWSUIT, ARBITRATION, DISPUTE, CONTROVERSY, INVESTIGATION OR ADMINISTRATIVE PROCEEDING.**

#### **17.12 Our Discretion and Judgment**

Whenever we have expressly reserved in this Agreement a right and/or discretion (or we 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 such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, which includes what we believe to be the best interests of the franchise network at the time our decision is made or our right or discretion is exercised even though (1) there may have been other alternative decisions or actions that could have been taken; (2) our decision or the action taken promotes our financial or other individual interest; or (3) our decision or the action we take may apply differently to different franchisees or our company-owned or affiliate-owned operations. 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.

#### 17.13 Construction

The preambles, background, and exhibits are a part of this Agreement, and this Agreement, and the exhibits and attachments hereto, constitutes the entire, full and complete agreement between the parties hereto, and supersede any and all prior or contemporaneous negotiations, discussions, understandings and agreements. There are no other oral or written understandings or agreements between us and you, or oral representations by us, or written representations by us (other than those set forth in our Franchise Disclosure Document that we provided to you), relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, and notwithstanding the foregoing, nothing in this Franchise Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as provided in Section 16.4, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “affiliate” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. “Control” means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchise and the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to “owner” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the Franchised Business or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a “controlling ownership interest” in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership



interest in you or one of your owners, the determination of whether a “controlling ownership interest” is involved must be made as of both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

“Person” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term “Franchised Business” includes all of the assets of the Senior Helpers Care Business you operate under this Agreement, including its revenue and the Lease.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

#### 17.14 Time is of the Essence

You and we agree that time is of the essence in your performance of your obligations hereunder. Any failure by you to meet the time limits imposed under this Agreement shall constitute a default under Section 14 of this Agreement, for which we may terminate this Agreement upon notice to you.

### 18. NOTICES AND PAYMENTS

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual shall be in writing and shall be personally delivered, sent by a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on Exhibit A of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery. The Operations Manual, any changes that we make to the Operations Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 18.

### 19. COMPLIANCE WITH ANTI-TERRORISM LAWS

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.1(26) above.

## **20. ACKNOWLEDGMENTS**

You acknowledge:

(1) That you have independently investigated the Senior Helpers Care Business franchise opportunity and recognize that, like any other business, the nature of the business a Senior Helpers Care Business may, and probably will, evolve and change over time.

(2) That an investment in a Senior Helpers Care Business involves business risks that could result in the loss of a significant portion or all of your investment.

(3) That your business abilities and efforts are vital to your success.

(4) That attracting customers for your Senior Helpers Care Business will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display materials.

(5) That you must maintain a high level of customer service, and adhere strictly to the System and our System Standards, and that you are committed to maintaining System Standards.

(6) That you have not received from us or any person or entity representing or claiming to represent us, and you are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Senior Helpers Care Business, and that any financial information that may appear in our Franchise Disclosure Document is not a representation or guarantee as to potential volume, sales, income, or profits that you may achieve at a Senior Helpers Care Business.

(7) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.

(8) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us, including your response to our franchise application and related prospective franchisee evaluation materials, are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the rights under this Franchise Agreement.

(9) That you have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Senior Helpers Care Business, and to protect and preserve the goodwill of the Marks.

(10) That we have not made any representation, warranty, or other claim regarding this Senior Helpers Care Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.

(11) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Senior Helpers Care Business franchise opportunity, and that we have not refused to answer any questions, inquiries, or requests.

(12) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or chosen not to do so.

(13) That we may modify the offer of our franchise opportunity to other franchisees in any manner and at any time, and these offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**SH FRANCHISING, LLC**, a Delaware limited liability company

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**EXHIBIT A**  
**TO THE FRANCHISE AGREEMENT**  
**TERRITORY, INITIAL FEE AND ROYALTY**

1. The Premises of the Franchised Business will be located at:

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2. The Territory shall be:

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(as specified on the Territory description attached to this Exhibit A).

3. The Initial Term of this Agreement will expire on \_\_\_\_\_. (10 years after Opening Date or 5 years after Opening Date if you are buying an existing Senior Helpers Franchised Business (re-sale/transfer or buying your second or more Senior Helpers Franchised Business; see Section 1.1)

4. The current IT Fee is: \$280 per month per franchisee.

5. The initial franchise fee shall be: Fifty-Five Thousand Dollars (\$55,000).

6. The Royalty will be calculated on a bi-weekly basis, according to the two-week accounting and reporting periods established by the Franchisor. Except as noted below the Royalty fee will be:

a. During the first Year of Operation (as defined below), 5% of the Gross Sales of the Franchised Business for each period (however, if you are a new owner that is signing your first Franchise Agreement with us, and you sign this Agreement and pay the initial franchise fee on Discovery Day then, during the six (6) month period beginning on the Opening Date, the Royalty fee will be 2.5% of the Gross Sales of the Franchised Business for each period); and

b. Following the first Year of Operation, the greater of 5% of the Gross Sales of the Franchised Business for each period or the Minimum Periodic Royalty Payment (described below) for each period.

The Minimum Periodic Royalty Payments will be:

Year of Operation*	Minimum Performance Standard	Minimum Periodic Royalty Payments
1	\$150,000	--
2	\$300,000	$\$300,000/26 \times .05 = \$576.92/\text{period}$
3	\$450,000	$\$450,000/26 \times .05 = \$865.38/\text{period}$

Year of Operation*	Minimum Performance Standard	Minimum Periodic Royalty Payments
4	\$600,000	$\$600,000/26 \times .05 = \$1,153.85/\text{period}$
5	\$700,000	$\$700,000/26 \times .05 = \$1,346.15/\text{period}$
6	\$800,000	$\$800,000/26 \times .05 = \$1,538.46/\text{period}$
7	\$900,000	$\$900,000/26 \times .05 = \$1,730.77/\text{period}$
8 and subsequent years	\$1,000,000	$\$1,000,000/26 \times .05 = \$1,923.08/\text{period}$

\* For the purposes of the Minimum Performance Standards, the first Year of Operation will begin on the initial date of the first royalty reporting period and continue for 26 billing periods each year. If there is a transfer, the Minimum Performance Standard for the new franchise agreement (if applicable) will be based on the Gross Sales of the transferor for the twelve (12) month period immediately preceding the date of the transfer. For example, if the transferor's Gross Sales for the twelve (12) month period immediately preceding the date of the transfer were \$375,000 then the transferee will be considered to have completed Operating Year 2 and will be required to meet the Minimum Performance Standard for Operating Year 3 or \$450,000 (and the applicable Minimum Periodic Royalty Payments of \$865.38 per period shall apply) for the year following the transfer.

In the event that your Royalty fees paid during a Year of Operation was in excess of the greater of either (i) the applicable Minimum Periodic Royalty Payments for such Year of Operation multiplied by 26 periods or (ii) 5% of the Gross Sales of the Franchised Business for the Year of Operation, then we will refund you such excess Royalty fees within thirty (30) days of the ending date of the applicable Year of Operation.

7. The designated address for notices under Section 18 of the Agreement should be as follows:

Notices to Franchisor:

SH Franchising, LLC  
 901 Dulaney Valley Road, Suite 700  
 Towson, Maryland 21204  
 Telephone: (866) 353-3743  
 Fax: (\_\_\_\_) \_\_\_\_\_  
 Attn: \_\_\_\_\_

Notices to Franchisee:

\_\_\_\_\_  
 \_\_\_\_\_  
 Telephone: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 Attn: \_\_\_\_\_

**SH FRANCHISING, LLC**, a Delaware limited liability company.

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

**LISTING OF OWNERSHIP INTERESTS**

Effective Date: This Exhibit B is current and complete  
as of \_\_\_\_\_, 20\_\_

You and Your Owners

1. Form of Owner.

(a) Individual Proprietorship. Your owner(s) (is) (are) as follows:

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

(b) Corporation, Limited Liability Company, or Partnership. You were incorporated or formed on \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. You have not conducted business under any name other than your corporate, limited liability company, or partnership name and \_\_\_\_\_. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Owners. The following list includes the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
(a) _____	_____
(b) _____	_____
(c) _____	_____
(d) _____	_____

3. Identification of Operating Principal. Your Operating Principal as of the Effective Date is \_\_\_\_\_ (must be one of the individuals listed in paragraph 2 above). You may not change the Operating Principal without our prior written approval.

**SH FRANCHISING, LLC**, a Delaware limited liability company.

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



**EXHIBIT C  
TO THE FRANCHISE AGREEMENT**

**EDTA FORM**

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

\_\_\_\_\_  
(Name of Person or Legal Entity)  
\_\_\_\_\_  
(FEIN Number)

The undersigned depositor (“**Depositor**”) (“**Franchisee**”) hereby authorizes SH Franchising, LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) (“**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

Depositor:	Depository:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

**EXHIBIT D  
TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “Agreement”) on this date by SH FRANCHISING, LLC (“us,” “we,” or “our”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements; provided, however, that this guaranty to pay monetary obligations arising under the Agreement shall be limited to royalty fees, software fees, marketing fees, other periodic fees and payments owed to us, and any claims under the indemnification provisions of the Agreement (including, without limitation, Section 16.4), and any judgments or claims that are reduced to monetary claims; provided, however, that the maximum financial obligation under this Guaranty shall be limited to \$100,000 per guarantor, per occurrence.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; provided, however, that in the event of a complete and total transfer of all assets and ownership interests in Franchisee and in the Franchised Business, such that a Guarantor has no ownership interest in Franchisee on the Franchised Business (“Transfer”), this Guaranty shall terminate as of the date of the Transfer with respect to any obligations that arise as of or after the Transfer.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in a state or federal court of competent jurisdiction in the state or judicial district in which we have our principal place of business at the time the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and judgment orders in the courts of the state or states in which he or she is domiciled.

**IN WITNESS WHEREOF**, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

<b>GUARANTOR(S)</b>	<b>PERCENTAGE OF OWNERSHIP IN FRANCHISEE</b>
_____ Signature	_____ %
_____ Printed Name	
_____ Signature	_____ %
_____ Printed Name	
_____ Signature	_____ %
_____ Printed Name	

**EXHIBIT E  
TO THE FRANCHISE AGREEMENT**

**HIPAA BUSINESS ASSOCIATE AGREEMENT**

**BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (the “Agreement”) by and between \_\_\_\_\_ (“Franchisee”)(for purposes of this Agreement, the “Covered Entity”) and SH Franchising, LLC (for purposes of this Agreement, the “Business Associate”), is entered into as of the \_\_\_ day of \_\_\_\_\_, (the “Effective Date”).

WHEREAS, SH Franchising arranges for certain products and services (the “Services”) as a franchisor, to Covered Entity as a franchisee, as set forth in the Franchise Agreement between Covered Entity and SH Franchising;

WHEREAS, the parties’ performance under the Franchise Agreement may or will require Covered Entity to disclose and/or provide to Business Associate private and/or protected health and/or medical information as defined under, and governed by, applicable state and Individually Identifiable Health Information and/or Electronic Protected Health Information as defined in the Health Insurance Portability and Accountability Act (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”), and/or regulations promulgated under such laws (state law, HIPAA, and HITECH are hereafter referred to collectively as “Privacy Laws”) and may or will require SH Franchising to receive, access, review, maintain, retain, modify, record, store, forward, produce, hold, use, create, disclose, and/or destroy such information (the “PHI”);

WHEREAS, SH Franchising’s performance of the Services may give rise to certain legal obligations under Privacy Laws and SH Franchising may be considered a “business associate” and franchisee may be a “covered entity” as those terms are defined in 45 C.F.R. §160.103. This Agreement will not apply to relationships between the parties where SH Franchising is not considered a “business associate” as defined in 45 C.F.R. §160.103.

NOW, THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this Agreement, the parties agree as follows:

I. Definitions. For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below:

A. “Breach” will have the meaning set forth in Section 13402 of the Health Information Technology for Economic and Clinical Health (“HITECH”) Act, and regulations implementing Section 13402.

- B. “Data Aggregation” will mean, with respect to PHI created or received by Business Associate as the Business Associate of Covered Entity, the combining of such PHI by Business Associate with the PHI received by Business Associate in its capacity as Business Associate of another covered entity, to permit data analyses that relate to the operations of the respective covered entities.
- C. “Disclosure” will mean the release, transfer, provision of access to, or divulging in any other manner of information outside the entity holding the information, including the transfer of EPHI.
- D. “Electronic PHI” or “EPHI” will mean that subset of PHI that is transmitted by or maintained in electronic media and that is created by, transmitted to or by, or maintained by Business Associate.
- E. “Electronic Media” will mean (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmission via electronic media, because the information being exchanged did not exist in electronic form before the transmission.
- F. “Individual” has the same meaning as the term “individual” in 45 C.F.R. §160.103 and includes a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).
- G. “Individually Identifiable Health Information” will mean information that is a subset of health information, including demographic information collected from an individual, and (i) is created or received by a health care provider, health plan, employer, or health care clearinghouse; and (ii) relates to the past, present, or future physical or mental health or condition of an individual; or the past, present or future payment for the provision of health care to an individual; and (a) identifies the individual, or (b) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- H. “Marketing” has the same meaning as the term “marketing” in 45 C.F.R. §164.501.
- I. “Privacy Standards” will mean the Standard for Privacy of Individually Identifiable Health Information, 45 C.F.R. Parts 160 and 164.

- J. “Protected Health Information” or “PHI” will mean Individually Identifiable Health Information received from Covered Entity or received or created on behalf of Covered Entity, except that “Protected Health Information” will not include (i) education records covered by the Family Educational Right and Privacy Act, as amended, 20 U.S.C. §1232g and (ii) records described in 20 U.S.C. §1232g(a)(4)(B)(iv). .
- K. “Secretary” will mean the Secretary of the Department of Health and Human Services.
- L. “Security Standards” will mean the Standards for Security of Electronic PHI, 45 C.F.R. 160 and 164.
- M. “Use” means the employment, application, utilization, examination, or analysis of information within the entity that holds the information.

## II. OBLIGATIONS OF BUSINESS ASSOCIATE

**Section 1. Use of Protected Health Information.** Business Associate will not, and will ensure that its directors, officers, employees, contractors and other agents do not, Use PHI other than as permitted or required by Business Associate to perform the Services or as required by law, but in no event in any manner that would constitute a violation of the Privacy Standards or Security Standards if Used by Covered Entity. However, Business Associate may Use PHI to carry out its legal responsibilities and for Business Associate's proper management and administrative services. Without limiting the foregoing, Business Associate agrees it will (a) secure and protect PHI consistent with applicable laws and standards that apply to the security and protection of confidential information, and in any event using at least the degree of care and security as Business Associate uses to maintain the confidentiality of its own confidential information; (b) make all reasonable efforts to only Use the minimum amount of PHI necessary to accomplish the intended purpose of the Use; and (c) permit access within its organization to the PHI only to those of its employees who need to know such information and only the minimum amount necessary in order to fulfill Business Associate’s rights and obligations under the arrangement.

**Section 2. Disclosure of Protected Health Information.** Business Associate will not, and will ensure that its directors, officers, employees, contractors, and other agents do not, Disclose PHI other than as permitted pursuant to this arrangement or as required by law, but in no event in any manner that would constitute a violation of the Privacy Standards or Security Standards if disclosed by Covered Entity. To the extent Business Associate Discloses PHI to a third party, Business Associate must obtain, prior to making any such Disclosure, reasonable assurances from such third party that the party will abide by the same restrictions and conditions contained in this BAA, including that (a) the third party will hold the PHI in confidence and will only Disclose PHI as required by law or only for the purposes for which it was Disclosed to such third party, (b) the third party will immediately notify Business Associate of any breaches of these confidentiality

restrictions, to the extent it has obtained knowledge of such breach, and (c) the third party will protect the integrity, and availability of PHI. Without limiting the foregoing, Business Associate agrees it will (y) secure and protect PHI consistent with applicable laws and standards that apply to the security and protection of the information, and (z) make all reasonable efforts to only Disclose the minimum amount of PHI necessary to accomplish the intended purpose of the Use.

If Business Associate is confronted with legal action to Disclose any portion of PHI, Business Associate will promptly notify and assist Covered Entity (at Covered Entity's expense) in obtaining a protective order or other similar order, and shall thereafter Disclose only the minimum amount of the PHI that is required to be Disclosed in order to comply with the legal action, whether or not a protective order or other order has been obtained.

**Section 3. Compliance with HITECH Act.** Business Associate acknowledges that the HITECH Act (P.L. 111-5, February 17, 2009) and the implementing regulations apply provisions of the Privacy and Security Standards directly upon Business Associate, which provisions are hereby incorporated by reference. Business Associate agrees to comply with all such requirements of HIPAA, HITECH, and the implementing regulations, currently in effect as well as those promulgated after the Effective Date of this BAA. These provisions include, but are not limited to Sections 164.308, 164.310, 164.312, and 164.316 of Title 45 of the U.S. Code of Federal Regulations.

**Section 4. Safeguards Against Misuse of Information.** Business Associate agrees that it will implement appropriate safeguards to (a) prevent the Use or Disclosure of PHI other than pursuant to the terms and conditions of this BAA, and (b) to appropriately protect the integrity and availability of PHI. Business Associate also agrees to mitigate, to the extent practicable, any harmful effect that is known to it of its Use or Disclosure of PHI or failure to safeguard PHI in violation of this BAA.

**Section 5. Sale of PHI; Genetic Information.** Business Associate shall not, directly or indirectly, receive remuneration in exchange for the PHI of an Individual, except as authorized by the Individual. Business Associate shall not use or disclose Genetic Information (as that term is defined in 45 C.F.R. § 160.103) except as permitted by 45 C.F.R. §164.502(a)(5)(i).

**Section 6. Marketing.** Business Associate shall not use or disclose PHI for Marketing except as authorized by an Individual or otherwise permitted under the Privacy Standards.

**Section 7. Encryption.** Business Associate shall encrypt Covered Entity's Electronic PHI prior to saving it on portable media. In other circumstances, Business Associate shall encrypt Covered Entity's Electronic PHI whenever reasonably practicable.

**Section 8. Reporting of Disclosures of Protected Health Information.** Business Associate will, within five (5) days of becoming aware of a Breach, Disclosure of PHI or failure to safeguard PHI in violation of this BAA by Business Associate, its officers, directors, employees, contractors, or other agents or by a third party to which Business Associate Disclosed PHI, report any such Breach, Disclosure, and/or failure to the Chief Privacy Officer of Covered Entity, HIPAA Program

Office. The five (5) day notice will provide as much information as Business Associate has gathered at that time. A subsequent notice, which Business Associate will provide no later than thirty (30) days of the first discovery of the Breach, Disclosure, or failure, will include the identification of each Individual whose PHI has been or is reasonably believed by Business Associate to have been affected by or during such Breach, Disclosure, or failure. Business Associate will make no public disclosures of such Breach, Disclosure, or failure without the approval of Franchisee.

**Section 9. Agreements by Third Parties.** Business Associate will enter into an agreement with any agent or subcontractor that will have access to PHI, pursuant to which such agent or subcontractor agrees to be bound by the same restrictions, terms, and conditions that apply to Business Associate pursuant to this BAA.

**Section 10. Access to Information.** Within five (5) days of a request by Covered Entity for access to PHI, Business Associate will make available to Covered Entity the PHI requested. Business Associate will have no responsibility to respond to requests of Individuals who are seeking PHI directly from Business Associate. If any Individual requests access to PHI directly from Business Associate, Business Associate will within two (2) business days forward such request to the Covered Entity Chief Privacy Officer. Any denials of access to the PHI requested will be the responsibility of Covered Entity.

**Section 11. Availability of Protected Health Information for Amendment.** Within ten (10) days of receipt of Covered Entity's request to amend an Individual's PHI, Business Associate will provide such information to Covered Entity for amendment, or amend the information upon Covered Entity's request, and incorporate any such amendments in the PHI as required by 45 C.F.R. §164.526. Business Associate will have no responsibility to respond to requests of Individuals who are seeking to amend their PHI directly with Business Associate.

**Section 12. Accounting of Disclosures.** Within ten (10) days of notice by Covered Entity to Business Associate that it has received a request for an accounting of Disclosures of PHI regarding an Individual, which Disclosures include the time during the six (6) years prior to the date on which the accounting was requested, Business Associate will make available to Covered Entity such information as is in Business Associate's possession and is required for Covered Entity to make the accounting required by 45 C.F.R. §164.528. At a minimum, Business Associate will provide Covered Entity with the following information: (i) the date of the Disclosure, (ii) the name of the entity or person who received the PHI, and if known, the address of such entity or person, (iii) a brief description of the PHI Disclosed, and (iv) a brief statement of the purpose of such Disclosure, which includes an explanation of the basis for such Disclosure. Business Associate will have no responsibility to respond to requests of Individuals who are seeking an accounting of PHI Disclosures directly from Covered Entity. If the request for an accounting is delivered directly to Business Associate, Business Associate will within two (2) business days forward such request to Covered Entity. It will be Covered Entity's responsibility to prepare and deliver any such accounting requested. Business Associate hereby agrees to implement an appropriate record keeping process to enable it to comply with the requirements of this Section.



**Section 13. Availability of Books and Records.** Business Associate hereby agrees to make its internal practices, books, and records relating to the Use, Disclosure, and safeguarding of PHI available to the Secretary for purposes of determining Covered Entity's and/or Business Associate's compliance with the Privacy Standards and the Security Standards.

**Section 14. Covered Entity's Access to Books and Records.** Immediately upon Covered Entity's reasonable request, Business Associate will permit Covered Entity or its designee to access any and all records and material created, maintained, or held by or for Business Associate that contains any form of PHI, whether such records are in paper, electronic, or other form. Business Associate will supply Covered Entity with any copies of any such records as Covered Entity reasonably requests in order for Covered Entity to audit the scope, nature, and level of the Use, Disclosure, or safeguarding of PHI. If the audit uncovers irregularities in the scope, nature, and level of such Use, Disclosure, or safeguarding due to the negligence, gross negligence, willful acts, or omissions of Business Associate's officers, directors, personnel, affiliates, and/or subcontractors, then Business Associate will bear all costs of such audit, including those of Covered Entity. If no such irregularities are uncovered, then the parties will bear their own costs of such audit.

**Section 15. Regulatory Changes.** The parties acknowledge and agree that this BAA is at all times subject to applicable laws, including, but not limited to, the Social Security Act and the rules, regulations, and policies of the U.S. Department of Health and Human Services. In the event legislation is enacted or rules, regulations, or interpretations thereof are set forth by a governmental agency or a decision or ruling by any such agency or a court or tribunal of competent jurisdiction, which in the opinion of Covered Entity's legal counsel affects or may affect the legality of this BAA or materially and adversely affects the ability of either party to perform its obligations or receive the benefits intended hereunder, then within ten (10) days of notice from Covered Entity's legal counsel the parties will meet to amend this BAA to carry out the original intentions of the parties. If the parties cannot reach a mutually agreeable resolution within forty-five (45) days after notice from Covered Entity's legal counsel, then either party may terminate this BAA upon an additional thirty (30) days written notice to the other.

**Section 16. Other Privacy Requirements.** In addition to complying with the Privacy Standards and Security Standards, Business Associate will comply with all applicable laws, including statutes, regulations, and judgments.

**Section 17. Covered Entity Obligations.** Covered Entity shall notify Business Associate of any limitation(s) in the notice of privacy practices of Covered Entity under 45 C.F.R. §164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of the PHI. Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclose his or her PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI. Covered Entity shall notify Business Associate of any restriction on the Use or Disclosure of PHI that Covered Entity has agreed to or is required to abide by under 45 C.F.R. §164.522, to the extent that such restriction may affect Business Associate's Use or Disclosure of PHI.

**Section 18. Term and Termination of this BAA.** The term of this BAA is effective as of the earlier of the date listed above of or the date of the last signature below (“Effective Date”), and will replace any and all prior business associate agreements as of the Effective Date. Notwithstanding anything to the contrary in any other document, this BAA will continue after the Services are complete, even if the arrangement has terminated or expired. Sections 10 through 12 of this BAA will expire six (6) years after the later of the completion of the Services or the termination or expiration of the arrangement. Upon Covered Entity’s knowledge of a breach of this BAA by Business Associate, Covered Entity may either (i) provide an opportunity for Business Associate to cure the breach by providing written notice of the breach with a time by which the breach must be cured, and if the breach is not cured within that time, Covered Entity may terminate the arrangement immediately upon delivery of a written notice of termination, (ii) immediately terminate the arrangement by providing written notice of the breach and termination, or (iii) if termination and cure are not feasible, Covered Entity may report the violation to the Secretary. This section will in no way limit Covered Entity’s termination rights or remedies under the arrangement, this BAA, or the law. After the completion of the Services or the termination or expiration of the arrangement, whichever is later, Business Associate will within thirty (30) days of Covered Entity’s request return to Covered Entity all PHI (including copies, notes, or other documents, electronic or printed, containing PHI) in its possession, or if directed by Covered Entity in writing, destroy such PHI and cause an officer of Business Associate to certify to Covered Entity in writing that all PHI has been destroyed.

**Section 19. Injunctive Relief.** Business Associate acknowledges and agrees that any breach or threatened breach of this BAA would cause continuing, substantial, and irreparable injury to Covered Entity, and that its remedy at law for such breach will not be adequate. Business Associate agrees that Covered Entity will be entitled to immediate equitable relief, including a permanent injunction or a temporary restraining order, for a breach or threatened breach hereof without the need for Covered Entity to post a bond or other surety. Such rights will be in addition to, and not in limitation of, any other rights or remedies to which Covered Entity may be entitled at law or equity.

**Section 20. Use of Names; No Implied Endorsement.** Business Associate agrees that it will not use in any way in its promotional, informational, or marketing activities or materials the names, trademarks, logos, symbols, or a description of the business or activities of Covered Entity without in each instance obtaining the prior written consent of Covered Entity.

**Section 21. Miscellaneous.** This BAA contains the entire intent of the parties, superseding any other arrangements between the parties with regard to its subject matter, may only be amended in writing, and will be governed by the laws of the state of Maryland. In addition, the parties hereby irrevocably and unconditionally consent and submit to the personal jurisdiction of Maryland courts over all matters relating to this BAA. Whenever possible, each provision of this BAA will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision thereof will be prohibited by or held invalid under applicable law, such provision will be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions thereof.

IN WITNESS WHEREOF, the signators represent that they are duly authorized representatives and execute this Business Associate Agreement on behalf of the undersigned.

COVERED ENTITY  
FRANCHISEE

BUSINESS ASSOCIATE  
SH FRANCHISING, LLC

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

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

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

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

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

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

**EXHIBIT F  
TO THE FRANCHISE AGREEMENT**

**LICENSE SUB-AGREEMENT**

## LICENSE SUB-AGREEMENT

This License Sub-Agreement (the “**Sub-Agreement**”) is made and entered into on \_\_\_\_\_, 20\_\_ (“**Effective Date**”) by and between Performance Based Health Solutions, LLC, a Texas Limited Liability Company (“**PBHS**”) and \_\_\_\_\_, a \_\_\_\_\_ (hereinafter “**Licensee**”).

### RECITALS

WHEREAS, PBHS has developed a proprietary model, approach and tools (collectively, the “**PBHS Model**”) that are to be used to improve medical condition management, safety, independence, burden of care, and quality of life;

WHEREAS, pursuant to a Software Development and Management Agreement entered into between SH Franchising, LLC dba Senior Helpers (“**Franchisor**”) and PBHS dated September 12, 2019, Franchisor, with the authorization of PBHS, has developed a software program/platform that utilizes and enhances the PBHS Model for the purposes of client assessment and care plan development (the “**LIFE Profile Software**”);

WHEREAS, Licensee is either a franchisee or an affiliate of Franchisor; and

WHEREAS, Franchisor and PBHS have entered into a License Agreement dated June 1, 2020 wherein Franchisor agreed to grant the right to sub-license the LIFE Profile Software, associated documentation and materials, and approaches and tools (individually and collectively referred to as the “**LIFE Profile Licensed Materials**”) to certain qualifying Senior Helpers’ franchisees and affiliates and PBHS agreed to grant the right to use the PBHS Model, associated PBHS documentation and materials, including, but not limited to “go to market” strategy material developed by PBHS for various types of care providers, and approaches and tools (individually and collectively referred to as the “**PBHS Licensed Materials**”) to certain qualifying Senior Helpers’ franchisees and affiliates (collectively the PBHS Licensed Materials and LIFE Profile Licensed Materials shall be referred to herein collectively as the “**Licensed Materials**”); and

WHEREAS, Licensee desires to use the Licensed Materials pursuant to this Sub-Agreement and for the consideration described herein;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, PBHS and Licensee hereto agree as follows:

### ARTICLE 1 LICENSE AND AUTHORIZATION

1.1 Subject to the terms of this Sub-Agreement, PBHS grants to Licensee, a non-exclusive, non-transferable, limited license (the “**License**”) to use the Licensed Materials. Licensee acknowledges and understands that PBHS shall not be required to provide support/maintenance for the LIFE Profile Licensed Materials.

1.2 All rights, title and interest in and to the Licensed Materials (and any derivative works thereto) and all underlying intellectual property rights thereto, are and at all times will be the sole and exclusive property of PBHS and/or Franchisor as agreed to between PBHS and Franchisor. The Licensed Materials may not be used for the benefit of any third parties not authorized herein, including without limitation, in any outsourcing or service bureau arrangement.

1.3 Except as expressly set forth in this Sub-Agreement, Licensee acquires no rights in or to the Licensed Materials, and Licensee shall not use the Licensed Materials other than as specifically set forth in this Sub-Agreement.

1.4 Licensee shall not delete, alter, cover, or distort any copyright, trademark, or other proprietary rights notice on or in the Licensed Materials, and shall ensure that all such notices are reproduced on all copies of the Licensed Materials.

1.6 All rights not expressly granted in this Sub-Agreement are reserved to PBHS and/or Franchisor.

1.7 Licensee will not infringe on any copyright or trademark of PBHS or reverse engineer or develop any process substantially based on or substantially similar to the Licensed Materials or the PBHS Model for use by Licensee or any third parties during the term of this Sub-Agreement and for five (5) years after the termination of this Sub-Agreement.

## **ARTICLE 2 TRAINING AND QUALIFICATION**

2.1 PBHS will be available for consultation about implementation of the Licensed Materials as reasonably requested by Licensee.

2.2 Licensee shall receive Initial Training in the Licensed Materials. Initial Training shall be provided by Franchisor or its designee. Initial Training will consist of training on using the Licensed Materials for client intake and creation of treatment plans and training on presenting the Licensed Materials to the community.

2.3 Should Licensee request additional support from PBHS in addition to Initial Training, PBHS may provide such support as mutually agreed by PBHS and Licensee. If PBHS provides additional support, Licensee will be invoiced separately by PBHS at the PBHS Services Fee rate as set by this Sub-Agreement (or one agreed to between franchisee and PBHS).

2.4 The standard PBHS Services Fee set forth on Exhibit A shall apply to all work done by PBHS under this Article 2 (see 2.3).

2.5 Licensee must use the Licensed Materials in client care plans to address medical condition management, safety, independence, burden of care, and quality of life substantially in the manner prescribed by the Licensed Materials.

2.6 Licensee shall make all reasonable efforts to comply with the implementation requirements set forth in this Sub-Agreement, which may be amended from time to time as agreed by the parties.

### **ARTICLE 3 PRICE AND PAYMENT**

3.1 Licensee shall pay to Franchisor a licensure fee (the “**Licensure Fee**”) for the licensed use of the Licensed Materials by Licensee. The Licensure Fee is set forth on Exhibit A (the “**Compensation Schedule**”). If a Licensee transfers their franchised business via either a sale of a majority of its stock or substantially all of its assets, the transferee shall have the option of assuming this Sub-Agreement and if this Sub-Agreement is assumed, shall continue to pay the same Licensure Fee as provided for herein. Such transferee (or their chosen delegates) may also attend any future Initial Training without incurring the Initial Training Fee or any additional training fee.

### **ARTICLE 4 PBHS MATERIALS**

4.1 Licensee acknowledges that all PBHS materials (by way of example and not of limitation, examples include clinical training manuals, reference materials, marketing training manuals, marketing materials, client data forms, client outcomes reports, and any version of such materials made available to Licensee (collectively, the “PBHS Materials”)) shall remain the property of PBHS, and Licensee shall expend all reasonable efforts to maintain possession of all the PBHS Materials.

4.2 In the event this Sub-Agreement is terminated pursuant to Article 5, Licensee shall surrender all PBHS Materials back to PBHS and not market or use any PBHS Materials following the effective date of termination. Licensee shall expend all reasonable efforts to return to PBHS all PBHS Materials provided to Licensee within thirty (30) days of the date of termination of this Sub-Agreement. Further, and as advised by PBHS, all reasonable efforts shall be made to retrieve and return to PBHS any materials provided to third parties by Licensee per Section 4.1, above.

4.3 In the event this Sub-Agreement is terminated, PBHS shall provide to Licensee, upon request, an archive copy of all pertinent client data in PBHS’s possession or control. Such data shall be provided in an easily accessible format.

**ARTICLE 5**  
**TERM, TERMINATION**

5.1 The term of this Sub-Agreement shall commence on the Effective Date and continue for two (2) years (the “Initial Term”), unless terminated earlier in accordance with this Article. At the expiration of the Initial Term, this Sub-Agreement shall renew for an additional one (1) year, unless PBHS or Licensee gives the other party written notice at least sixty (60) days in advance of the expiration of the Initial Term that the party is terminating this Sub-Agreement.

5.2 This Sub-Agreement may be terminated by either party upon: (a) the material breach of this Sub-Agreement by the other party, which is not cured within sixty (60) days after the non-breaching party provides the breaching party with written notice of such breach, or (b) the filing of a petition by the other party seeking to take advantage of any laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of debts after sixty (60) days written notice to the other party. Franchisor or PBHS may terminate this Agreement upon Licensee’s failure to make payments under Section 3.1 once such payments become thirty (30) days or more overdue. This Sub-Agreement may be terminated at the option of PBHS or Licensee upon a termination of the License Agreement between PBHS and Franchisor, if such option is exercised within the thirty (30) day period following the termination of the License Agreement between PBHS and Franchisor.

5.3 In the event that this Sub-Agreement is terminated by PBHS pursuant to a material breach by Licensee, all fees, including any Licensure Fees, through the end of the then-current Term shall immediately accelerate and become due as of the effective date of such termination.

5.4 If Licensee uses the Licensed Materials following termination of this Sub-Agreement, PBHS shall notify the Licensee in writing that it is no longer authorized to use the Licensed Materials and to cease and desist such use within ten (10) days of receipt of such written notice. If following the ten (10) day notice period provided for in the preceding sentence, the Licensee continues its use of the PBHS Model, the Licensee shall pay PBHS a liquidated damages amount of Fifty Thousand Dollars (\$50,000.00). Licensee acknowledges that the actual damages likely to result from breach of this Section 5.4 are difficult to estimate on the Effective Date of this Sub-Agreement and would be difficult for PBHS to prove. The Parties intend that the liquidated damages amount would serve to compensate PBHS for any breach by Licensee under this Section 5.4 and they do not intend for it to serve as punishment for any such breach by Licensee. This payment shall not be considered liquidated damages for any breach of this Agreement other than for what is expressly described in this Section 5.4, and PBHS shall retain all rights at law and equity related to the breach of any other provision of this Agreement.

**ARTICLE 6**  
**CONFIDENTIALITY AND CLIENT DATA**



6.1 In connection with the transactions contemplated by this Sub-Agreement, Licensee will obtain or have access to PBHS Confidential Information (as defined herein). PBHS Confidential Information may be disclosed by Licensee only to those persons who have a need to know such information in order to perform their responsibilities under this Agreement. Licensee will, and will cause each of their employees, to: (a) keep in confidence all PBHS Confidential Information; (b) not use any PBHS Confidential Information for any purpose other than the purposes contemplated by this Sub-Agreement; (c) not disclose any PBHS Confidential Information to any third party without PBHS's prior written consent; and (d) return all PBHS Confidential Information, regardless of form and including, without limitation, all copies, analyses, derivations and compilations of PBHS Confidential Information to PBHS within fourteen (14) days after the termination of this Sub-Agreement for any reason and provide verification that all Confidential Information has been returned to PBHS. The term "PBHS Confidential Information" means any non-public information about the PBHS Model, including operational, promotional, and clinical information as well as any data or information that is competitively sensitive material, and not generally known to the public, including, but not limited to, training materials, tax returns, product or service information, planning information, marketing strategies, strategic plans, pricing, earnings, costs, expense and other financial, managerial or operational data, symbols, trademarks, trade names, service marks, service names, trade secrets, technologies, quality assurance technologies, client names/lists, client profiles, employee lists, employee profiles, employee information, borrower lists, borrower information, business plans, business relationships and internal performance results relating to the past, present or future business activities of PBHS and affiliates, its service providers and the employees and suppliers of any of the foregoing. Licensee shall notify any and all of their respective employees that receive PBHS Confidential Information that such material shall remain confidential under the terms of this Sub-Agreement.

6.2 In connection with the transactions contemplated by this Sub-Agreement, PBHS may obtain or have access to Licensee Confidential Information (as herein defined). Licensee Confidential Information may be disclosed by PBHS only to those persons within PBHS who have a need to know such information in order to perform their responsibilities under this Sub-Agreement. PBHS will, and will cause each of its employees to: (a) keep in confidence all Licensee Confidential Information; (b) not use any Licensee Confidential Information for any purpose other than the purposes contemplated by this Sub-Agreement; (c) not disclose any Licensee Confidential Information to any third party without Licensee's prior written consent; and (d) return all Licensee Confidential Information to Licensee within fourteen (14) days after the termination of this Agreement for any reason and provide verification that all Confidential Information has been returned to Licensee. The term "Licensee Confidential Information" means any data or information that is competitively sensitive material, and not generally known to the public, including, but not limited to, training materials, tax returns, product or service information, planning information, marketing strategies, strategic plans, pricing, earnings, costs, expense and other financial, managerial or operational data, client names/lists, client profiles, employee lists, employee profiles, employee information, borrower lists, borrower information, business plans, business relationships and internal performance results relating to the past, present or future business activities of Licensee, its service providers and the employees and suppliers of any of the foregoing.

6.3 Each party agrees that, because the breach or threatened breach of any of the terms of this Article 6 by the other party will result in immediate and irreparable injury to the disclosing party, the disclosing party shall be entitled to an injunction restraining the other party from any such breach to the fullest extent allowed by law. Any such right of equitable relief granted to such party shall not be deemed to preclude them from seeking money damages or any other remedy from the other party in the event of such a breach.

6.4 The terms and conditions of this Sub-Agreement are deemed to be confidential, and each party will maintain such terms and conditions in strict confidence.

6.5 Both parties acknowledge that the HIPAA (Health Insurance Portability and Accountability Act) regulations, or state laws and regulations may mandate that each maintain the security, privacy, and confidentiality of client protected health information. Therefore, to the extent that each party's business functions are governed by the HIPAA transaction, security and/or privacy regulations, or state law and regulation, each party shall abide by the terms of the Business Associate Agreement (substantially in the form as attached in Exhibit B) and have appropriate organizational and technical policies and procedures and safeguards in place to comply with the applicable provisions.

6.6 Both parties acknowledge that certain activities and obligations described in this Sub-Agreement will result in the creation and distribution of Aggregated User Data. Aggregated User Data is not Confidential Information, except to the extent that it is or becomes part of the Licensed Materials. For purposes of this Section, "Aggregated User Data" means (i) general client transactional or behavioral tracking that is not client protected health information and does not contain personal identification, (ii) anonymous client or company data, which may include individual client information without personal identification, and (iii) any data consisting of any combination of client data, anonymous client data, facility data, or general transactional or behavioral data when combined or aggregated with other data in such a manner that no personally identifiable information is discernible. Each party is responsible for complying with the requirements of all state and federal laws and regulations with respect to Aggregated User Data, to the extent applicable.

## **ARTICLE 7 AUDITS AND COMPLIANCE**

7.1 Licensee hereby acknowledges that PBHS, at PBHS' own cost, has a right to audit Licensee as it relates to its use of the PBHS Model solely to verify use or non-use of the PBHS Model or to ensure substantial compliance in using the PBHS Model as trained.

7.2 All client data forms are designed to be in compliance with all state and federal privacy regulations. It is the mutual responsibility of both parties to maintain the privacy of clients in compliance with all applicable laws.

7.2.1 Licensee hereby agrees that it will operate in good faith to ensure that all data transmitted to PBHS is in compliance with all applicable state and federal client confidentiality provisions, including HIPAA regulations.

7.2.2 In the event that Licensee has a good faith reason to believe that there is a concern that they cannot complete and return to PBHS the client data forms they shall notify PBHS of such concerns in writing within thirty (30) days of its discovery of the potential concern.

7.2.3 PBHS agrees that upon receipt of written notice from Licensee of a concern with respect to its client confidentiality obligations, PBHS will work in good faith with Licensee to resolve the concern and will suspend the obligation of Licensee to return the completed client data forms until the forms can be altered into compliance with client confidentiality obligations.

## **ARTICLE 8 REPRESENTATIONS AND WARRANTIES**

8.1 PBHS represents and warrants to Licensee as follows:

8.1.1 PBHS has the full right, power, and authority to enter into and perform its obligations under this Sub-Agreement, and this Sub-Agreement constitutes a legal, valid, and binding obligation, enforceable in accordance with its terms.

8.1.2 The execution, delivery, and performance of this Sub-Agreement by PBHS will not result in the breach of any terms of, or constitute a default under, or conflict with any obligation of PBHS.

8.1.3 That (i) all services, work and deliverables to be performed hereunder shall be performed by qualified personnel in a professional and workmanlike manner, in accordance with the highest industry standards; and (ii) that neither PBHS, in connection with performing the services, nor the PBHS Model, will infringe any patent, copyright, trademark, trade secret or other proprietary right of any third party.

8.2 Licensee represents and warrants to PBHS as follows:

8.2.1 Licensee has the full right, power, and authority to enter into and perform its obligations under this Sub-Agreement, and this Sub-Agreement constitutes a legal, valid, and binding obligation, enforceable in accordance with its terms.

8.2.2 The execution, delivery, and performance of this Sub-Agreement by Licensee will not result in the breach of any terms of, or constitute a default under, or conflict with any obligation of Licensee.

8.3 EXCEPT AS PROVIDED IN THIS SUB-AGREEMENT, THERE ARE NO EXPRESS WARRANTIES, REPRESENTATIONS, UNDERTAKINGS, OR CONDITIONS (STATUTORY OR OTHERWISE) BY EITHER PARTY, AND THERE ARE NO IMPLIED

WARRANTIES, REPRESENTATIONS, UNDERTAKINGS, OR CONDITIONS (STATUTORY OR OTHERWISE) BY EITHER PARTY, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, USAGE OF TRADE, PAST PRACTICES, AND FITNESS FOR A PARTICULAR PURPOSE.

**ARTICLE 9  
LIMITATION OF LIABILITY**

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING ANY LOST DATA AND LOST PROFITS, ARISING FROM OR RELATING TO THIS SUB-AGREEMENT. THIS ARTICLE 9 SHALL NOT APPLY TO BREACHES OF ARTICLE 1 (LICENSE AND AUTHORIZATION), ARTICLE 6 (CONFIDENTIALITY) AND EACH PARTY'S OBLIGATIONS FOR INDEMNITY PAYMENT UNDER THIS AGREEMENT.

**ARTICLE 10  
TRADEMARKS**

Subject to the terms and conditions of this Agreement, PBHS grants to the Licensee, a nonexclusive, royalty-free, fully paid-up license to use and reproduce PBHS trademarks, trade names, and logos contained on the PBHS Licensed Materials/LIFE Profile Licensed Materials (the "PBHS Marks") solely in connection with the distribution and marketing of the PBHS Licensed Materials/LIFE Profile Licensed Materials during the Term of this Sub-Agreement; provided, however, that use of the PBHS Marks shall be in accordance with PBHS's then current Trademark Usage and Style Guidelines. Licensee recognizes PBHS's exclusive ownership of the PBHS Marks and agrees not to take any action inconsistent with such ownership. Licensee will cease using the PBHS Marks immediately upon expiration or termination of this Agreement.

**ARTICLE 11  
INDEMNITIES**

Each party shall indemnify, defend and hold the other party harmless from and against any and all claims, liabilities, damages, costs and expenses (including reasonable attorneys' fees) that may be asserted against the indemnified party by third parties in connection with the negligent performance or wrongful act/omission of the indemnifying party, its directors, officers, employees, or agents under this Sub-Agreement. Licensee shall indemnify Franchisor and its affiliates and all of their shareholders, members, managers, officers, directors, employees, and agents, from and against any and all claims, liabilities, damages, costs and expenses (including reasonable attorneys' fees) that may be asserted against the indemnified parties by PBHS or third parties in connection with the breach of this Sub-Agreement.

**ARTICLE 12  
MISCELLANEOUS**

12.1 Each party hereto is contracting independently with the other, and there is no agency, employment, or other relationship except as may be expressly set forth herein. Neither party is authorized nor has the power to obligate or bind the other party by contract, agreement, warranty, representation, or otherwise in any matter whatsoever.

12.2 Any headings used in this Sub-Agreement are inserted for convenience only and shall not affect the interpretation of the respective provisions of this Sub-Agreement.

12.3 The obligations set forth in Articles 1, 3, 6, 7, 8, 9, 10, 11 and 12 shall survive any cancellation or termination of this Sub-Agreement as appropriate according to the terms of this Sub-Agreement.

12.4 Neither party shall assign or subcontract its rights and obligations under this Sub-Agreement without the prior written consent of the other party, except in connection with a transfer of all or substantially all of such party's business assets, whether by merger, sale of assets, sale of stock or otherwise.

12.5 All required notices shall be in writing and delivered by USPS or overnight delivery service to the address indicated below in this Section. The following persons shall act as the representatives of the parties regarding notices, performance, extension, dispute resolution, termination, and changes in respect of this Sub-Agreement:

If to PBHS:  
Randy Bartosh  
307 Sunset Circle  
Galveston, TX 77554  
Fax: 713.337.4449  
Phone: 832.603.1398

If to Licensee:  
Name:  
Address:  
Fax:  
Phone:

12.6 The failure by one party to require performance of any provision shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Sub-Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

12.7 In the event that any provision of this Sub-Agreement shall be held invalid or unenforceable as contrary to any law, statute, or regulation in that regard, the invalidity or

unenforceability of such provision shall in no way affect the validity of any other provision of this Sub-Agreement, and each and every provision shall be severable from each and every other.

12.8 Neither party will be deemed the drafter of this Sub-Agreement, which agreement will be deemed to have been jointly prepared by the parties. If this Sub-Agreement is ever construed, whether by a court or by an arbitrator, such court or arbitrator will not construe this Sub-Agreement or any provision hereof against any party as drafter.

12.9 This Sub-Agreement embodies the entire agreement between the parties hereto and supersedes all other prior agreements between the parties in connection with the sale of goods described herein. This Sub-Agreement cannot be modified or supplemented except in writing and signed by both parties. Neither party shall be bound by or liable to the other for any representation, promise, or inducement, whether prior to or concurrent with, made by any agent or person in the other's employ, not embodied in this Sub-Agreement.

12.10 This Sub-Agreement may be executed in counterparts, which together shall constitute one and the same agreement.

12.11 Each party to this Sub-Agreement, upon the request of the other party, agrees to perform all further acts and execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Sub-Agreement.

12.12 This Sub-Agreement shall be interpreted under the laws of the State of Texas. Any litigation under this Sub-Agreement shall be resolved in the trial courts of Harris County, State of Texas.

12.13 SH Franchising, LLC is a third party beneficiary of this Sub-Agreement and shall have the right to enforce such agreement directly to the extent it deems such enforcement necessary or advisable to protect its rights.

In Witness Whereof, the parties have caused this Sub-Agreement to be signed by duly authorized representatives as of the Effective Date set forth above.

Performance Based Healthcare Solutions, LLC

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

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

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

LICENSEE

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

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

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

**EXHIBIT A**  
**Compensation Schedule**

**I. Licensure Fees**

Licensee shall pay a Licensure Fee of \$350 per month. The Licensure Fee shall begin once the Active Franchise Owner/Affiliate or their designee has completed Initial Training. The Licensure Fee may be increased by PBHS upon the termination of the License Agreement between Franchisor and PBHS but only after PBHS has provided Licensee with thirty (30) days prior written notice of such Licensure Fee increase during which period of time Licensee shall have the option of terminating this Sub-Agreement without penalty. The Licensure Fee shall be paid to Franchisor at the same time as Royalty payments are due via an automatic electronic debit of funds by Franchisor.

**II. Initial Training Fees**

Licensee shall pay to Franchisor an Initial Training Fee of \$100 per individual participant. This fee shall be due prior to the start of such training. The Training Fee shall be paid to Franchisor on the first Royalty payment date of the month that training is scheduled to begin via an automatic electronic debit of funds by Franchisor.

**III. Other Fees**

1. If incurred, the PBHS Services Fee shall be \$1,500 per day, including for days substantially dedicated to travel.
2. Licensee agrees to pay all reasonable expenses incurred by PBHS as pre-approved in writing by Licensee and Franchisor related to PBHS's creation and printing of materials to assist Licensee in marketing its use of the PBHS Model.
3. PBHS shall provide to Licensee an estimate or quote for the costs of item 2 above, before incurring such costs/expenses. Upon Licensee's and Franchisor's written approval, PBHS may incur such costs/expenses.



**EXHIBIT B**

**Form of Business Associate Agreement**

## BUSINESS ASSOCIATE AGREEMENT

[Insert Franchisee/Affiliate Name] (“Covered Entity”) and Performance Based Healthcare Solutions, LLC (“PBHS” or “Business Associate”) hereby enter into this Agreement, effective as of the Effective Date of the Franchise Agreement (the “Effective Date”).

### Recitals

A. Senior Helpers arranges for certain services (the “Services”) as a franchisor, to Covered Entity as a franchisee, as set forth in the SH Franchising Franchise Agreement between Covered Entity and Senior Helpers.

B. The Parties’ performance under the Franchise Agreement may or will require Covered Entity to disclose and/or provide to Business Associate private and/or protected health and/or medical information as defined under, and governed by, applicable state law and Individually Identifiable Health Information and/or Electronic Protected Health Information as defined in the Health Insurance Portability and Accountability Act (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act (“HITECH”), and/or regulations promulgated under such laws (state law, HIPAA, and HITECH are hereafter referred to collectively as “Privacy Laws”) and may or will require Senior Helpers to receive, access, review, maintain, retain, modify, record, store, forward, produce, hold, use, create, disclose, and/or destroy such information (the “PHI”).

C. Senior Helpers’ performance of the Services may give rise to certain legal obligations under Privacy Laws and Senior Helpers may be considered a “business associate” and franchisee may be a “covered entity” as those terms are defined in 45 C.F.R. § 160.103. This Agreement will not apply to relationships between the parties where Senior Helpers is not considered a “business associate” as defined in 45 C.F.R. § 160.103.

Accordingly, the parties hereto (“Parties”) agree to the terms and conditions set forth below:

### Terms of Agreement

1. Performance and Compliance With Law. The Parties will work together in good faith to determine applicability of Privacy Laws, to comply with applicable Privacy Laws, and to amend this Agreement as necessary for Covered Entity and Business Associate to comply with applicable Privacy Laws, as modified and/or supplemented from time to time.

2. Interpretation. Any ambiguity herein must be resolved in favor of a meaning that permits both Covered Entity and Business Associate to comply with applicable Privacy Laws, consistent with the Franchise Agreement. Terms that are not otherwise defined herein shall have the meaning given to them by HIPAA, the HITECH Act, and their implementing regulations.

3. Privileges and Protections. This Agreement does not constitute or evidence a waiver of, nor does it amend, the attorney-client privilege, the attorney work-product doctrine, and/or any other applicable privileges or protections.

4. Business Associate's Obligations.

4.1 Handling of the PHI and Safeguards. Business Associate agrees to prevent access, use and/or disclosure of PHI other than as permitted or required by this Agreement and/or applicable Privacy Laws, and will implement and use, at all times, appropriate administrative, physical and technical safeguards to (i) prevent access, use or disclosure of PHI other than as permitted by this Agreement and /or Privacy Laws; and (ii) reasonable and appropriately protect the confidentiality, integrity, security, and availability of PHI.

4.2 Minimum Necessary Use and Disclosure. Business Associate will determine the amount of PHI necessary for performance of the Services and will make reasonable efforts to limit the receipt, use, and disclosure of PHI to the minimum necessary as required by the Privacy Laws.

4.3 Data Aggregation and De-Identification. Business Associate may use PHI to aggregate information to provide reports regarding health care operations to Covered Entity. The parties agree that the Business Associate may de-identify PHI as defined by and in compliance with Privacy Laws, and may use such de-identified information as permitted by applicable law.

4.4 Management and Administration. Business Associate may use and disclose PHI for management and administrative purposes. In doing so, Business Associate will comply with all applicable Privacy Laws and with Covered Entity's obligations under subpart E of 45 CFR Part 164.

4.5 Disclosures to Subcontractors and/or Third Parties. Business Associate shall ensure that all representatives, subcontractors, persons and/or entities (other than entities that are merely conduits) to whom Business Associate discloses or provides the PHI execute a written Business Associate Agreement, as required under the Privacy Laws, in which such third persons and/or entities expressly agree to the same restrictions and conditions that apply to Business Associate hereunder as applicable. If a Business Associate Agreement is not required by the Privacy Laws, Business Associate shall obtain reasonable assurances from all persons and entities who have access to or are recipients of the PHI that: (i) the PHI will be held confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the third party; and (ii) the third party will promptly notify Business Associate of any Compromise of PHI, and Business Associate will, in turn notify Covered Entity.

4.6 Access to, or Amendment of, PHI. If Business Associate maintains any PHI in a Designated Record Set on behalf of Covered Entity, Business Associate agrees:

- (a) To provide access to the PHI in a Designated Record Set to authorized individuals as required by Privacy Laws and in the time, manner, and format designated by such individuals to the extent required by Privacy Laws; and
- (b) To make any amendment(s) to PHI in a Designated Record Set as requested by Covered Entity and/or authorized individuals pursuant to 45. C.F.R. § 164.526.

4.7 Restrictions on PHI. Business Associate will comply with any patient restrictions on the Use and Disclosure of PHI by Covered Entity under Section 6.3 below.

4.8 Accounting of PHI Disclosures. Business Associate will document and report to Covered Entity all disclosures of PHI that are required for Covered Entity to provide an accounting under 45 C.F.R. § 164.528 and/or Privacy Laws. If an individual contacts Business Associate directly for such an accounting, Business Associate will direct the individual to contact Covered Entity.

4.9 Reporting of Violations and Security Incidents. Business Associate will promptly report to Covered Entity any impermissible use or disclosure under Privacy Laws of which it becomes aware that Compromises the security or privacy of the PHI (“Breach”). Business Associate will include in the report of Breach the following information if known or can be reasonably obtained:

- (a) Contact information for individuals who may be impacted by the Breach;
- (b) The date of Breach and a brief description of the circumstances surrounding the Breach;
- (c) A description of the type of information involved; and
- (d) What Business Associate is doing to investigate the Breach and mitigate harm to individuals.

In addition, Business Associate will report attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system that does not Compromise the security or privacy of the PHI (“Security Incidents”). Business Associate will identify and respond internally to suspected or known Security Incidents, and will mitigate, to the extent practicable, their harmful effects, document their outcomes, and provide such documentation to Covered Entity upon request. Notice is hereby deemed provided, and no further notice will be given, with respect to routine unsuccessful attempts at unauthorized access to the PHI such as pings and other broadcast attacks on firewalls, denial of service attacks, failed login attempts, and port scans.

The parties will meet and confer in good faith before notifying affected individuals, government agencies, and/or commencing any legal action regarding any suspected or actual Breach or Security incident and/or breach of this Agreement, and shall comply with applicable Privacy Laws regarding the need for and nature of any notification of individuals or reporting to government agencies.

4.10 Mitigation and Notification. Mitigation efforts by Business Associate shall not require Business Associate to pay the costs of credit monitoring or other similar credit protection services unless required by law. Business Associate will not be responsible for notifying individuals of a Breach and will not be responsible for any notification costs.

4.11 Audits and Inspections. Business Associate will make its internal practices, books, and such records as are not protected by applicable legal privilege or work product protection relating to the use, disclose, and/or compliance of PHI available to the Secretary of the United States, Department of Health and Human Services and/or other authorized lawful authority as required by law or authorized by Covered Entity in writing.

4.12 Prohibition on Sale of PHI and use of PHI for Marketing. Business Associate will not directly or indirectly receive remuneration in exchange for any PHI and will not use or disclose PHI for Fundraising and/or Marketing purposes, except with prior written consent of Covered Entity and in accordance with applicable Privacy Laws.

## 5. Covered Entity Obligations.

5.1 HIPAA Compliance. Covered Entity agrees that it comply with Privacy Laws, including, but not limited to, using appropriate safeguards to protect the privacy, security, and integrity of electronic PHI.

5.2 Notice of Privacy Practices. Covered Entity is responsible for using the services of Business Associate in accordance with its Notice of Privacy Practices (NPP). Covered Entity will provide a copy of its NPP to Business Associate upon request.

5.3 Restrictions and Revocations. Covered Entity will promptly notify Business Associate in writing of any patient-requested restrictions, changes to, or revocation of, consent and/or authorization to use and/or disclose PHI that may affect Business Associate's ability to perform its obligations under this Agreement or the Franchise Agreement.

5.4 Compliant Requests. Covered Entity will not request or cause Business Associate to make a Use or Disclosure of PHI in a manner that does not comply with Privacy Laws.

5.5 Authorizations. Covered Entity will obtain all consents and authorizations necessary and/or required by law for Covered Entity and Business Associate to fulfill their obligations under applicable Privacy Laws and this Agreement.

5.6 Accounting of PHI Disclosures. Covered Entity will include in individual accountings requested under the Privacy Laws, including without limitation, 45 C.F.R. § 164.528, any disclosures by Business Associate, to the extent such disclosures are made.

5.7 Meet and Confer. Upon any suspected or actual Breach, unauthorized disclosure of the PHI or breach of this Agreement, Covered Entity will meet and confer in good faith with

Business Associate before notifying affected individuals, government agencies, and/or commencing any legal action.

## 6. Term and Termination.

6.1 Term. The term of this Agreement will commence upon receipt by Business Associate of any PHI or the date set forth below, whichever is earlier, and will terminate upon discharge of Business Associate's obligations under the Franchise Agreement and this Agreement and/or performance of the Services.

6.2 Effects of Termination. Covered Entity acknowledges that due to the relationship with Business Associate, it will not be feasible for Business Associate to return or destroy PHI after the termination of the Franchise Agreement. Business Associate will continue to extend the protections of this Agreement to PHI and limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction infeasible or contrary to the Privacy Laws, for so long as Business Associate maintains such PHI.

6.3 Breach. If either party breaches its obligations under this Agreement, the non-breaching party will provide the other with notice and a thirty (30) day period to cure the breach. If the breaching party fails to cure the breach or cure is not possible within thirty (30) days, the non-breaching party may terminate this Agreement immediately upon written notice and without further legal action or declaration.

## 7. Miscellaneous.

7.1 Severability. If any provision of this Agreement or part thereof is found to be invalid, the valid provisions will remain in full force and effect.

7.2 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement will not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, signed and dated by the parties to this Agreement.

7.3 Entire Agreement. This Agreement and the Franchise Agreement, the consistent terms of which are incorporated herein, constitute the entire agreement between the Parties and supersede all prior negotiations, discussions, representations, or proposals, whether oral or written, unless expressly incorporated herein, related to the subject matter of this Agreement. Unless otherwise expressly provided herein, this Agreement may not be modified unless in writing signed by the duly authorized representative of the parties.

7.4 No Third-Party Beneficiaries. Except as otherwise provided in the Privacy Laws or this Agreement, there are no third-party beneficiaries to this Agreement. Business Associate's obligations are to Covered Entity only.

7.5 Successors and Assigns. This Agreement will inure to the benefit of, and be binding upon, the successors and assigns of the parties. However, this Agreement is not assignable by any party without the prior written consent of the other parties.

7.6 Dispute Resolution. If at any time during or after the term of this Agreement either party hereto believes that a dispute exists between them, then the parties agree that they shall follow the Dispute Resolution process outlined in the Franchise Agreement.

7.7 Counterparts. This Agreement may be executed in counterparts, by manual, electronic, or facsimile signature, each of which will be deemed an original and all of which together will constitute one and the same instrument.

**EXHIBIT G**

**RELATIVE VALUE OF INITIAL TRAINING, PRE-OPENING  
CONSULTATIONS, SITE VISIT AND SITE SELECTION ASSISTANCE**

<b>FRANCHISOR OBLIGATION</b>	<b>HOURS</b>	<b>VALUE</b>
Initial Training	72	\$20,736
On-site Visit-Assistance	16	\$4,608
Site Selection Assistance	10	\$2,400
Email-Telephone Assistance/Consulting	10	\$2,880



## EXHIBIT B

### LIST OF ADMINISTRATORS

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

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	<b>MARYLAND</b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<b>HAWAII</b> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	<b>MICHIGAN</b> Michigan Attorney General’s Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48909 (517) 373-7622
<b>ILLINOIS</b> Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	<b>MINNESOTA</b> Commissioner of Commerce Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	<b>NEW YORK</b> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8285 Phone
<b>NORTH DAKOTA</b> North Dakota Securities Department 600 E. Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-2910	<b>VIRGINIA</b> Director, Securities and Retail Franchising Div. State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
<b>RHODE ISLAND</b> Department of Business Regulation Securities Division Building 69-1, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	<b>WASHINGTON</b> Department of Financial Institutions General Administration Building Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760

**SOUTH DAKOTA**

Department of Labor and Regulation  
Division of Insurance – Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501-3185  
(605) 773-4823

**WISCONSIN**

Office of the Commissioner of Securities  
4822 Madison Yards Way, North Tower  
Madison, WI 53705  
(608) 266-0448

## EXHIBIT C

### AGENTS FOR SERVICE OF PROCESS

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

<b>CALIFORNIA</b> Commissioner of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)	<b>MARYLAND</b> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
<b>HAWAII</b> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	<b>MICHIGAN</b> Dept. of Energy, Labor, & Economic Growth Corporations Division P.O. Box 30054 Lansing, Michigan 48909 7150 Harris Drive Lansing, Michigan 48909 (517) 373-7117
<b>ILLINOIS</b> Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	<b>MINNESOTA</b> Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
<b>INDIANA</b> Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681	<b>NEW YORK</b> Secretary of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001
<b>NORTH DAKOTA</b> North Dakota Securities Commissioner 600 E. Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
<b>RHODE ISLAND</b> Director of Department of Business Regulation Department of Business Regulation Securities Division John O. Pastore Complex – 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	<b>WASHINGTON</b> Director of Department of Financial Institutions General Administration Building Securities Division – 3 <sup>rd</sup> Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
<b>SOUTH DAKOTA</b> Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501-3185 (605) 773-4823	<b>WISCONSIN</b> Commissioner of Securities Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703 (608) 261-9555

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

<i>Franchisee Name</i>	<i>Street Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Phone</i>	<i># of Units</i>
<i>Lance Spindler</i>	<i>35557 Kenai Spur Hwy.</i>	<i>Soldonta</i>	<i>Alaska</i>	<i>99669</i>	<i>(907) 260-3251</i>	<i>1</i>
<i>Mary Jackson</i>	<i>7500 Memorial Parkway SW Suite #215-D</i>	<i>Huntsville</i>	<i>Alabama</i>	<i>35802</i>	<i>(256) 650-2982</i>	<i>1</i>
<i>James Devary</i>	<i>604 W. Warner Road, Suite B2</i>	<i>Chandler</i>	<i>Arizona</i>	<i>85225</i>	<i>(646) 460-3132</i>	<i>1</i>
<i>Ketha Bonadie</i>	<i>19420 N. 59<sup>th</sup> Ave., B221</i>	<i>Glendale</i>	<i>Arizona</i>	<i>85308</i>	<i>(623) 242-1994</i>	<i>1</i>
<i>Shaun Phelan</i>	<i>9832 North Hayden Road, Suite 103</i>	<i>Scottsdale</i>	<i>Arizona</i>	<i>85258</i>	<i>(480) 621-6672</i>	<i>2</i>
<i>John Skelton</i>	<i>600 East Baseline Road, Suite A-1</i>	<i>Tempe</i>	<i>Arizona</i>	<i>85283</i>	<i>(480) 745-2493</i>	<i>1</i>
<i>Tehjan Prendiville</i>	<i>3040 North Campbell Avenue, Suite 110</i>	<i>Tucson</i>	<i>Arizona</i>	<i>85719</i>	<i>(520) 298-9281</i>	<i>2</i>
<i>Edward Sommer</i>	<i>6563 East 22<sup>nd</sup> St.</i>	<i>Tucson</i>	<i>Arizona</i>	<i>85710</i>	<i>(520) 790-5824</i>	<i>1</i>
<i>Roger Barnes</i>	<i>715 Hobson Avenue</i>	<i>Hot Springs</i>	<i>Arkansas</i>	<i>71913</i>	<i>(501) 915-0810</i>	<i>1</i>
<i>Brian Nakamura</i>	<i>5130 East La Palma, Ste. 209</i>	<i>Anaheim Hills</i>	<i>California</i>	<i>92807</i>	<i>(714) 694-0992</i>	<i>1</i>
<i>Brenda Duarte</i>	<i>122 E. Santa Clara St.</i>	<i>Arcadia</i>	<i>California</i>	<i>91006</i>	<i>(626) 446-8000</i>	<i>1</i>
<i>Darshana Bhakta</i>	<i>17510 Pioneer Blvd., Suite 205</i>	<i>Artesia</i>	<i>California</i>	<i>90701</i>	<i>(562) 403-4403</i>	<i>1</i>
<i>Jasjit Dhillon</i>	<i>3442 Empressa Drive, Ste C</i>	<i>San Luis Obispo</i>	<i>California</i>	<i>93401</i>	<i>(805) 461-5892</i>	<i>1</i>
<i>Eddie Taylor</i>	<i>5405 Stockdale Highway, Suite 207</i>	<i>Bakersfield</i>	<i>California</i>	<i>93309</i>	<i>(661) 491-1800</i>	<i>1</i>
<i>Nicholas Trunzo</i>	<i>3440 Palmer Drive, Suite 8H</i>	<i>Cameron Park</i>	<i>California</i>	<i>95682</i>	<i>(530) 556-4030</i>	<i>2</i>
<i>Alay Yajnik</i>	<i>1262 E. Hamilton Ave., Suite F</i>	<i>Campbell</i>	<i>California</i>	<i>95008</i>	<i>(408) 294-4411</i>	<i>2</i>
<i>Patrick Moskus</i>	<i>13641 Central Avenue, Suite A</i>	<i>Chino</i>	<i>California</i>	<i>91710</i>	<i>(909) 256-0240</i>	<i>1</i>
<i>Robert Wukmir</i>	<i>7700 Sunrise Blvd., Suite 2900</i>	<i>Citrus Heights</i>	<i>California</i>	<i>95610</i>	<i>(916) 671-5777</i>	<i>2</i>
<i>Tiffany Phelan</i>	<i>825 W. Ashlan Ave., Unit #101</i>	<i>Clovis</i>	<i>California</i>	<i>93612</i>	<i>(559) 224-5678</i>	<i>2</i>
<i>Jenny Lind</i>	<i>1170 Burnett Avenue Suite J</i>	<i>Concord</i>	<i>California</i>	<i>94520</i>	<i>(925) 677-2150</i>	<i>1</i>
<i>Steven Nickens</i>	<i>4501 Cerritos Avenue, Suite 203</i>	<i>Cypress</i>	<i>California</i>	<i>90630</i>	<i>(714) 816-5069</i>	<i>1</i>
<i>Maria Lum</i>	<i>712 El Cerrito Plaza</i>	<i>El Cerrito</i>	<i>California</i>	<i>94530</i>	<i>(510) 524-6700</i>	<i>1</i>

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
Hiten Adhvaryu	17195 Newhope Street, Suite #201	Fountain Valley	California	92708	(714) 593-1177	1
Jocelyn Ipsen	12139 Mt. Vernon Avenue, Suite 203	Grand Terrace	California	92313	(909) 553-4446	1
Hector Munoz	15375 Barranca Parkway, I-105	Irvine	California	92618	(949) 749-2273	1
Melinda Perera	900 Sterling Parkway, Suite #30	Lincoln	California	95648	(918) 587-0102	1
Cassia Yi	8274 Parkway Dr., Suite 102	La Mesa	California	91942	(619) 900-1982	1
Ted Pappas	2288 Westwood Blvd., Suite 210	Los Angeles	California	90064	(310) 235-1111	1
Julia LaPlount	3450 E. Spring St., Suite 112	Long Beach	California	90806	(562) 726-1813	1
Conny Gordeau	450 S. Madera Avenue, #E	Madera	California	93637	(559) 363-4545	1
Ghada Lutfi	4701 Arrow Highway, Suite E	Montclair	California	91763	(909) 451-6444	1
Bob Nations	1100 Trancas Street Suite #105	Napa	California	94558	(707) 251-1540	2
Richard Campagna	5674 Stoneridge Drive, Suite 108	Pleasanton	California	94588	(925) 376-8000	2
Ramtin Yazdi	6876 Indiana Avenue, Suite E	Riverside	California	92506	(951) 248-0543	1
Ryan Breen	5642 J Street	Sacramento	California	95819	(916) 857-8400	1
David Wallace	928 Ft. Stockton Dr., Suite 205	San Diego	California	92103	(619) 450-4686	2
Jennifer Fernandez	11722 Sorrento Valley Road, Suite G	San Diego	California	92121	(858) 523-9170	1
Jung Yi	12640 Sabre Springs Parkway, Suite 111	San Diego	California	92128	(619) 900-1982	1
Thomas Chung	32281 Camino Capistrano, Unit C-106	San Juan Capistrano	California	92675	(949) 359-0087	1
Nicholas Magnusson	36 42nd Avenue	San Mateo	California	94403	(650) 343-6770	2
Caroline Ziegler	777 Grand Avenue, Suite 101	San Rafael	California	94901	(415) 300-2273	1
Michael Fasth	1900 State Street, Suite B	Santa Barbara	California	93101	(805) 687-7777	1
Daryl Arcinas	2112 Wilshire Blvd.	Santa Monica	California	90403	(424) 252-9008	1
Peter Morero	3550 Round Barn Blvd., Suite 103	Santa Rosa	California	95403	(707) 525-1540	1
Manish Agarwal	468 Pennsfield Place, Suite 204	Thousand Oaks	California	91360	(805) 497-8370	2

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
Iris Gluzman	22850 Crenshaw Boulevard Suite 202	Torrance	California	90505	(310) 530-1422	1
Naun Galvan	13710 Whittier Blvd, Suite 101	Whittier	California	90605	(562) 273-5076	1
Gil Atanasoff	1051 6 <sup>th</sup> Street	Greeley	Colorado	80631	(970) 658-8228	2
Peter Hjelmstad	151 West Mineral Avenue, Suite 121	Littleton	Colorado	80120	(720) 667-3715	1
John Lohmeier	11658 North Huron Street, #400	North Glenn	Colorado	80234	(303) 452-6500	3
Jack Yeung	1700 Post Road B3	Fairfield	Connecticut	06824	(203) 659-0402	2
Hal Zerman	700 Canal Street	Stamford	Connecticut	06902	(203) 930-1589	1
Christopher Stetzar	9 East Loockerman Street Suite 3B	Dover	Delaware	19901	(302) 674-2234	1
Clarence Ndangam	630 Churchmans Road Suite 107	Newark	Delaware	19702	(302) 232-5007	1
Mark White	9240 Bonita Beach Road Suite 2209	Bonita Springs	Florida	34135	(239) 221-7133	1
Michael Mohl	1325 S. Congress Avenue, Suite 105-106	Boynton Beach	Florida	33426	(561) 969-9990	1
Manuel Chavez	2726 Oak Ridge Ct., #502	Fort Myers	Florida	33901	(239) 931-0158	1
Annette Wellington	5830 Sheridan Street	Hollywood	Florida	33021	(954) 437-9880	2
Charles Emery	8833 Perimeter Park Blvd., Suite 602	Jacksonville	Florida	32216	(904) 458-9000	1
Jorge Giraldo	2515 Troy Avenue	Lakeland	Florida	33803	(863) 686-7333	1
Bernie Fitzgerald	8525US Highway 441	Leesburg	Florida	34788	(352) 323-6232	3
Yolanda Schon	10689 N. Kendall, Suite #306	Miami	Florida	33176	(305) 274-7737	1
Aleyda Chavez	12550 Biscayne Blvd., Suite 208	North Miami Beach	Florida	33181	(305) 995-0130	1
Sheree Ellingson	165 Wells Road, Suite 303	Orange Park	Florida	32073	(904) 779-5515	1
James McGee	1038 Jenks Avenue	Panama City	Florida	32401	(850) 215-1793	1
Scott Fox	6152 Delancey Station Street, Suite 206	Riverview	Florida	33578	(813) 677-1400	2
Marc Kaplan	612 Barnes Blvd.	Rockledge	Florida	32765	(321) 735-4614	1
Glen Scharfeld	246 Mariner Blvd.	Spring Hill	Florida	34609	(352) 835-7191	3
Scott Kogut	4144 Central Avenue	St. Petersburg	Florida	33711	(727) 284-7700	1
Ross Goodson	10 SE Central Parkway, Suite 111	Stuart	Florida	34994	(772) 463-1112	3
Jeff Radcliffe	209 Nassau Street S., Suite 101	Venice	Florida	34285	(941) 488-3410	1

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
Amar Patel	5656 Corporate Way	West Palm Beach	Florida	33407	(561) 626-9500	2
Dale Gardner	520 N. Orlando Ave., Suite 140	Winter Park	Florida	32789	(407) 628-4357	2
William Tyler	250 East Main Street, Suite 202A	Canton	Georgia	30114	(678) 880-9128	1
Lloyd Lay	1300 Lafayette Parkway, Suite C-1	LaGrange	Georgia	30241	(706) 756-2095	1
Amber Hamani	301 Kelly Drive, Suite #8	Peachtree City	Georgia	30269	(770) 487-1297	3
Yanzhe Cambra	1130 N. Nimitz Hwy, Suite A-142	Honolulu	Hawaii	96817	(808) 829-2106	1
Karen Tierra	1953 South Beretania Street, Suite #1G	Honolulu	Hawaii	96826	(808) 900-8480	1
Nicholas Magnusson	1540 E. Iron Eagle Drive, Suite 120	Eagle	Idaho	83616	(208) 947-4045	2
Canan Fairhurst	484 West Boughton Road, Suite B	Bolingbrook	Illinois	60440	(630) 296-0942	1
Jacqueline Vanderbilt	1807 North Harlem Avenue	Chicago	Illinois	60707	(708) 477-3033	1
Jonathan Wishnick	1165 N. Clark Street Suite #410	Chicago	Illinois	60610	(312) 867-7110	3
Michael Schwartz	415 East State Street, Unit A	Geneva	Illinois	60134	(331) 248-6116	1
Michael Turner	6600 North Lincoln Avenue Suite # 238	Lincolnwood	Illinois	60712	(847) 679-7900	1
James Reed	2720 North Center Street	Maryville	Illinois	62062	(618) 262-0112	1
Lawrence Moore	1280 Iroquois Avenue, Suite 310	Naperville	Illinois	60563	(331) 281-0728	2
Irene Huba	129 Phelps Avenue Building 10, Suite 1008	Rockford	Illinois	61108	(815) 395-8790	1
Mike Stuckert	405 North Main Street, Suite B	Crown Point	Indiana	46307	(219) 662-2999	2
Heart In Home, Inc.	820 Mill Lake Road	Fort Wayne	Indiana	46845	(260) 633-2005	5
Vickie Beeson	621 N. State Street	Greenfield	Indiana	46140	(317) 462-2505	2
Brian Jones	6845 Parkdale Place, Ste C	Indianapolis	Indiana	46254	(317) 927-7700	1
Nancy Galloway	3317 Grant Line Road, Suite 202	New Albany	Indiana	47150	(812) 590-4817	1
David Foreman	1288 Stitt Street	Wabash	Indiana	46992	(574) 992-8012	2
Jeff Raines	2951 86 <sup>th</sup> St.	Urbandale	Iowa	50322	(515) 251-7444	2
Jeffrey Rigler	7203 W. 110th Street	Overland Park	Kansas	66210	(913) 851-4800	1
Jeremy Mays	73 Cavalier Blvd. Suite #127	Florence	Kentucky	41042	(859) 283-5500	1

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
Kyle Rhone	809 Country Club Lane, Suite D	Hopkinsville	Kentucky	42240	(270) 707-2273	1
Gabriel Huffman	3070 Harrodsburg Road Suite #240	Lexington	Kentucky	40503	(859) 296-2525	1
Nancy Galloway	4043 Taylorsville Road	Louisville	Kentucky	40220	(502) 690-2648	2
Jannine Sullivan	1025 Coolidge St.	Lafayette	Louisiana	70503	(225) 906-2289	1
Gail Wilson	7140 Hickory Avenue	Marrero	Louisiana	70123	(504) 275-4272	1
Sudhir Verma	174 Thomas Johnson Drive, Suite 202	Frederick	Maryland	21702	(240) 366-0015	1
Lauren Kroger	15717 Crabbs Branch Way Suite 226	Rockville	Maryland	20855	(301) 590-1234	2
Miles Mulman	153 Andover Street, Suite #203	Danvers	Massachusetts	01923	(978) 705-4800	6
Sravanthi Sareddy	160 South Main Street, 2 <sup>nd</sup> Floor	Milford	Massachusetts	07157	(508) 902-9786	1
Mark Friedman	245 Washington St., Suite 202	Wellesley	Massachusetts	02460	(617) 500-6999	5
Brian Eller	66 Tadmuck Road, Suite 2	Westford	Massachusetts	01886	(978) 467-4300	1
Faye Molitor	2020 Hogback Road, Suite 9	Ann Arbor	Michigan	48105	(734) 927-3111	1
Barbara Roden	30701 W 10 Mile, Suite 300	Farmington Hills	Michigan	48336	(248) 865-1000	4
Rand Hewitt	69289 Main Street	Richmond	Michigan	48062	(586) 430-1015	1
Stephen Smela	1501 Southcross Drive West	Burnsville	Minnesota	55306	(952) 892-8403	1
Ryan Sisson	5275 Edina Industrial Blvd, Suite 130	Edina	Minnesota	55439	(612) 470-2600	1
Paul Barthol	2345 Rice Street, Suite 175	Roseville	Minnesota	55113	(651) 414-9131	1
Kevin Weldon	111 South 40 <sup>th</sup> Avenue, Suite 20	Hattiesburg	Mississippi	39402	(601) 909-0409	1
Jennifer Anderson	1080 Goodman Road	Southaven	Mississippi	38671	(662) 655-0088	1
Melissa Moran	851 NW 45th Street Suite #207	Gladstone	Missouri	64116	(816) 455-9300	1
Donald Johnson	118 Centre on the Lake	Lake St. Louis	Missouri	63367	(636) 695-3140	1
Lisa Egan	517 SE 2 <sup>nd</sup> Street, Suite B	Lees Summit	Missouri	64063	(816) 272-5741	1
Lisa Brinley	12300 Old Tesson Rd., Suite #200-A	St. Louis	Missouri	63128	(314)722-4303	2



<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
Eugene Davis	31-B Allen Avenue Suite # 160	Webster Groves	Missouri	63119	(314) 968-2273	2
Steven Kunzler	5560 S. Ft. Apache, #110	Las Vegas	Nevada	89148	(702) 802-4511	2
Linda Evans	955 West Craig Road, Suite 114	North Las Vegas	Nevada	89032	(702) 874-4848	1
Shelly Merchant	5458 Longley Lane, Suite B	Reno	Nevada	89511	(775) 828-1800	1
Dwight & Gayle Davis	62 Portsmouth Ave., Suite 4	Stratham	New Hampshire	03885	(603) 583-4580	2
Kevin Herman	1060 N. Kings Highway, Suite 100	Cherry Hill	New Jersey	08034	(856) 216-1920	5
Wayne Sarrow	214 Main Street 2nd Floor	Madison	New Jersey	07940	(973) 360-1500	1
Tony Szatkowski	711 Tennent Road	Manalapan	New Jersey	07726	(732) 866-4488	2
Ken Nicholas	22 Madison Ave., Suite 305	Paramus	New Jersey	07652	(201) 968-5777	3
Isai Shenker	764 Easton Avenue, Suite #8	Somerset	New Jersey	08873	(732) 993-6991	1
Jamie Farina	547 Union Blvd.	Totowa	New Jersey	07512	(973) 362-0130	1
Raja Sankar	116 North Main Street	Elmira	New York	14901	(607) 442-4512	1
David Canfield	115 Newbridge Road	Hicksville	New York	11801	(516) 750-0035	5
Glen Galka	65 Broadway, Suite 1700	New York	New York	10006	(646) 214-2086	4
Jennie Holman	1833 Main Road	Riverhead	New York	11901	(631) 779-3688	1
Jeff Sencer	83 S. Bedford Road, Suite 101	Mount Kisco	New York	10549	(914) 539-7575	3
Gayle Lindroth	35 Manor Road Suite 104	Smithtown	New York	11787	(631) 979-5540	1
Joanne Taylor	1 Elm Street, Suite 2C	Tuckahoe	New York	10707	(914) 703-4844	1
Daniel Pickus	1550 Hendersonville Road, Unit 110	Asheville	North Carolina	28803	(828) 401-1234	1
Ryan Murray	216 Ashville Ave., Suite 30	Cary	North Carolina	27518	(984) 299-6590	1
Jay Scriptor	331 Alcove Road, Suite 200	Mooreville	North Carolina	28117	(704) 461-2400	3
Thurman Godwin	2311 S. 17 <sup>th</sup> St.	Wilmington	North Carolina	28401	(910) 251-8741	2
Tanya Ferber	1122 Prairie Parkway, Suite 101	West Fargo	North Dakota	58078	(701) 809-7300	1
Larry Mason	450 White Pond Drive, Suite 200	Akron	Ohio	44320	(330) 835-9671	2
John Koflowitch	7045 Corporate Way, Suite A	Dayton	Ohio	45459	(937) 424-2280	2
Bob Hoorman	1440 Waterville Monclova Road	Waterville	Ohio	43566	(419) 794-1090	2
Sam Arnold	7370 Kingsgate Way, Suite D	West Chester	Ohio	45069	(513) 755-1127	2
Kean Dillon	635 Park Meadow Road, Suite 109	Westerville	Ohio	43081	(614) 289-1718	1

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Reid Patrick	8988-C South Sheridan	Tulsa	Oklahoma	74133	(918) 574-2273	2
Laurie Stansbury	10605 N. May Ave.	Oklahoma City	Oklahoma	73120	(405) 608-4339	2
Denise Graham	18863 SW Martinazzi Avenue	Tualatin	Oregon	97062	(503) 892-1189	2
Norm Harris	10415 SE Stark Street, Suite F	Portland	Oregon	97216	(503) 257-7787	2
James Reynolds	2659 Commercial St. SE, Suite 270	Salem	Oregon	97302	(503) 990-7112	1
Carly Keck	2814 Walbert Avenue	Allentown	Pennsylvania	18104	(610) 770-2036	2
Jon Kosor	100 Broughton Road, Suite B	Bethel Park	Pennsylvania	15102	(412) 851-3223	1
Nicholas Lattari	7900 Old York Rd, Ste 114-B, Elkins Park House	Elkins Park	Pennsylvania	19027	(215)782-8500	3
Rebekah Terry	1060 South State Street, Suite E	Ephrata	Pennsylvania	17522	(717) 738-0588	1
John Cabrey	573 Yoder Road, Suite 2	Harleysville	Pennsylvania	19438	(215) 699-5400	1
Kevin Herman	1 Raymond Drive, Suite 5	Havertown	Pennsylvania	19083	(610) 789-4700	4
Tim Beckes	356 Freeport St., Suite 100	New Kensington	Pennsylvania	15068	(878) 847-5301	2
Darlene Murphy	Chestnut Hill Towers, 7600 Stenton Ave, Ste 1B	Philadelphia	Pennsylvania	19118	(215)242-2221	1
David Goodwin	820 Township Line Road Suite #L-1	Yardley	Pennsylvania	19067	(215) 579-2755	1
Scott Gerson	1541 E. Market Street	York	Pennsylvania	17403	(717) 920-0707	3
Chad Neighbors	60 Quaker Lane Suite 63	Warwick	Rhode Island	02886	(401) 825-7200	1
Virginia Ricketts	4122 Clemson Blvd., Suite 3-G	Anderson	South Carolina	29621	(864) 844-9151	1
Courtney Bohman	114 Williams St., Suite B	Greenville	South Carolina	29601	(864) 757-9862	1
Susan Collins	114 Haygood Street, Suite A	Lexington	South Carolina	29072	(803) 399-0639	1
Alexus Gunter	132 Maxwell Avenue	Greenwood	South Carolina	29646	(864) 538-0155	1
Amy Petersen-Smith	359 Wando Place Drive, Suite B	Mt. Pleasant	South Carolina	29464	(843) 628-3486	3
Scott Wellinger	2050 Old Bailey Road, Suite 2-3	Ridgeland	South Carolina	29936	(843) 815-3333	1
Stephen Kowalke	1317 Ebenezer Road, Suite 103	Rock Hill	South Carolina	29732	(803) 329-4357	1
Michael Guidry	7151 Lee Highway Suite #100	Chattanooga	Tennessee	37421	(423) 710-1500	1
Matthew Stephen Doug	109 Holiday Court, Suite D1	Franklin	Tennessee	37067	(615) 591-7007	4

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
James Marter	1779 Kirby Parkway, Suite 5A	Germantown	Tennessee	38138	(901) 753-7520	2
Timothy Palenkas	1645 Downtown West Blvd, Suite 34	Knoxville	Tennessee	37919	(865) 293-5900	2
Laurel Griggs	4001 E. 29 <sup>th</sup> St., Suite 190	Bryan	Texas	77802	(979) 314-9771	1
Scott Archer	2075 FM 2673, Suite E	Canyon Lake	Texas	78133	(210) 660-3634	1
Stephen Conway	1307 8 <sup>th</sup> Avenue, Suite 311	Fort Worth	Texas	76104	(817) 344-7948	1
Joanna Araiza	1110 Main Street	Garland	Texas	75040	(214) 712-4890	1
David Chan	11106 Bammel N. Houston Road, Suite A	Houston	Texas	77066	(281) 919-1876	2
Eduardo Visbal-Insignares	1919 North Loop West, Suite 443	Houston	Texas	77008	(832) 900-5194	1
Faith Brockers	1100 Gulf Freeway South, Suite 110	League City	Texas	77573	(281) 316-6006	1
Yvonne Adeuga	1720 W. Virginia St., Suite B	McKinney	Texas	75069	(469) 907-5600	1
Lincoln Richardson	12280 Broadway Building 1-Office 1119	Pearland	Texas	77584	(346) 501-4357	1
Muhammed Shahnawaz	1143 Rockingham Road #114	Richardson	Texas	75080	(214) 361-7943	3
Martin Hayes	1201 Sam Bass Road	Round Rock	Texas	78681	(512) 388-4357	2
Terri Hooper	4837 Fredricksburg Road, Bldg D	San Antonio	Texas	78229	(210) 810-3535	3
Wendy McHaney	502 W. Colorado Suite B	Victoria	Texas	77901	(361) 894-8901	1
Jaschica Shelley	2801 N. Highway 77, Suite 210	Waxahachie	Texas	75165	(469) 570-6510	1
Andrew Egbert	2019 East Riverside Dr., Suite A102	St. George	Utah	84790	(435) 652-2155	1
Bella Desai	7910 Andrus Road, Suite 16	Alexandria	Virginia	22306	(571) 457-4894	1
Fred Haar	3040 Berkmar Drive, Suite B	Charlottesville	Virginia	22901	(866) 584-7011	1
Tamela Fletcher	8318 Arlington Blvd., Suite 102	Fairfax	Virginia	22031	(703) 940-1515	1
Alyssa Valentine	9165 Atlee Road	Mechanicsville	Virginia	23116	(804) 277-2780	1
Larry Mincey, Jr.	257 Wadsworth Drive	Richmond	Virginia	23236	(804) 823-6595	2
Bethlehem Tilahun	2200 Optiz Blvd., Suite 105B	Woodbridge	Virginia	22191	(571) 343-5907	1
Pete Jelinek	1101 Harvey Road NE, Unit 101	Auburn	Washington	98002	(425) 656-8811	3
Tiffany Murphy	104 S. Freya Street, Suite 114	Spokane	Washington	99202-4868	(509) 922-4333	1

<b>Franchisee Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Phone</b>	<b># of Units</b>
<i>Alex Ketter</i>	<i>556 Lilly Road SE, Suite D</i>	<i>Olympia</i>	<i>Washington</i>	<i>98501</i>	<i>(360) 742-5300</i>	<i>1</i>
<i>Mandy McCollum</i>	<i>616 The Parkway</i>	<i>Richland</i>	<i>Washington</i>	<i>99352</i>	<i>(509) 578-5784</i>	<i>1</i>
<i>JTH Ventures, Inc.</i>	<i>2501 S. Onieda St., Suite B</i>	<i>Appleton</i>	<i>Wisconsin</i>	<i>54915</i>	<i>(920)749-9700</i>	<i>1</i>
<i>Dennis Fleischer</i>	<i>4726 East Towne Blvd., Suite 120</i>	<i>Madison</i>	<i>Wisconsin</i>	<i>53704</i>	<i>(608) 729-5365</i>	<i>2</i>
<i>Sara Kregel</i>	<i>710 Eastern Avenue, Suite 2</i>	<i>Plymouth</i>	<i>Wisconsin</i>	<i>53073</i>	<i>(920) 400-1336</i>	<i>1</i>
<i>Ivan Payes</i>	<i>6211 Durand Avenue, Suite 101</i>	<i>Racine</i>	<i>Wisconsin</i>	<i>53406</i>	<i>(262) 554-7783</i>	<i>1</i>
<i>Gil Atanasoff</i>	<i>1603 Capitol Avenue, Suite 411E</i>	<i>Cheyenne</i>	<i>Wyoming</i>	<i>82001</i>	<i>(970) 658-8228</i>	<i>1</i>

**LIST OF FRANCHISEES WHO HAD SIGNED FRANCHISE AGREEMENTS  
BUT WERE NOT OPEN AS OF DECEMBER 31, 2022**

<i>Franchisee Name</i>	<i>Street Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Phone</i>	<i># of Units</i>
Cort Peters	111 North Broadway	Escondido	California	92025	(442) 777-7437	1
Hector Munoz	15375 Barranca Parkway, Suite I-105	Irvine	California	92618	(949) 749-2273	1
Mujaji Law	31462 Buckeye Way	Menifee	California	92584	(619) 252-6325	1
Juan Mejia	Carrera 23#103-17 Apt 420	Bogota	Colombia	11001	57 3138635943	1
Brandon Rippo	5656 Corporate Way	West Palm Beach	Florida	33407	(561) 445-4699	1
June DesChamps	5882 Newnan Court	Austell	Georgia	30106	(678) 776-0458	1
Tamara Clay	3701 Oldenberg Court	Upper Marlboro	Maryland	20772	(202) 256-3088	1
Karen Munguia	207 Washington Heights Med Center	Westminster	Maryland	21157	(240) 302-6203	1
Patrick Reardon	6750 Stillwater Blvd. North, Suite 4	Stillwater	Minnesota	55082	(651) 571-2225	1
Casey McDaniel	5790 Brentridge Drive	Excelsior	Minnesota	55331	(847) 302-6486	1
Morgan Schliem	1220 Hudson Street	Hoboken	New Jersey	07030	(616) 212-8116	1
Erik Drotleff	635 Cox Road, Suite F	Gastonia	North Carolina	28216	(832) 689-9026	1
Ryan Murray	216 Ashville Avenue, Suite 30	Cary	North Carolina	27518	(984) 299-6590	1
Cody Johnson	840 N. Park Road, Suite 105	Wyomissing	Pennsylvania	19610	(610) 780-8380	1
Purushottam Naktode	1415 Valley Trail	Irving	Texas	75063	(972) 693-3505	1
Ira Crawford	1177 S. Main Street	Smithfield	Utah	84335	(435) 764-6887	1
Derrick Jones	18 Columbia Way	Stafford	Virginia	22554	(803) 549-8693	1
Harman Kaur	31038 44 <sup>th</sup> Avenue South	Auburn	Washington	98001	(409) 779-8895	1

**EXHIBIT E**

**LIST OF FORMER FRANCHISEES**

(As of December 31, 2022)

<p>John Skelton 600 East Baseline Road, A-1 Tempe, AZ 85283 (480) 745-2493 (Termination 1 Unit) (Continues to Operate Another Unit in the System)</p>	<p>Hiten Adhvaryu 17195 New Hope Street, Suite 201 Fountain Valley, CA 92708 (714) 497-8403 (Termination 1 Unit) (Continues to Operate Another Unit in the System)</p>	<p>Dianna McRae 16933 Parthena Street, Suite 205 Northridge, CA 91343 (818) 368-6313 (Termination 2 Units)</p>
<p>Jennifer Fernandez 11722 Sorrento Valley Road, Suite G San Diego, CA 92121 (858) 523-9170 (Termination 1 Unit)</p>	<p>Larry Tonti 15200 Hesperian Blvd., Suite 200 San Leandro, CA 94578 (925) 286-4170 (Termination 1 Unit)</p>	<p>Kerry Goss 72096 Dunham Way, Suite H Thousand Palms, CA 92276 (760) 567-1061 (Termination 1 Unit)</p>
<p>Kevin Person 8222 South Holly Street Centennial, CO 80122 (702) 232-7711 (Transfer 1 Unit)</p>	<p>Gil Atanasoff 3101 Kintzley Court, Unit J La Porte, CO 80535 (970) 215-0654 (Transfer 1 Unit)</p>	<p>Michael Mohl 1325 S. Congress Avenue, Suite 105-106 Boynton Beach, FL 33426 (561) 969-9990 (Transfer 1 Unit)</p>
<p>Michael Dumbrell 611 Druid Road East, Suite 715 Clearwater, FL 33756 (727) 252-6737 (Transfer 1 Unit)</p>	<p>Anette Wellington 5830 Sheridan Street Hollywood, FL 33021 (954) 437-9880 (Terminated 1 Unit) (Continues to Operate Other Units in the System)</p>	
<p>Pamela Hodgson 294 South Main Street, Suite 500 Alpharetta, GA 30009 (770) 442-2154 (Reacquired by Franchisor 5 Units)</p>	<p>Kimbra Waters 340 Eisenhower Drive, Suite 250 Savannah, GA 31406 (914) 772-4869 (Termination 1 Unit)</p>	<p>Joel Erickson 110 N. Woodruff Avenue Idaho Falls, ID 83401 (208) 757-9109 (Transfer 1 Unit)</p>
<p>Christopher T. Dexter 9611 West 165<sup>th</sup> Street, Suite 16 Orland Park, IL 64067 (847) 849-0542 (Termination – 1 Unit)</p>	<p>Christopher Nieman 73 Cavalier Blvd, Suite 127 Florence, KY 41042 (859) 801-1878 (Transfer 1 Unit)</p>	<p>Barbara Roden 2040 Raybrook Street SE, Suite 208 Grand Rapids, MI 49546 (616) 557-7000 (Termination 2 Units) (Continues to Operate Other Units in the System)</p>
<p>Robert Sanders 244 Douglas Avenue</p>	<p>Alicia Saykao 1501 Southcross Drive West</p>	<p>Jered Jerome 517 SE 2<sup>nd</sup> Street, Suite B</p>

Holland, MI 49424 (616) 368-9495 (Termination 1 Unit)	Burnsville, MN 55306 (651) 341-9398 (Transfer 1 Unit)	Lee's Summit, MO 64063 (316) 461-3049 (Transfer 1 Unit)
Keith Bustin 111 South 40 <sup>th</sup> Avenue, Suite 20 Hattiesburg, MS 39402 (601) 606-9970 (Transfer 1 Unit)	Tony Szatkowski 711 Tennent Road Manalapan, NJ 07726 (732) 866-4488 (Transfer 1 Unit)	Kevin Herman 67 Lacey Road, Unit 6 Whiting, NJ 08759 (267) 249-5721 (Termination 1 Unit) (Continues to Operate Other Units in the System)
J. David Massey 5007 Southpark Drive, Suite 200-H Durham, NC 28813 (317) 432-7749 (Termination 3 Units)	Lance Hansen 3620 SE Powell Blvd, Suite 202 Portland, OR 97202 (360) 831-7402 (Transfer 2 Units)	Pamela Bartlett 2814 Walbert Avenue Allentown, PA 18104 (610) 730-2887 (Transfer 2 Units)
Carol Trent 4000 Hempfield Plaza Blvd., Suite 918 Greensburg, PA 15601 (724) 834-5720 (Transfer 1 Unit)	Carly Keck 185 Interchange Road Lehighton, PA 18235 (443) 417-6765 (Termination 1 Unit)	Bobbi Emmanuel 1541 East Market Street York, PA 17403 (717) 756-9132 (Transfer 3 Units)
David Hanley 4124 Highway 17 Business, Suite E Murrells Inlet, SC 29576 (339) 236-9301 (Transfer 1 Unit)	Patrick Iyere 5330 North MacArthur Blvd, Suite 120 Irving, TX 75038 (508) 326-3355 (Termination 1 Unit)	Bent Schoellhorn 1143 Rockingham Road, #114 Richardson, TX 75080 (972) 365-8471 (Reacquired by Franchisor 2 Units)
Jeremy Hancock 3225 East 3300 South Salt Lake City, UT 84109 (801) 855-3534 (Termination 1 Unit)	Jeff Feibelkorn 9165 Atlee Road Mechanicsville, VA 23116 (804) 310-8155 (Transfer 1 Unit)	

**EXHIBIT F**  
**FINANCIAL STATEMENTS**



# SH Franchising, LLC

Financial Statements

As of and for the year ended December 31, 2022

and for the period April 1, 2021 through December 31, 2021 (Successor Periods)

and the period January 1, 2021 through March 31, 2021 (Predecessor Period)



**SH Franchising, LLC**  
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## Independent Auditor's Report

Board of Directors  
SH Franchising, LLC  
Towson, MD

### **Opinion**

We have audited the financial statements of SH Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, member equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **Prior Year Audited by Other Auditors**

The 2021 financial statements were audited by other auditors and their report thereon, dated April 7, 2022, expressed an unmodified opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

# FORVIS

In performing an audit in accordance with GAAS, we:

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

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

**FORVIS,LLP**

**Tysons, VA  
March 22, 2023**

**SH Franchising, LLC**  
**Balance Sheets**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,917,810	\$ 8,482,609
Accounts receivable, net	912,985	765,088
Prepaid and other current assets	887,446	498,679
Current portion of deferred franchise fee costs	120,547	93,251
Current portion of notes receivable	12,226	28,287
<b>Total current assets</b>	<u>10,851,014</u>	<u>9,867,914</u>
Property and equipment, net	734,290	818,269
Deferred franchise fee costs, net of current portion	1,263,390	934,000
Notes receivable, net of current portion	27,274	33,528
Related party receivables	1,005,121	930,817
Operating lease right of use assets	1,408,052	1,697,440
Goodwill, net	60,703,492	68,061,490
Intangible assets, net	76,892,510	86,407,499
<b>Total assets</b>	<u><u>\$ 152,885,143</u></u>	<u><u>\$ 168,750,957</u></u>

*(Continued)*

**SH Franchising, LLC**  
**Balance Sheets**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Liabilities and Member Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 163,720	\$ 252,130
Accrued payroll	934,146	1,405,251
Accrued expenses	75,733	332,141
Current portion of deferred revenue	291,693	428,664
Current portion of operating lease liabilities	300,162	289,727
Current portion of debt	5,381,784	5,114,747
<b>Total current liabilities</b>	<u>7,147,238</u>	<u>7,822,660</u>
<b>Long term liabilities</b>		
Debt, net of current portion	54,503,469	59,885,253
Deferred revenue, net of current portion	2,216,133	1,601,136
Operating lease liabilities, net of current portion	1,345,388	1,645,550
<b>Total liabilities</b>	<u>65,212,228</u>	<u>70,954,599</u>
<b>Member equity</b>		
Member capital	105,641,086	105,641,086
Accumulated deficit	(17,968,171)	(7,844,728)
<b>Total member equity</b>	<u>87,672,915</u>	<u>97,796,358</u>
<b>Total liabilities and member equity</b>	<u>\$ 152,885,143</u>	<u>\$ 168,750,957</u>

*See accompanying notes to financial statements.*

**SH Franchising, LLC**  
**Statements of Operations**

	Successor		Predecessor
	For year ended December 31, 2022	For the period April 1, 2021 through December 31, 2021	For the period January 1, 2021 through March 31, 2021
<b>Revenue</b>			
Royalties	\$ 18,600,846	\$ 13,095,279	\$ 4,220,853
General marketing fund fees	4,013,250	2,099,508	688,674
Franchise sales fees	850,474	522,961	177,377
Other	1,459,556	822,578	277,557
<b>Total net revenue</b>	<b>24,924,126</b>	<b>16,540,326</b>	<b>5,364,461</b>
<b>Operating costs and expenses</b>			
Cost of service expenses	1,645,094	1,210,587	348,246
Marketing expenses	4,078,846	2,595,746	721,905
Salaries and wages	6,368,452	4,384,621	2,665,031
General and administrative expenses	2,836,641	2,243,842	682,887
Depreciation and amortization	17,630,454	13,144,369	3,026,450
<b>Total operating costs and expenses</b>	<b>32,559,487</b>	<b>23,579,165</b>	<b>7,444,519</b>
<b>Loss from operations</b>	<b>(7,635,361)</b>	<b>(7,038,839)</b>	<b>(2,080,058)</b>
<b>Nonoperating loss</b>			
Interest expense	(3,249,787)	(828,750)	(1,230,856)
Acceleration of amortization of deferred issuance costs	—	—	(723,426)
Other income	761,705	22,861	102,778
<b>Total nonoperating loss, net</b>	<b>(2,488,082)</b>	<b>(805,889)</b>	<b>(1,851,504)</b>
<b>Net loss</b>	<b>\$ (10,123,443)</b>	<b>\$ (7,844,728)</b>	<b>\$ (3,931,562)</b>

*See accompanying notes to financial statements.*

**SH Franchising, LLC**  
**Statements of Changes in Member Equity**

<b>Predecessor</b>	<b>Member Capital</b>	<b>Accumulated Deficit</b>	<b>Total Member Equity</b>
<b>Balance- December 31, 2020</b>	\$ 71,231,659	\$ (37,821,556)	\$ 33,410,103
Capital contributed by Parent	820,016	—	820,016
Net loss	—	(3,931,562)	(3,931,562)
<b>Balance - March 31, 2021</b>	<u>\$ 72,051,675</u>	<u>\$ (41,753,118)</u>	<u>\$ 30,298,557</u>
<b>Successor</b>	<b>Member Capital</b>	<b>Accumulated Deficit</b>	<b>Total Member Equity</b>
<b>Balance - April 1, 2021</b>	\$ —	\$ —	\$ —
Recapitalization	182,142,824	—	182,142,824
Distributions to Parent	(76,501,738)	—	(76,501,738)
Net loss	—	(7,844,728)	(7,844,728)
<b>Balance - December 31, 2021</b>	<u>105,641,086</u>	<u>(7,844,728)</u>	<u>97,796,358</u>
Net loss	—	(10,123,443)	(10,123,443)
<b>Balance - December 31, 2022</b>	<u>\$ 105,641,086</u>	<u>\$ (17,968,171)</u>	<u>\$ 87,672,915</u>

*See accompanying notes to financial statements.*



**SH Franchising, LLC**  
**Statements of Cash Flows**

	<b>Successor</b>		<b>Predecessor</b>
	<b>Year Ended December 31, 2022</b>	<b>Period April 1, 2021 through December 31, 2021</b>	<b>Period January 1, 2021 through March 31, 2021</b>
<b>Cash flows from operating activities:</b>			
Net loss	\$ (10,123,443)	\$ (7,844,728)	\$ (3,931,562)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	17,630,454	13,144,369	3,026,450
Amortization of debt issuance costs	—	—	69,154
Reduction in the carrying amount of ROU assets	(339)	(32,573)	—
Share-based compensation expense	—	—	820,016
Paid-in-kind interest on subordinated debt payable	—	—	29,202
Non-recurring gain on sale	(620,305)	—	—
Net provision for doubtful accounts and loans	—	103,351	18,470
Accelerated amortization of deferred issuance costs	—	—	723,426
Net changes in operating assets and liabilities:			
Accounts receivable	(147,897)	300,808	(378,238)
Prepaid and other assets	(388,767)	338,897	23,066
Deferred franchise fee costs	(356,686)	(172,527)	(6,826)
Related party receivables	(74,304)	(1,047,895)	(154,511)
Accounts payable, accrued payroll, and accrued expenses	(815,923)	968,956	730,038
Deferred revenue	478,026	274,513	104,943
Net cash provided by operating activities	<u>5,580,816</u>	<u>6,033,171</u>	<u>1,073,628</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(120,683)	(85,188)	(99,315)
Franchisee repurchases and sales, net	67,500	—	—
Issuance of notes receivable	(39,500)	—	—
Collection of notes receivable	61,815	52,044	37,901
Cash paid for acquisitions, net of cash acquired	—	(179,660,242)	—
Net cash used in investing activities	<u>(30,868)</u>	<u>(179,693,386)</u>	<u>(61,414)</u>
<b>Cash flows from financing activities</b>			
Recapitalization	—	182,142,824	—
Repayment of debt	(5,114,747)	—	(112,500)
Net cash (used in) provided by financing activities	<u>(5,114,747)</u>	<u>182,142,824</u>	<u>(112,500)</u>
<b>Net increase in cash and cash equivalents</b>	<b>435,201</b>	<b>8,482,609</b>	<b>899,714</b>
Cash and cash equivalents, beginning of period	8,482,609	—	1,549,642
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,917,810</b>	<b>\$ 8,482,609</b>	<b>\$ 2,449,356</b>
<b>Supplemental disclosures of cash flow information:</b>			
Settlement of related party notes receivable via distribution to Parent	\$ —	\$ 11,501,738	\$ —
Dividend distribution promissory note to Parent	\$ —	\$ 65,000,000	\$ —
Cash paid during the period for interest	\$ 3,249,787	\$ 552,500	\$ 787,451

*See accompanying notes to financial statements.*

# SH Franchising, LLC

## Notes to the Financial Statements

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### 1. Organization

SH Franchising, LLC (the “Company” or “SHF”), was formed December 10, 2004 under the provisions of the Maryland Limited Liability Company Act. SHF Acquisition Company, Inc. (“Acquisition Company”), a Delaware Corporation, was incorporated on September 22, 2016 for the purpose of acquiring SH Franchising, LLC. During the Predecessor Period, Acquisition Company was a wholly owned subsidiary of SHF Holding Company, LLC (Predecessor Parent). SHF is a franchisor whose franchisees provide in-home, nonmedical care for individuals, operating under the name “Senior Helpers”.

On April 1, 2021, Acquisition Company and SHF were acquired by Advocate Aurora Enterprises, Inc. (“AAE” or “Parent”) who now controls and owns 100% of the Company. In connection with the change of control, AAE elected to apply “pushdown” accounting by applying the guidance in Accounting Standards Codification Topic (“ASC”) 805, Business Combinations, including the recognition of the Company’s assets and liabilities at fair value as of April 1, 2021 (Successor), and similarly recognizing goodwill calculated based on the terms of the transaction and the fair value of the new basis of net assets of the Company.

### 2. Significant Accounting Policies

#### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### Predecessor and Successor Accounting

As a result of the business combination described above, the Company applied the acquisition method of accounting, which requires assets acquired and liabilities assumed to be reflected at estimated fair value at the acquisition date. All periods prior to the closing of the combination reflect the historical accounting basis in the Company’s assets and liabilities and are labeled “Predecessor.”

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

## **Recently Adopted Accounting Standards**

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. In July 2018, the FASB issued an update to ASU No. 2016-02 in the form of ASU No. 2018-10, which provided clarification around certain guidance in the new lease standard. The new standard, as amended, is effective for entities for the fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier adoption is permitted. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The new standard provides several practical expedients that can be adopted at transition and for an entity’s ongoing accounting. The Company early adopted the new standard effective April 1, 2021, upon acquisition by AAE, using the modified retrospective approach. Since Topic 842 was adopted in conjunction with purchase accounting, the cumulative adjustment was recorded directly to goodwill. The Company also elected the “package of practical expedients,” which allows the Company not to reassess its prior conclusions regarding lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Company. The most significant effects related to this adoption relate to (1) the recognition of new ROU assets and lease liabilities on the balance sheet; and (2) significant new disclosures about the Company’s leasing activities.

## **Cash and Cash Equivalents**

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Company places its cash in high quality financial institutions in which deposits may, from time to time, be in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on cash.

## **Accounts Receivable, Net**

Accounts receivable, net are stated as amounts due from franchisees and companion care customers, net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on a review of the current status of existing receivables and historical collection experience.

Write-offs are charged to the allowance when accounts are deemed to be uncollectible. The Company recorded an allowance for doubtful accounts of \$6,608 as of December 31, 2022 and 2021.

## Notes Receivable

Notes receivable consist of financed franchise fees with current franchisees. Notes are issued between 7% to 8% interest rate which accrues per annum and mature within three years. Franchisees make monthly principal and interest payments towards the outstanding balances over the lives of the notes. The Company evaluates the collectability of the notes and establishes an allowance when a note is deemed to be uncollectible. When a note is deemed to be uncollectible, the Company either directly writes-off the amount or it is charged to the allowance. There was no allowance for doubtful notes recorded as of December 31, 2022 and 2021.

## Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives:

Leasehold improvements	Shorter of estimated useful life or life of lease
Computer equipment	3 years
Furniture and fixtures	3 - 7 years

Significant additions or improvements extending the useful life of an asset are capitalized. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to expense as incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the statement of operations.

The Company accounts for website development costs in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-50, *Website Development Costs*. Accordingly, costs incurred in the planning stage and operating stage are expensed as incurred while costs incurred in the application development stage and infrastructure development stage are capitalized, assuming such costs are deemed to be recoverable. Any fair value related to this asset as of April 1, 2021 (Successor Period), is included within the developed care program intangible.

## Operating Lease Right-of-use Assets

The Company records an operating lease right-of-use asset (an asset that represents the Company's right to use the leased asset for the lease term) for leases that do not meet the criteria as a sales-type lease or a direct financing lease.

The Company records operating lease right-of-use assets at the present value of future lease payments, adding initial direct costs and prepaid lease payments, reduced by any lease incentives. Operating lease right-of-use assets are amortized using the straight-line method over the related lease term. Amortization of operating lease right-of-use assets is included in general and administrative expenses in the statement of operations.

## Goodwill

The Company amortizes goodwill on a straight-line basis over a ten-year period. The ten-year useful life will be revised if warranted by changing events and circumstances.

The Company is required to test goodwill for impairment when triggering events occur. Specifically, an impairment test is required whenever an event occurs or circumstances change that indicates the fair value of the entity may be below its carrying amount, including goodwill.

No triggering events occurred during the years ended December 31, 2022 and 2021.

## Intangible Assets

The cost of intangible assets with determinable lives is amortized on a straight-line basis over the estimated period of economic benefit, as follows:

	Successor	Predecessor
Trademark	10 years	10 years
Franchise relationships	10 years	15 years
Developed care programs (Systems in place)	10 years	8 years
Non-compete	2 years	—
Repurchased franchise rights	3 years	—

## Impairment of Long-Lived Assets

The Company evaluates the recoverability of intangible assets and other long-lived assets with finite lives whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. Such circumstances could include but are not limited to (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company compares the carrying amount of the asset to the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured based on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. No impairment losses were recorded for the years ended December 31, 2022 and 2021.

## **Debt Issuance Costs**

Debt issuance costs related to obtaining debt financing were capitalized and amortized over the term of the related debt using the straight-line method, which approximated the effective interest method. Costs which were incurred related to the Company's revolving line of credit were capitalized as an asset, whereas any related costs associated with the term loans and secured subordinated notes were presented as a discount to long-term debt.

In connection with the April 1, 2021, transaction, on March 31, 2021 (Predecessor Period), the Company accelerated the amortization of debt issuance costs of \$723,426. Amortization of debt issuance costs charged to operations for the year ended December 31, 2022, and for the period April 1, 2021, through December 31, 2021 (Successor Periods) and for the period January 1, 2021 through March 31, 2021 (Predecessor Period) was \$0, \$0 and \$69,154, respectively, and is presented as a component of interest expense in the statement of operations.

## **Revenue Recognition**

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company recognizes revenue only when it satisfies a performance obligation by transferring a promised good or service to the customer. The good or service is considered to be transferred when the customer obtains control, meaning when the customer has the ability to direct the use and obtain substantially all of the remaining benefits of the good or service. At each contract inception, the Company determines, whether control of a good or service transfers to a customer over time or at a point in time.

The terms of the franchise contracts are typically ten years. As of December 31, 2022, there were 327 franchises operating, 322 franchised and 5 owned by a subsidiary of AAE.

As part of each contract, the Company identified one performance obligation that requires the Company to provide a combination of the following:

- Intellectual Property ("IP") - license grant a non-exclusive right to establish and operate a medical staffing and home medical care service business under the trademarks and systems established as part of the Senior Helpers license during the term of the contract.
- Operations manual and brand specific training services - provide training programs, operating manuals, development of standards, pricing policies - specific to the Senior Helpers brand.
- Marketing services - ongoing local and national advertising programs which are implemented throughout the course of the contract term.
- Continuing consulting services - review of plans and equipment and merchandise selection.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are therefore accounted for as a single performance obligation of providing the franchise license.

In addition, the Company has also determined the following performance obligation is included in the contracts but are distinct from the above performance obligation:

- Non-brand specific training - this training relates to educating the franchisees as to the appropriate business model for operating a franchise. The services could be provided by another third party to the franchisee and do not relate specifically to the license of the Senior Helpers Intellectual property.

The franchise contracts the Company enters into contain the following types of payments:

- Initial fees - franchise contracts require an initial fee that is due and payable when a contract is signed.
- Royalty fees - the Company receives bi-weekly royalty payments based on a percentage of each franchisee's net billings. The franchisee is required to meet certain minimum revenue levels for the payment of these royalty fees in any given month, effective two years after the opening date.
- Brand fund fees - the Company receives bi-weekly marketing fund fees based on the greater of 1% of gross sales (the franchisor has the right to charge up to 2% of gross sales) or \$75 per billing period per territory, to contribute to the local franchise and to the national brand advertising activities directed by the franchisor.
- Marketing assessment fee - the Company receives a bi-weekly payment of \$150, to fund various advertising and marketing initiatives to promote the services offered by the Senior Helpers home care business.
- Monthly technology fees - the Company receives a monthly fee for the use of its technology software. The fee is assessed at a base of \$275 per owner for the year ended December 31, 2022 and increases based on additional users.
- Renewal fees - franchise contracts include renewal options and require the franchisee to pay a renewal fee.
- Transfer fees - franchise contracts include transfer options and require the franchisee to pay a transfer fee.

The Company recognizes revenue for each performance obligation identified within the customer contracts when, or as, the performance obligation is satisfied by transferring the promised goods or services. The Company recognizes revenue over time for the combined franchise license performance obligation and for the non-brand specific training, as these performance obligations involve a continuous transfer of control to the customer.

*Revenue from Contracts with Customers (Topic 606)* identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access, and therefore meets the criteria of recognizing revenue over time. Royalty fees represent the majority of consideration the Company receives under franchise contracts and are recognized over time at the greater of the actual royalty earned or the contract monthly minimum each month. Revenue related to upfront fees allocated to this performance obligation is recognized over time using a straight—line (time lapse) measure of progress as the control of various services are provided to the customer ratably over the term of the contract. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and therefore would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion.

For non-brand specific training, the Company also recognizes revenue over time since the customer simultaneously receives and consumes the benefit as the entity performs the training. Revenue for this performance obligation is recognized over time using an input measures of progress based upon hours of training performed.

Contract liabilities include initial franchise fees received upfront for the right to use the brand “Senior Helpers”. These fees are recognized ratably over the initial term of the individual contract, which typically lasts ten years. The total balance of the contract liabilities, reflected as deferred revenue was \$2,507,826, \$2,029,800, and \$1,650,344 as of December 31, 2022, 2021, and 2020 respectively. Contract assets represent selling fees that are deferred and the expense is recognized over time along with the revenue recognition. The total balance of the contract assets, reflected as deferred franchise fee costs was \$1,383,937, \$1,027,251, and \$847,898 as of December 31, 2022, 2021, and 2020, respectively.

### **Marketing Fund**

General marketing fund fees received from the franchisees are recognized as revenue over time and marketing expenses are recognized when incurred within the Company’s statement of operations. General marketing fund fees were \$4,013,250 and \$2,099,508 for the year ended December 31, 2022, and for the period April 1, 2021 through December 31, 2021 (Successor Periods), respectively and \$688,674 for the period January 1, 2021 through March 31, 2021 (Predecessor Period). Marketing expenses were \$4,078,846 and \$2,595,746 for the year ended December 31, 2022, and for the period April 1, 2021 through December 31, 2021 (Successor Periods), respectively and \$721,905 for the period January 1, 2021 through March 31, 2021 (Predecessor Period).



## **Income Taxes**

The federal government does not recognize an LLC as a classification for federal tax purposes. An LLC with only one member is treated as an entity disregarded as separate from its owner for federal income tax purposes. Therefore, no provision for federal income taxes has been included in the accompanying financial statements. However, the Company is subject to state income taxes on its state taxable income.

## **Consolidation of Variable Interest Entities**

Consolidation of variable interest entities (“VIEs”) applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities with its activities without additional subordinated financial support. A VIE must be by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct the activities that most significantly impact the economic performance of the entity, and that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

The Company considers each franchise arrangement for VIE potential and evaluates such arrangements based upon financial information obtained from these franchisees. Based on this evaluation, the Company has concluded that it is not the primary beneficiary of any of its franchisees.

## **Fair Value Disclosure of Financial Instruments**

The Company’s financial instruments include cash and cash equivalents, accounts receivable and accounts payable for which their carrying amounts approximate fair market value, and long-term debt, which has not been adjusted to fair market value.

### **3. Business Events**

In accordance with ASC Topic 805, “Business Combinations” (“ASC 805”), the Company accounts for acquisitions by applying the acquisition method of accounting. The acquisition method requires, among other things, that the assets acquired, and liabilities assumed in a business combination be measured at their fair values as of the closing date of the acquisition.

As discussed in Note 1, on April 1, 2021, the Company was acquired by AAE for total consideration of \$182,142,824. The acquisition resulted in excess costs over the fair value of the net assets of the business acquired, which was recorded as goodwill in the accompanying balance sheet as of December 31, 2021.

	Estimated Fair Value
Accounts receivable	\$ 1,124,747
Notes receivable	158,359
Prepaid and other current assets	837,576
Deferred franchise fee costs	854,724
Property and equipment	866,449
Related party receivables	11,778,372
Goodwill	73,579,990
Franchise relationships	47,800,000
Tradenames	28,800,000
Developed care programs	15,800,000
Non-compete	1,500,000
Right of use assets	1,875,500
Assumed liabilities	(5,315,475)
<b>Total consideration, net of cash acquired</b>	<b>\$ 179,660,242</b>

The results of operations are included in the statement of operations from the date of the transaction. All transaction costs were recorded by the Parent.

During the year ended December 31, 2022, the Company facilitated the transfer of two franchises to different owners by purchasing the franchises from existing owners and immediately re-selling the franchises to new owners. In conjunction with these transactions, the Company reconfigured the pre-existing franchise territories and retained the rights to resell certain franchise rights that were not previously utilized by the selling franchisees. As a result of these transactions, the Company recognized Repurchased franchise rights of \$552,805, which are reflected within Intangible assets, net within the accompanying balance sheets. The Company also recognized non-recurring gains on these sales of \$620,305 due to the difference between the sale prices and purchase prices, which is reflected within other income on the accompanying statements of operations.

#### **4. Lease Accounting**

The Company leases office space. Leases with an initial term of twelve months or less are not recorded on the balance sheets. The Company does not separate lease and non-lease components for the leases as the non-lease components are not significant to the overall lease costs. The Company uses its estimated incremental borrowing rate to discount the lease payments, as all of the leases do not provide a readily determinable implicit interest rate. The incremental borrowing rate represents the rate of interest that the Company would pay to borrow on a fully collateralized basis over a similar term.

Operating leases are classified as follows within the accompanying balance sheets:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Assets:		
Operating lease right of use assets	\$ 1,408,052	\$ 1,697,440
Liabilities		
Current:		
Current portion of operating lease liabilities	\$ 300,162	\$ 289,727
Noncurrent:		
Operating leases liabilities, less current portion	\$ 1,345,388	\$ 1,645,550

Lease terms, discount rates and other supplemental information are as follows:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Weighted average remaining term (years):		
Operating leases	5.1	6.1
Weighted average discount rate:		
Operating leases	0.94 %	0.94 %
Operating cash flows for operating leases	\$ 306,439	\$ 210,633
ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ 1,875,500

Information related to lease expense for operating leases is as follows:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
General and administrative expenses	\$ 284,833	\$ 210,633

Future maturities of operating lease liabilities at December 31, 2022 are as follows:

2023	\$	314,101
2024		321,953
2025		331,536
2026		339,964
2027		348,463
Thereafter		29,383
Future minimum lease payments		1,685,400
Less remaining imputed interest		(39,850)
Total		1,645,550
Less: current portion of operating lease liabilities		(300,162)
Operating lease liabilities, net of current portion	\$	1,345,388

## 5. Property and Equipment, Net

A summary of property and equipment, net is as follows at:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Leasehold improvements	\$ 603,000	\$ 603,000
Computer equipment	299,691	190,712
Furniture and fixtures	163,340	157,925
Construction in progress	6,289	—
Less: accumulated depreciation and amortization	(338,030)	(133,368)
Property and equipment, net	\$ 734,290	\$ 818,269

Depreciation expense on property and equipment was \$204,662 and \$133,368 for the year ended December 31, 2022 and for the period from April 1 to December 31, 2021 (Successor Periods), respectively and \$176,319 for the period from January 1 to March 31, 2021 (Predecessor Period).

## 6. Goodwill, Net

Goodwill, net consists of the following at:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Goodwill	\$ 73,579,990	\$ 73,579,990
Less: accumulated amortization	(12,876,498)	(5,518,500)
Goodwill, net	\$ 60,703,492	\$ 68,061,490

Amortization expense associated with goodwill was \$7,357,998 and \$5,518,500 for the year ended December 31, 2022 and for the period April 1, 2021 through December 31, 2021 (Successor Periods), respectively and \$1,335,339 for the period January 1, 2021 through March 31, 2021 (Predecessor Period).

Future annual amortization of goodwill is as follows:

<b><i>Years ending December 31,</i></b>	
2023	\$ 7,357,999
2024	7,357,999
2025	7,357,999
2026	7,357,999
2027	7,357,999
Thereafter	23,913,497
	\$ 60,703,492

## 7. Intangibles, Net

Intangible assets consist of the following at:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Trademark	\$ 28,800,000	\$ 28,800,000
Franchise relationships	47,800,000	47,800,000
Developed care programs (Systems in place)	15,800,000	15,800,000
Non-compete	1,500,000	1,500,000
Repurchased franchise rights	552,805	—
	94,452,805	93,900,000
Less: accumulated amortization	(17,560,295)	(7,492,501)
Intangible assets, net	\$ 76,892,510	\$ 86,407,499

Amortization expense on intangible assets was \$10,067,794 and \$7,492,501 for the year ended December 31, 2022 and for the period April 1, 2021 through December 31, 2021 (Successor Periods), respectively and \$1,514,792 for the period January 1, 2021 through March 31, 2021 (Predecessor Period).

Future annual amortization of intangible assets is as follows:

<b><i>Years ending December 31,</i></b>	
2023	\$ 9,611,768
2024	9,424,268
2025	9,346,474
2026	9,240,000
2027	9,240,000
Thereafter	30,030,000
	\$ 76,892,510

## 8. Debt

Debt consisted of the following at:

<b><i>December 31,</i></b>	<b>2022</b>	<b>2021</b>
Dividend payable to Parent, due October 2026	59,885,253	65,000,000
Less: current portion	(5,381,784)	(5,114,747)
Long-term portion, net	54,503,469	59,885,253

Future maturities of debt are as follows as of December 31, 2022:

2023	\$ 5,381,784
2024	5,662,762
2025	5,958,411
2026	42,882,296
	<u>\$ 59,885,253</u>

The Company entered into a dividend distribution promissory note agreement with AAE on September 21, 2021 for a total of \$65,000,000. The full amount of the dividend payable was recorded as a reduction to Member Capital. The Company will make annual principal payments by October 1 of each year until the maturity date of October 1, 2026, when the balance will be due. This amount is included within current portion of debt and debt, net of current portion in the balance sheet as of December 31, 2022 and 2021. The Company is to make monthly interest payments until maturity date. Interest shall accrue on the outstanding principal balance of the note at a per annum rate equal to 5.10% with payments beginning October 1, 2021. During the year ended December 31, 2022 and the period from April 1 to December 31, 2021 (Successor Periods), the Company recorded interest expense of \$3,249,787 and \$828,750, respectively.

In connection with the acquisition by AAE on April 1, 2021, the unpaid principal and accrued interest for outstanding debt was extinguished by the sellers, which totaled \$65,433,972. This extinguishment was a non-cash transaction which occurred "on the line" at close of the transaction and is therefore, not included in the predecessor or successor periods. The associated loss on the write off of debt costs are presented in the Predecessor Period ended March 31, 2021.

## 9. Member Equity

The Company had 1,000 common stock shares authorized and outstanding with a par value of \$0.01 as of December 31, 2022 and 2021.

Under the Predecessor Parent's October 21, 2016, Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"), approved by the Board of Managers, the number of management incentive units initially authorized for issuance was 8,016,667 ("Class C Units"). Under the LLC Agreement, the Predecessor Parent may issue Class C Units to employees, officers, and directors of the Company and persons that otherwise provide services as an advisor or consultant to the Company to align their interests with those of the Company. Class C Units do not have voting rights. In connection with the transaction on April 1, 2021, the vesting of the Class C units was accelerated, and the Company recognized \$820,016 in stock-based compensation expense from January 1 through March 31, 2021 (Predecessor Period). These expenses are included in "salaries and wages" in the Company's statement of operations.

There are no management incentive units or other share-based awards authorized under the Successor Parent.

#### **10. Commitments and Contingencies**

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in ASC 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2022.

#### **11. Retirement Plan**

The Company maintains a tax deferred retirement plan under the provisions of section 401(k) of the Internal Revenue Code to provide retirement benefits for all eligible employees. Participating employees may voluntarily contribute up to limits provided by the Internal Revenue Service regulations. The Company contributed \$162,271 and \$97,127 to the retirement plan during the year ended December 31, 2022 and for the period April 1, 2021 through December 31, 2021 (Successor Periods), respectively, and \$44,252 for the period January 1, 2021 through March 31, 2021 (Predecessor Period).

#### **12. Related Party Transactions**

##### *Successor Period*

On April 30, 2021, the Company settled a revolving promissory note with its affiliate, SH Corporate Company, Inc. ("SH CCI"). The outstanding balance as of the settlement date was \$11,501,738.

As discussed in Note 7, the Company also has an obligation to pay \$59,885,253 to AAE, a related party.

The Company also has related party receivables with SH CCI when the Company pays vendors or transfer funds for other needs. As of December 31, 2022 and December 31, 2021, the Company's receivables from SH CCI were approximately \$1,005,120 and \$930,817, respectively. Subsequent to recapitalization on April 1, 2021, the Company settled payables to SH CCI of \$393,712.

*Predecessor Period*

For the period January 1, 2021 through March 31, 2021 (Predecessor Period), the Company recognized revenue of \$171,865 related to five franchise stores owned by its affiliate.

**13. Subsequent Events**

The Company has evaluated subsequent events through March 22, 2023, which is the date these financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements, except as disclosed above.





## SH Franchising, LLC

### Financial Statements

For the period April 1, 2021 through December 31, 2021 (Successor Period) and the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods)

## **SH Franchising, LLC**

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### **Financial Statements**

For the period April 1, 2021 through December 31, 2021 (Successor Period)  
and the period January 1, 2021 through March 31, 2021  
and the year ended December 31, 2020 (Predecessor Periods)

# SH Franchising, LLC

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## Independent Auditor's Report

Board of Directors  
SH Franchising, LLC  
Towson, Maryland

### *Opinion*

We have audited the financial statements of SH Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2021 (Successor) and 2020 (Predecessor), and the related statements of operations, changes in member's equity, and cash flows for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and for the year ended December 31, 2020 (Predecessor Periods), and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and for the year ended December 31, 2020 (Predecessor Periods) in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

April 7, 2022

## Financial Statements

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# SH Franchising, LLC

## Balance Sheets

<i>As of December 31,</i>	Successor 2021	Predecessor 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 8,482,609	\$ 1,549,642
Accounts receivable, net	765,088	911,740
Prepaid and other current assets	498,679	860,641
Current portion of deferred franchise fee costs	93,251	222,888
Current portion of notes receivable, net	28,287	152,897
<b>Total current assets</b>	<b>9,867,914</b>	<b>3,697,808</b>
Property and equipment, net	818,269	1,751,139
Deferred franchise fee costs, net of current portion	934,000	625,010
Notes receivable, net of current portion	33,528	61,833
Related party receivables	930,817	18,392,390
Operating lease right of use assets	1,697,440	-
Debt issuance costs, net	-	122,627
Goodwill, net	68,061,490	32,048,157
Intangible assets, net	86,407,499	44,217,688
<b>Total assets</b>	<b>\$ 168,750,957</b>	<b>\$ 100,916,652</b>
<b>Liabilities and Member's Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 252,130	\$ 203,673
Accrued payroll	1,405,251	384,043
Accrued expenses	332,141	421,172
Current portion of deferred revenue	428,664	348,445
Current portion of operating lease liabilities	289,727	-
Current portion of debt	5,114,747	450,000
<b>Total current liabilities</b>	<b>7,822,660</b>	<b>1,807,333</b>
<b>Long term liabilities</b>		
Debt, net of current portion and debt issuance cost	59,885,253	64,397,317
Deferred revenue, net of current portion	1,601,136	1,301,899
Operating lease liabilities, net of current portion	1,645,550	-
<b>Total liabilities</b>	<b>70,954,599</b>	<b>67,506,549</b>
<b>Commitments</b>		
<b>Member's equity</b>		
Member's capital	105,641,086	71,231,659
Accumulated deficit	(7,844,728)	(37,821,556)
<b>Total member's equity</b>	<b>97,796,358</b>	<b>33,410,103</b>
<b>Total liabilities and member's equity</b>	<b>\$ 168,750,957</b>	<b>\$ 100,916,652</b>

*See accompanying notes to financial statements.*

# SH Franchising, LLC

## Statements of Operations

	Successor	Predecessor	
	For the period April 1, 2021 through December 31, 2021	For the period January 1, 2021 through March 31, 2021	For year ended December 31, 2020
<b>Revenue</b>			
Royalties	\$ 13,095,279	\$ 4,220,853	\$ 16,123,602
General marketing fund fees	2,099,508	688,674	2,640,727
Franchise sales fees	522,961	177,377	686,254
Other	822,578	277,557	1,039,294
<b>Total net revenue</b>	<b>16,540,326</b>	<b>5,364,461</b>	<b>20,489,877</b>
<b>Operating costs and expenses</b>			
Cost of service expenses	1,210,587	348,246	1,242,910
Marketing expenses	2,595,746	721,905	3,120,009
Salaries and wages	4,384,621	2,665,031	4,583,900
General and administrative expenses	2,243,842	682,887	2,914,199
Depreciation and amortization	13,144,369	3,026,450	12,195,483
<b>Total operating costs and expenses</b>	<b>23,579,165</b>	<b>7,444,519</b>	<b>24,056,501</b>
<b>Loss from operations</b>	<b>(7,038,839)</b>	<b>(2,080,058)</b>	<b>(3,566,624)</b>
Interest expense	(828,750)	(1,230,856)	(5,408,468)
Acceleration of amortization of deferred issuance costs	-	(723,426)	-
Other income	22,861	102,778	644,817
<b>Net loss</b>	<b>\$ (7,844,728)</b>	<b>\$ (3,931,562)</b>	<b>\$ (8,330,275)</b>

*See accompanying notes to financial statements.*



# SH Franchising, LLC

## Statements of Changes in Member's Equity

<b>Predecessor</b>	Member Capital	Accumulated Deficit	Total Member's Equity
<b>Balance - December 31, 2019</b>	\$ 70,867,289	\$ (29,491,281)	\$ 41,376,008
Capital contributed by Parent	364,370	-	364,370
Net loss	-	(8,330,275)	(8,330,275)
<b>Balance - December 31, 2020</b>	\$ 71,231,659	\$ (37,821,556)	\$ 33,410,103
Capital contributed by Parent	820,016	-	820,016
Net loss	-	(3,931,562)	(3,931,562)
<b>Balance - March 31, 2021</b>	\$ 72,051,675	\$ (41,753,118)	\$ 30,298,557
<b>Successor</b>			
<b>Balance - April 1, 2021</b>	\$ -	\$ -	\$ -
Recapitalization	182,142,824	-	182,142,824
Distributions to Parent	(76,501,738)	-	(76,501,738)
Net loss	-	(7,844,728)	(7,844,728)
<b>Balance - December 31, 2021</b>	\$ 105,641,086	\$ (7,844,728)	\$ 97,796,358

*See accompanying notes to financial statements.*

# SH Franchising, LLC

## Statements of Cash Flows

	Successor	Predecessor	
	For the period April 1, 2021 through December 31, 2021	For the period January 1, 2021 through March 31, 2021	For year ended December 31, 2020
<b>Cash flows from operating activities:</b>			
Net loss	\$ (7,844,728)	\$ (3,931,562)	\$ (8,330,275)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	13,144,369	3,026,450	12,195,483
Amortization of debt issuance costs	-	69,154	300,161
Reduction in the carrying amount of ROU assets	(32,573)	-	-
Share-based compensation expense	-	820,016	364,370
Paid-in-kind interest on subordinated debt payable	-	29,202	134,808
Net provision for doubtful accounts and loans	103,351	18,470	-
Accelerated amortization of deferred issuance costs	-	723,426	-
Net changes in operating assets and liabilities:			
Accounts receivable	300,808	(378,238)	456,825
Prepaid and other assets	338,897	23,066	(304,320)
Deferred franchise fee costs	(172,527)	(6,826)	(449,142)
Related party receivables	(1,047,895)	(154,511)	(204,979)
Accounts payable, accrued payroll, and accrued expenses	968,956	730,038	(79,905)
Deferred revenue	274,513	104,943	397,796
<b>Net cash provided by operating activities</b>	<b>6,033,171</b>	<b>1,073,628</b>	<b>4,480,822</b>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(85,188)	(99,315)	(486,618)
Collection of notes receivable	52,044	37,901	525,900
Advances on related party revolving promissory notes	-	-	(2,395,023)
Cash paid for acquisitions, net of cash acquired	(179,660,242)	-	-
<b>Net cash used in investing activities</b>	<b>(179,693,386)</b>	<b>(61,414)</b>	<b>(2,355,741)</b>
<b>Cash flows from financing activities:</b>			
Borrowings on revolving line commitment	-	-	1,450,000
Recapitalization	182,142,824	-	-
Repayment of debt	-	(112,500)	(2,459,000)
<b>Net cash provided by (used in) financing activities</b>	<b>182,142,824</b>	<b>(112,500)</b>	<b>(1,009,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,482,609</b>	<b>899,714</b>	<b>1,116,081</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>-</b>	<b>1,549,642</b>	<b>433,561</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 8,482,609</b>	<b>\$ 2,449,356</b>	<b>\$ 1,549,642</b>
<b>Supplemental disclosures of cash flow information:</b>			
Settlement of related party notes receivable via distribution to Parent	\$ 11,501,738	\$ -	\$ -
Dividend distribution promissory note to Parent	\$ 65,000,000	\$ -	\$ -
Cash paid during the period for interest	\$ 552,500	\$ 787,451	\$ 4,945,325

*See accompanying notes to financial statements.*

# SH Franchising, LLC

## Notes to the Financial Statements

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### 1. Organization

SH Franchising, LLC (the “Company” or “SHF”), was formed December 10, 2004 under the provisions of the Maryland Limited Liability Company Act. SHF Acquisition Company, Inc. (“Acquisition Company”), a Delaware Corporation, was incorporated on September 22, 2016 for the purpose of acquiring SH Franchising, LLC. During the Predecessor Period, Acquisition Company was a wholly owned subsidiary of SHF Holding Company, LLC (Predecessor Parent). SHF is a franchisor whose franchisees provide in-home, nonmedical care for individuals, operating under the name “Senior Helpers”.

On April 1, 2021 Acquisition Company and SHF were acquired by Advocate Aurora Enterprises, Inc. (“AAE” or “Parent”) who now controls and owns 100% of equity of the Company. In connection with the change of control, AAE elected to apply “pushdown” accounting by applying the guidance in Accounting Standards Codification Topic (“ASC”) 805, Business Combinations, including the recognition of the Company’s assets and liabilities at fair value as of April 1, 2021 (Successor), and similarly recognizing goodwill calculated based on the terms of the transaction and the fair value of the new basis of net assets of the Company.

### 2. Significant Accounting Policies

#### *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### *Predecessor and Successor Accounting*

As a result of the business combination described above, the Company applied the acquisition method of accounting, which requires assets acquired and liabilities assumed to be reflected at estimated fair value at the acquisition date. All periods prior to the closing of the combination reflect the historical accounting basis in the Company’s assets and liabilities and are labeled “Predecessor.”

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### *Recently Adopted Accounting Standards*

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. In July 2018, the FASB issued an update to ASU No. 2016-02 in the form of ASU No. 2018-10, which provided clarification around certain guidance in the new lease standard. The new standard, as amended, is effective for entities for the fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after

# SH Franchising, LLC

## Notes to the Financial Statements

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December 15, 2022. Earlier adoption is permitted. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The new standard provides several practical expedients that can be adopted at transition and for an entity's ongoing accounting. The Company early adopted the new standard effective April 1, 2021, upon acquisition by AAE who had adopted the standard in a prior year, using the modified retrospective approach. The Company also elected the "package of practical expedients," which allows the Company not to reassess its prior conclusions regarding lease identification, lease classification and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Company. The most significant effects related to this adoption relate to (1) the recognition of new ROU assets and lease liabilities on the consolidated balance sheet; and (2) significant new disclosures about the Company's leasing activities. Refer to Note 4, "Leases", for a discussion regarding leases under the new standard.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three (3) months or less. The Company places its cash in high quality financial institutions in which deposits may, from time to time, be in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on cash.

### ***Accounts Receivable, Net***

Accounts receivable, net are stated as amounts due from franchisees and companion care customers, net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on a review of the current status of existing receivables and historical collection experience.

Write-offs are charged to the allowance when accounts are deemed to be uncollectible. The Company recorded an allowance for doubtful accounts of \$6,608 and \$19,870 as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

### ***Notes Receivable, Net***

Notes receivable consist of financed franchise fees with current franchisees. Notes are issued between 7% to 8% interest rate which accrues per annum and mature within seven (7) years. Franchisees make monthly principal and interest payments towards the outstanding balances over the lives of the notes. The Company evaluates the collectability of the notes and establishes an allowance when a note is deemed to be uncollectible. When a note is deemed to be uncollectible, the Company either directly writes-off the amount or it is charged to the allowance. There was no allowance for doubtful accounts recorded as of December 31, 2021 and 2020.

# SH Franchising, LLC

## Notes to the Financial Statements

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### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives:

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Website and software in development	3 - 5 years
Leasehold improvements	Shorter of estimated useful life or life of lease
Computer equipment	3 years
Furniture and fixtures	3 - 7 years
Equipment	3 - 5 years

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Significant additions or improvements extending the useful life of an asset are capitalized. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to expense as incurred. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the statement of operations.

The Company accounts for website development costs in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350-50, *Website Development Costs*. Accordingly, costs incurred in the planning stage and operating stage are expensed as incurred while costs incurred in the application development stage and infrastructure development stage are capitalized, assuming such costs are deemed to be recoverable. Costs capitalized for website development are included as a component of property and equipment on the balance sheet during the predecessor period and any fair value related to this asset as of April 1, 2021 (Successor Period), is included within the developed care program intangible.

### ***Goodwill***

The Company amortizes goodwill on a straight-line basis over a ten-year period. The ten (10) year useful life will be revised if warranted by changing events and circumstances.

The Company is required to test goodwill for impairment when triggering events occur. Specifically, an impairment test is required whenever an event occurs or circumstances change that indicates the fair value of the entity may be below its carrying amount, including goodwill.

When a triggering event occurs, the Company has an option to first perform a qualitative assessment to determine whether it is more likely than not (i.e., >50% likely) that the fair value of the entity is less than its carrying amount. If the Company elects to use the qualitative option, it must decide whether it is more than 50% likely that the fair value of the entity is less than its carrying amount. If so, the one-step impairment test is required. However, if management concludes that fair value exceeds to carrying amount, further testing is unnecessary. Goodwill impairment is calculated as the amount by which the carrying amount of the entity including goodwill exceeds its fair value. No impairment loss was recorded for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods).

# SH Franchising, LLC

## Notes to the Financial Statements

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### *Intangible Assets*

Intangible assets with determinable lives consist of a trademark, franchise relationships and systems in place. The cost of intangible assets with determinable lives is amortized on a straight-line basis over the estimated period of economic benefit, as follows:

	Successor	Predecessor
Trademark	10 years	10 years
Franchise relationships	10 years	15 years
Developed care programs (Systems in place)	10 years	8 years
Non-compete	2 years	-

### *Impairment of Long-Lived Assets*

The Company evaluates the recoverability of intangible assets and other long-lived assets with finite lives whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. Such circumstances could include but are not limited to (1) a significant decrease in the market value of an asset, (2) a significant adverse change in the extent or manner in which an asset is used, or (3) an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset. The Company compares the carrying amount of the asset to the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized. The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. The fair value is measured based on quoted market prices, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation of asset impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. No impairment losses were recorded for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods).

### *Debt Issuance Costs*

Debt issuance costs relating to obtaining debt financing are capitalized and amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Costs which are incurred related to the Company's revolving line of credit are capitalized as an asset, whereas any related costs associated with the term loans and secured subordinated notes are presented as a discount to long-term debt.

Amortization of debt issuance costs charged to operations for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods) was \$0, \$69,154, and \$300,161, respectively, and is presented as a component of interest expense in the statement of operations.

In connection with the April 1, 2021 transaction, on March 31, 2021 (Predecessor Period), the Company accelerated the amortization of debt issuance costs of \$723,426.

# SH Franchising, LLC

## Notes to the Financial Statements

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### *Revenue Recognition*

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company recognizes revenue only when it satisfies a performance obligation by transferring a promised good or service to the customer. The good or service is considered to be transferred when the customer obtains control, meaning when the customer has the ability to direct the use and obtain substantially all of the remaining benefits of the good or service. At each contract inception, the Company determines, when control of a good or service transfers to a customer over time or at a point in time.

The terms of the franchise contracts are typically ten (10) years. As of December 31, 2021, there were 324 franchises operating, 319 franchised and 5 owned by a subsidiary of AAE.

As part of each contract, the Company identified one performance obligation that requires the Company to provide a combination of the following:

- Intellectual Property (“IP”) - license grant a non-exclusive right to establish and operate a medical staffing and home medical care service business under the trademarks and systems established as part of the Senior Helper license during the term of the contract.
- Operations manual and brand specific training services - provide training programs, operating manuals, development of standards, pricing policies - specific to the Senior Helper brand.
- Marketing services - ongoing local and national advertising programs which are implemented throughout the course of the contract term.
- Continuing consulting services - review of plans and equipment and merchandise selection.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are therefore accounted for as a single performance obligation of providing the franchise license.

In addition, the Company has also determined the following performance obligation is included in the contracts but are distinct from the above performance obligation:

- Non-brand specific training - this training relates to educating the franchisees as to the appropriate business model for operating a franchise. The services could be provided by another third party to the franchisee and do not relate specifically to the license of the Senior Helper intellectual property.

The franchise contracts the Company enters into contain the following types of payments:

- Initial fees - franchise contracts require an initial fee and is due and payable when a contract is signed.
- Royalty fees - the Company receives bi-weekly royalty payments based on a percentage of each franchisee’s net billings. The franchisee is required to meet certain minimum revenue

# SH Franchising, LLC

## Notes to the Financial Statements

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levels for the payment of these royalty fees in any given month, effective two (2) years after the opening date.

- Marketing fund fees - which are based on the greater of 1% of gross sales (the franchisor has the right to charge up to 2% of gross sales) or \$75 per billing period per territory, to contribute to the local franchise and to the national brand advertising activities directed by the franchisor. These fees are typically due on a bi-weekly basis over the course of the contract term.
- Brand management fee - the Company receives a bi-weekly payment of \$250, to fund various advertising and marketing initiatives to promote the services offered by the Senior Helper home care business.
- Monthly technology fees - the Company receives a monthly fee of \$325 for the use of its technology software.
- Renewal fees - franchise contracts include renewal options and require the franchisee to pay a renewal fee.
- Transfer fees - franchise contracts include transfer options and require the franchisee to pay a transfer fee.

The Company recognizes revenue for each performance obligation identified within the customer contracts when, or as, the performance obligation is satisfied by transferring the promised goods or services. The Company recognizes revenue over time for the combined franchise license performance obligation and for the no-brand specific training, as these performance obligations involve a continuous transfer of control to the customer.

*Revenue from Contracts with Customers (Topic 606)* identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access, and therefore meets the criteria of recognizing revenue over time. Royalty fees represent the majority of consideration by the Company receives under franchise contracts and are recognized over time at the greater of the actual royalty earned or the contract monthly minimum each month. Revenue related to upfront fees allocated to this performance obligation is recognized over time using a straight-line (time lapse) measure of progress as the control of various services are provided to the customer ratably over the term of the contract for the initial upfront fee. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and therefore would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion.

The renewal option provides continued access for the franchise rights (symbolic license) for an extended period time and therefore would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion.

For non-brand specific training, the Company also recognizes revenue over time since the customer simultaneously receives and consumes the benefit as the entity performs the training. Revenue for this performance obligation is recognized over time using an input measures of progress based upon hours of training performed.



# SH Franchising, LLC

## Notes to the Financial Statements

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Contract liabilities include initial franchise fees received upfront for the right to use the brand “Senior Helpers”. These fees are recognized ratably over the initial term of the individual contract, which typically lasts ten (10) years. The total balance of the contract liabilities, reflected as deferred revenue (non-refundable) was \$2,029,800 and \$1,650,344 as of December 31, 2021 (Successor) and 2020 (Predecessor), respectively.

### ***Marketing Fund***

General marketing fund fees received from the franchisees are recognized as revenue over time and marketing expenses are recognized when incurred within the Company’s statement of operations. General marketing fund fees and marketing expenses for the period April 1, 2021 through December 31, 2021 (Successor Period) was \$2,099,508 and \$2,595,746, respectively, and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods) was \$688,674 and \$721,905, and \$2,640,727 and \$3,120,009, respectively.

### ***Income Taxes***

The federal government does not recognize an LLC as a classification for federal tax purposes. An LLC with only one member is treated as an entity disregarded as separate from its owner for federal income tax purposes. Therefore, no provision for federal income taxes has been included in the accompanying financial statements. However, the Company is subject to state income taxes on its state taxable income.

### ***Consolidation of Variable Interest Entities***

Consolidation of variable interest entities (“VIEs”) applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE must be by its primary beneficiary. The primary beneficiary is the entity, if any, that has the power to direct the activities that most significantly impact the economic performance of the entity, and that has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE.

The Company considers each franchise arrangement for VIE potential and evaluates such arrangements based upon financial information obtained from these franchisees. Based on this evaluation, the Company has concluded that it is not the primary beneficiary of any of its franchisees.

### ***Fair Value Disclosure of Financial Instruments***

The Company’s financial instruments include cash and cash equivalents, accounts receivable and accounts payable for which their carrying amounts approximate fair market value, and long-term debt, which has not been adjusted to fair market value.

As a basis for considering assumptions, the authoritative guidance prioritizes the inputs used in measuring fair value through the following three-tier fair value hierarchy:

- Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

# SH Franchising, LLC

## Notes to the Financial Statements

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Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

Assets and liabilities measured at fair value are valued using one or more of the following three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).
- Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

### 3. Business Combinations

In accordance with ASC Topic 805, “Business Combinations” (“ASC 805”), the Company accounts for acquisitions by applying the acquisition method of accounting. The acquisition method requires, among other things, that the assets acquired, and liabilities assumed in a business combination be measured at their fair values as of the closing date of the acquisition.

As noted above, on April 1, 2021, the Company was acquired by AAE for total consideration of \$182,142,824. The acquisition resulted in excess costs over the fair value of the net assets of the business acquired, which is recorded as goodwill in the accompanying consolidated balance sheet as of December 31, 2021.

	Estimated Fair Value
Accounts receivable	\$ 1,124,747
Notes receivable	158,359
Prepaid and other current assets	837,576
Deferred franchise fee costs	854,724
Property and equipment	866,449
Related party receivables	11,778,372
Goodwill	73,579,990
Franchise relationships	47,800,000
Tradenames	28,800,000
Developed care programs	15,800,000
Non-compete	1,500,000
Right of use assets	1,875,500
Assumed liabilities	(5,315,475)
<b>Total consideration, net of cash acquired</b>	<b>\$ 179,660,242</b>

# SH Franchising, LLC

## Notes to the Financial Statements

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The results of operations are included in the statement of operations from the date of the transaction. All transaction costs were recorded by the Parent.

### 4. Lease Accounting

The Company adopted ASU No. 2016-02, Leases (“Topic 842”), as of April 1, 2021 (Successor Period).

The Company adopted Topic 842 on a modified retrospective basis, whereby balances prior to adoption were not restated and a cumulative adjustment was recorded on the date of acquisition to capture the cumulative impacts of adoption Topic 842 on previous periods. Since Topic 842 was adopted in conjunction with purchase accounting, the cumulative adjustment was recorded directly to Goodwill.

The Company recognizes lease expense for these operating leases on a straight-line basis over the lease term. Leases with an initial term of one year or less are not recorded on the balance sheet. The Company’s other leases have original lease terms of greater than one year. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company leases office space under operating lease. For leases with terms greater than twelve (12) months, the Company recorded the related assets and obligations at the present value of lease payments over the respective lease term. The Company does not separate lease and non-lease components for the leases as the non-lease components are not significant to the overall lease costs. The Company uses its estimated incremental borrowing rate to discount the lease payments, as all of the leases do not provide a readily determinable implicit interest rate. The incremental borrowing rate represents the rate of interest that the Company would pay to borrow on a fully collateralized basis over a similar term.

The following table presents operating lease-related assets and liabilities at December 31, 2021 (Successor):

#### *Balance Sheet Classification: December 31, 2021*

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##### Assets:

Operating leases:	
Operating lease right of use assets	\$ 1,697,440

##### Liabilities:

Current:	
Operating leases:	
Current portion of operating lease liabilities	\$ 289,727
Noncurrent:	
Operating leases:	
Operating leases liabilities, less current portion	\$ 1,645,550

##### Weighted average remaining term (years):

Operating leases	5.1 years
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##### Weighted average discount rate:

Operating leases	0.94%
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# SH Franchising, LLC

## Notes to the Financial Statements

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The following table presents certain information related to lease expense for operating leases for the year ended December 31, 2021 (Successor):

### *Successor December 31, 2021*

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Operating leases	\$ 210,633
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Expenses are included in “General and administrative expenses” in the statements of operations.

The following table presents supplemental cash flow information and non-cash activity related to leases for the year ended December 31, 2021 (Successor):

### *2021*

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Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ (210,633)
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ 1,875,500

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The following table reconciles the undiscounted minimum lease payment amounts to the operating lease liabilities recorded on the consolidated balance sheet at December 31, 2021 (Successor):

Operating Leases:

### *Years ending December 31,*

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2022	\$ 306,439
2023	314,100
2024	321,953
2025	331,536
2026	339,964
Thereafter	377,848
Total minimum lease payments	\$ 1,991,840
Less: effects of discounting	(56,563)
Present value of future minimum lease payments	1,935,277
Less: current lease obligation	(289,727)
Long-term lease obligation	\$ 1,645,550

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# SH Franchising, LLC

## Notes to the Financial Statements

### 5. Property and Equipment, Net

A summary of property and equipment, net is as follows at:

<i>December 31,</i>	Successor 2021	Predecessor 2020
Website development	\$ -	\$ 1,605,081
Leasehold improvements	603,000	912,232
Computer equipment	190,712	731,247
Furniture and fixtures	157,925	286,355
Software in development	-	132,449
Equipment	-	29,188
Less: accumulated depreciation and amortization	(133,368)	(1,945,413)
<b>Property and equipment, net</b>	<b>\$ 818,269</b>	<b>\$ 1,751,139</b>

Depreciation expense on property and equipment was \$133,368 for the period from April 1 to December 31, 2021 (Successor) and \$176,319 and \$794,956 for the period from January 1 to March 31, 2021 and the year ended December 31, 2020, respectively (Predecessor).

### 6. Goodwill, Net

Goodwill, net consists of the following at:

<i>December 31,</i>	Successor 2021	Predecessor 2020
Goodwill	\$ 73,579,990	\$ 53,413,595
Less: accumulated amortization	(5,518,500)	(21,365,438)
<b>Goodwill, net</b>	<b>\$ 68,061,490</b>	<b>\$ 32,048,157</b>

Amortization expense associated with goodwill for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods) was \$5,518,500, \$1,335,339, and \$5,341,360, respectively.

Future annual amortization of goodwill is as follows:

<i>Years ending December 31,</i>	
2022	\$ 7,357,999
2023	7,357,999
2024	7,357,999
2025	7,357,999
2026	7,357,999
Thereafter	31,271,495
	<b>\$ 68,061,490</b>

# SH Franchising, LLC

## Notes to the Financial Statements

### Intangible Assets, Net

Intangible assets consist of the following at:

<i>December 31,</i>	Successor 2021	Predecessor 2020
Trademark	\$ 28,800,000	\$ 22,500,000
Franchise relationships	47,800,000	35,200,000
Developed Care Programs (Systems in place)	15,800,000	11,700,000
Non-Compete	1,500,000	-
	93,900,000	69,400,000
Less: accumulated amortization	(7,492,501)	(25,182,312)
Intangible assets, net	\$ 86,407,499	\$ 44,217,688

Amortization expense on intangible assets was \$7,492,501, \$1,514,792, and \$6,059,167 for the period April 1, 2021 through December 31, 2021 (Successor Period) and for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods), respectively.

The expected annual amortization expense of intangible assets as of December 31, 2021 is as follows:

<i>December 31,</i>	
2022	\$ 9,990,000
2023	9,427,500
2024	9,240,000
2025	9,240,000
2026	9,240,000
Thereafter	39,269,999
	\$ 86,407,499

# SH Franchising, LLC

## Notes to the Financial Statements

### 7. Debt

Debt consisted of the following at:

<i>December 31,</i>	Successor 2021	Predecessor 2020
Term A loan to financial intermediary, payable in quarterly principal installments of \$112,500, due in October 2024, secured by all assets.	\$ -	\$ 42,667,525
Delayed draw term loan, due in October 2024.	-	1,791,000
Revolving line of credit, due in October 2023.	-	3,000,000
Secured subordinated notes, due October 21, 2024.	-	18,058,745
Dividend payable to Parent, due October 2026	65,000,000	-
	65,000,000	65,517,270
Less: current portion	(5,114,747)	(450,000)
Long-term portion	59,885,253	65,067,270
Less: debt issuance costs	-	(669,953)
<b>Long-term portion, net</b>	<b>\$ 59,885,253</b>	<b>\$ 64,397,317</b>

Future maturities of debt are as follows as of December 31, 2021:

2022	\$ 5,114,747
2023	5,381,784
2024	5,662,762
2025	5,958,411
2026	42,882,296
<b>Total</b>	<b>\$ 65,000,000</b>

#### *Successor Period*

The Company entered into a dividend distribution promissory note agreement with AAE on September 21, 2021 for a total of \$65,000,000. The full amount of the dividend payable was recorded as a reduction to Member's Capital. The Company will make annual principal payments by October 1 of each year until the maturity date of October 1, 2026, when the balance will be due. This amount is included within "Current portion of debt" and "Debt, net of current portion and debt issuance cost" in the balance sheet as of December 31, 2021 (Successor period). The Company is to make monthly interest payments until maturity date. Interest shall accrue on the outstanding principal balance of the note at a per annum rate equal to 5.10% with payments beginning October 1, 2021. During the period from April 1 to December 31, 2021 (Successor Period), the Company recorded interest expense of \$828,750.

# SH Franchising, LLC

## Notes to the Financial Statements

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### *Predecessor Period*

The Company has a Credit Agreement with a financial intermediary ("lender") consisting of (a) Term Loan with a maturity date of October 21, 2024, (b) delayed-draw term loan with a total commitment up to \$5,000,000, maturing on October 21, 2024, and (c) a revolving line of credit of up to \$5,000,000 with a maturity date of October 21, 2023. All borrowings are collateralized by substantially all assets of the Company.

For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Period), the Company incurred interest expense on its term loan at LIBOR rate of 5.25%. For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Period), the Company's availability on the revolving line of credit was \$0 and \$2,000,000 respectively and interest expense paid on the outstanding balance was incurred at a rate of 4.75%. The delayed draw term loan had \$1,800,000 and \$3,209,000 unused balance for the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Period). Interest during the period January 1, 2021 through March 31, 2021 was calculated at 4.75% plus 1% commitment rate on the unused balance.

Borrowings under the Credit Agreement are subject to certain financial covenants and restrictions on indebtedness, dividend payments, financial guarantees, business combinations and other related items. The financial covenants include fixed coverage ratio and total debt to adjusted EBITDA ratio. For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Period), the Company was in compliance with all covenants.

The Company also has a Notes Purchase Agreement with another financial intermediary for \$17,500,000 original principal, 11.25% senior subordinated notes ("Notes"). The interest consists of quarterly cash payments of 10.5% and 0.75% paid-in-kind which ("PIK") is added to the principal balance. The Notes are interest only with a total aggregate principal due at maturity on October 21, 2024. For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods), the Company capitalized \$29,202 and \$134,808, respectively. The Notes are subject to certain financial covenants and restrictions similar to those described within the Credit Agreement. For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Period), the Company was in compliance with all covenants.

In connection with the acquisition by AAE on April 1, 2021, the unpaid principal and accrued interest for outstanding debt was extinguished by the sellers, which totaled \$65,433,972. This extinguishment was a non-cash transaction which occurred "on the line" at close of the transaction and is therefore, not included in the predecessor or successor periods. The associated loss on the write off of debt costs are presented in the Predecessor Period ended March 31, 2021.

## **8. Equity**

Under the Predecessor Parent's October 21, 2016, Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"), approved by the Board of Managers, the number of management incentive units initially authorized for issuance was 8,016,667 ("Class C Units"). Under the LLC Agreement, the Predecessor Parent may issue Class C Units to employees, officers, and directors of the Company, and persons that otherwise provide services as an advisor or consultant to the Company to align their interests with those of the Company. Class C Units do not have voting rights. In connection with the transaction on April 1, 2021, the vesting of the Class C units was accelerated, and the Company recognized \$820,016 and \$364,370 in stock-based compensation expense from



# SH Franchising, LLC

## Notes to the Financial Statements

---

January 1 through March 31, 2021 and year ended December 31, 2020 (Predecessor Periods), respectively. These expenses are included in “Salaries and wages” in the Company’s statement of operations.

There are no management incentive units or other share-based awards authorized under the Successor Parent.

### 9. Commitments and Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in ASC 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2021.

### 10. Related Party Transactions

#### *Successor Period*

On April 30, 2021, the Company settled a revolving promissory note with its affiliate, SH Corporate Company, Inc. (“SH CCI”). The balance of the outstanding balance as of the settlement date was \$11,501,738.

As discussed in Note 7, the Company also has an obligation to pay \$65,000,000 to AAE, a related party.

The Company also has related party receivables with SH CCI when the Company pays vendors or transfer funds for other needs. As of December 31, 2021 (Successor Period), the Company’s receivables from SH CCI was approximately \$930,817. Subsequent to recapitalization on April 1, 2021, the Company settled payables to SH CCI of \$393,712.

#### *Predecessor Period*

The Company paid a quarterly management fee of \$125,000 to Predecessor Parent’s (Altaris) private equity sponsor. During the years ended December 31, 2020, the Company paid \$625,000, of which \$500,000 is presented within general and administrative expenses in the statement of operations and \$125,000 is recorded in prepaid and other current assets.

In August 2017, the Company entered into a revolving promissory note with its affiliate, SH Corporate Company, Inc. (“SH CCI”), that allows for up to a maximum of \$7,000,000 in advances, due April 28, 2027, with interest on the unpaid principal balance at 3.5% per annum from the initial note date until the note balance has been paid in full. On December 31, 2019, the Company amended and restated the revolving promissory note to increase the maximum borrowings to \$11,500,000 and extended the maturity date until December 31, 2029. As of December 31, 2020, there was \$11,215,565 outstanding advances on this revolving note. The outstanding balance of this note was settled during the successor period.

The Company entered into a revolving promissory Note with its former affiliate, SH Town Square Franchising, Inc. (“TSF”), on March 20, 2018, that allows for up to a maximum of \$1,000,000 in advances, due March 20, 2028, with interest on the unpaid principal balance at 6.25% per annum from the initial note date until the note balance has been paid in full. On January 1, 2019, the

# SH Franchising, LLC

## Notes to the Financial Statements

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Company amended and restated the revolving promissory note to increase the maximum borrowings to \$4,850,000 and extended the maturity date to January 1, 2029. Further, the interest on the unpaid balance has been amended at a rate per annum equal to the sum of (i) the rate that is in effect from time to time under the senior credit agreement then in effect to which the Lender is a borrower and (ii) 0.5%, from the date hereof until the note has been paid in full. As of December 31, 2020 there were \$4,819,415 outstanding advances on this revolving note.

The Company entered into a revolving promissory note with its former affiliate, SH Town Square Corporate Company, Inc. ("TSC"), on August 1, 2018 that allows for up to a maximum of \$2,200,000 in advances, due August 1, 2028, with interest on the unpaid principal balance at 3.5% per annum from the initial note date until the note balance has been paid in full. As of December 31, 2020, there was \$2,105,466 outstanding advances on this revolving note respectively.

Prior to the transaction on April 1, 2021, the seller settled the outstanding balances of the TSF and TSC notes receivable of \$7,162,240.

For the period January 1, 2021 through March 31, 2021 and the year ended December 31, 2020 (Predecessor Periods), the Company recognized revenue of \$171,865 and \$758,624, respectively, related to five franchise stores owned by its affiliate.

In addition, the Company has various related party receivables from its affiliated companies when the Company pays its affiliated companies' vendors or transfer funds for other needs. For the year ended December 31, 2020 (Predecessor Period), the Company's receivables from SH CCI was \$282,000.

### **11. Subsequent Events**

The Company has evaluated subsequent events through April 7, 2022, which is the date these financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements, except as disclosed above.

**EXHIBIT G**

**TABLE OF CONTENTS FOR MANUAL**

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## **EXHIBIT H**

### **STATE-SPECIFIC DISCLOSURES**

1. California
2. Illinois
3. Maryland
4. Michigan
5. Minnesota
6. New York
7. Virginia
8. Washington

## California Disclosure

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

1. Our website, [www.seniorhelpers.com](http://www.seniorhelpers.com), has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

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

3. § 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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

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

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

5. Item 16, "Restrictions on What the Franchisee May Sell," shall be amended by the addition of the following sentence at the end of the first paragraph:

If we permit you to offer or provide any medical care or medical services, or any other services that require a state or local license or permit, you must obtain, and certify to us that you have obtained, all required licenses, permits, certificates, and authorizations before you begin to offer the additional care or services. In many states, including California, there are laws and regulations that govern the provision of medical care and/or medical services. If you provide any medical care or medical services that are covered by applicable law, you must demonstrate to us that you have complied with all laws and regulations.

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

The following notice is required to be inserted in this Disclosure Document by the state of California whenever an applicable provision is included in a Franchise Agreement.

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

## California Disclosure (Page 1 of 2)

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

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

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

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

7. Exhibit J, "Franchisee Compliance Certification," shall be amended by the addition of the following paragraph at the conclusion of the Exhibit:

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

## **Illinois Disclosure**

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

1. The “Summary” section of Item 17 (v), entitled Choice of Forum, is amended by adding the following language:

However, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void under section 4 of the current Illinois Franchise Disclosure Act, although the Franchise Agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The “Summary” section of Item 17 (w), entitled Choice of Law, is amended by adding the following language:

However, except for federal law, Illinois law applies if the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

3. Exhibit J, “Franchisee Compliance Certification,” shall be amended by the addition of the following paragraph at the conclusion of the Exhibit:

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

4. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently, without reference to this addendum.

## **Maryland Disclosure**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for SH Franchising, LLC for use in the State of Maryland shall be amended as follows:

1. We have posted a surety bond in the amount of \$100,000 with the Maryland Securities Division to secure the performance of our obligations to you until the time at which you are fully operational. The surety bond is on file with the Maryland Securities Division.

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

The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law.

Despite any provision of the Franchise Agreement to the contrary, any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be commenced within three (3) years from the grant of the franchise or such action shall be barred.

Subject to the mediation provisions, the Franchise Agreement permits you to sue only in the jurisdiction in which we maintain our principal place of business, except for claims arising under the Maryland Franchise Registration and Disclosure Law, and for those claims (to the extent not covered by the mediation requirements), you may file suit in Maryland.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language to the summary of Provision “h”:

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

4. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language to the summary of Provisions “v” and “w”:

, except for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Exhibit J, “Franchisee Compliance Certification,” shall be amended by the addition of the following paragraph at the conclusion of the Exhibit:

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

6. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise



Registration and Disclosure Law are met independently without reference to this addendum to the Disclosure Document.

**Maryland Disclosure  
(Page 2 of 2)**

## Minnesota Disclosure

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for SH Franchising, LLC for use in the State of Minnesota shall be amended to include the following:

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

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

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

2. Exhibit J, “Franchisee Compliance Certification,” shall be amended by the addition of the following paragraph at the conclusion of the Exhibit:

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

3. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

**New York Disclosure**

**ADDITIONAL RISK FACTORS:**

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.**

**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.**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for SH Franchising, LLC for use in the State of New York shall be amended as follows:

1. Item 3, “Litigation,” shall be deleted in its entirety, and the following Item 3 shall be substituted in lieu thereof:

Except as stated below neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Except as stated below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Hanley Limited Partners, LLC, Raymond Hanley and Marsha Hanley vs. Doctors Express Franchising, LLC, Peter Ross, Anthony Bonacuse, Scott Burger and Rhino 7 Consulting Company – U.S. District Court, Northern District of Maryland, Case No. 1:12-cv-00795-ELH. The plaintiffs were a former Doctor’s Express franchisee and its owners, who had operated and closed a franchised Doctors Express location in Missouri. This action was filed on March 13, 2012 against, in addition to Doctors Express Franchising, LLC (“DEF”), one of our officers, Peter Ross, who was also an officer of DEF. The complaint included claims for violation of the Maryland Franchise Registration and Disclosure Law, fraud, and constructive fraud in connection with the offer of a “Doctors Express” franchise by DEF to the plaintiffs, and a request for rescission and damages. The litigation was settled during 2013 when DEF and Hanley Limited Partners entered into a Settlement Agreement and Release in which the parties agreed to dismiss the litigation and Hanley Limited Partners was paid \$525,000 by DEF’s insurer. The complaint was dismissed on July 30, 2013 pursuant to the District Court’s Settlement Order. This action did not relate to us or the Senior Helpers franchise system.

Joseph P. Morrow vs. Assisted Transition, LLC, Peter Ross, Glen Amador, Britt Schroeter, Danielle Russell, Craig Sobel, and Steve Delcarson – Posey County Circuit Court, State of Indiana, Case No. 65C01-1306-PL-000258. The plaintiff was a former Assisted Transition franchisee who had operated an Assisted Transition franchised business in Indiana. This action was filed on June 27, 2013. In addition to Assisted Transition, LLC, one of our officers, Peter Ross, who was not at the time an officer of Assisted Transition, was named in the complaint. The complaint included claims for breach of contract, fraud, and violations of Indiana franchise laws, and a request for rescission and damages. The litigation was settled in August, 2013 when Assisted Transition and Joseph Morrow entered into a Settlement Agreement and Mutual Release wherein the parties agreed to dismiss the litigation, Joseph Morrow was paid \$30,000 and the franchise agreement was terminated excepting certain confidentiality and non-compete provisions. The complaint was dismissed on August 26, 2013. This action did not relate to us or the Senior Helpers franchise system.

**New York Disclosure  
(Page 2 of 4)**

Allegra Nienart as Attorney-in-Fact for Benjamin Nienart and Lila B. Nienart, husband and wife vs. SH Franchising, LLC, Skylands Home Care, LLC dba Senior Helpers, Kewbwna Bonna, Tamara Young and Erica Craft, Superior Court of New Jersey for Essex County, ESX-L-220-16. The complaint was initially filed in January 2016, but was amended on July 6, 2016 to include SH-Delaware as a party. The amended complaint alleged that a former franchisee’s caregiver was negligent in caring for the plaintiffs. The amended complaint included claims of negligence, negligent hiring, violation of the New Jersey Consumer Fraud Act and that SH-Delaware is vicariously liable for such negligence/violations based on an agency and apparent agency theories. The plaintiffs requested compensatory, punitive, and special damages, as well as interest and costs of suit. The parties entered into a Release of All Claims on October 4, 2017, wherein the parties agreed to dismiss the litigation and the plaintiff was paid \$150,000. The parties to the action signed a Stipulation of Dismissal With Prejudice on November 29, 2017, stipulating and agreeing that all claims filed by the plaintiffs against all defendants, and any all cross-claims between the parties are dismissed with prejudice. The Superior Court of New Jersey for Essex County dismissed the action on November 30, 2017.

Wilma Beck by Attorney-in-Fact Barbara Elkins v. Foreman Care Corp. and SH Franchising, LLC – Cass County Superior Court, Indiana, Case No. 09D1-1805-CT-000012 – Wilma Beck filed a complaint on May 10, 2018 against Foreman Care Corp., a franchisee and SH-Delaware. The complaint alleges counts of vicarious liability and respondeat superior, negligence, negligent hiring and supervision, negligent infliction of emotional distress, breach of contract, unjust enrichment, breach of fiduciary duties and/or constructive fraud, senior consumer protection act liability, and deceptive consumer sales act liability for negligent caregiving, real and personal property damage caused to Wilma Beck’s home and theft of more than \$8,000 of Wilma Beck’s personal funds. Defendants filed an answer to the complaint on July 16, 2018. The parties entered into a Release and Confidentiality Agreement on August 5, 2019 wherein the plaintiff was paid \$150,000 in return for the dismissal of the lawsuit with prejudice. The Cass County Superior Court dismissed the action on August 26, 2019.

In Re: Franchise No Poaching Provisions (SH Franchising, LLC), State of Washington, King County Superior Court, Civil Case No. 19-2-31058-8 - On September 6, 2019 the Attorney General of Washington sent notice to SH-Delaware that it was investigating “no-poach” provisions in its franchise agreements and issued a Civil Investigative Demand requesting information related to the franchise agreements used by SH-Delaware. On November 22, 2019 the State of Washington and SH-Delaware entered into and filed an Assurance of Discontinuance (“AOD”) in the matter. As part of the AOD, SH-Delaware agreed to (1) notify all franchisees of the entry of the AOD, (2) seek to amend all franchise agreements with State of Washington franchisees to remove the non-solicitation of employees provision from the franchise agreements, and (3) not include the non-solicitation provision of employees in its franchise agreement for all franchisees nationwide.

Other than litigation described above, no litigation is required to be disclosed in this Item.

2. Item 4, “Bankruptcy” shall be deleted in its entirety, and the following Item 4 shall be substituted in lieu thereof:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge

**New York Disclosure  
(Page 3 of 4)**

of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by deleting “d,” “j” and “w” and the following new “d,” “j” and “w” shall be substituted in lieu thereof:

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
Termination by you	None	Pursuant to New York General Business Law, the franchisee may terminate the Agreement upon any grounds available by law.
Assignment of contract by us	§ 12.1	We may assign the Franchise Agreement without limitation. No assignment will be made except to an assignee who, in Franchisor’s judgment, is willing and able to assume the Franchisor’s obligation under the Franchise Agreement.
Choice of law	§ 17.6	Maryland. The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by the General Business Law of the State of New York, Article 33.

4. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**STATEMENT OF DISCLOSURE DOCUMENT ACCURACY**

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

## **Virginia Disclosure**

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

The following statements are added to Item 17.h.:

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

The following statements are added to Exhibit J:

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

## Washington Disclosure

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for SH Franchising, LLC in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. 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.

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

2. Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

3. Exhibit J, “Franchisee Compliance Certification,” shall be amended by the addition of the following paragraph at the conclusion of the Exhibit:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection

## Washington Disclosure (Page 1 of 2)



with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the Disclosure Document.

## **EXHIBIT I**

### **STATE-SPECIFIC AGREEMENT AMENDMENTS**

1. Illinois
2. Maryland
3. Minnesota
4. New York
5. Washington

## **Illinois Franchise Agreement Amendment**

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached SH Franchising, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section 13 of the Agreement, under the heading “Expiration of this Agreement,” shall be supplemented by the addition of the following new paragraph 13.4, which shall be considered an integral part of the Agreement:

13.4 If any of the provisions of this Section 13 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act shall apply. If we refuse to renew this Agreement, we shall compensate you if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

2. Section 14 of the Agreement, under the heading “Termination of Agreement,” shall be supplemented by the addition of the following new paragraph 14.5, which shall be considered an integral part of the Agreement:

14.5 If any of the provisions of this Section 14.5 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law shall apply.

3. Sections 17.6 and 17.7 of the Agreement, under the heading “Enforcement,” shall be deleted in their entirety, and shall have no force or effect; and the following new paragraphs shall be substituted in lieu thereof:

### 17.6 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois, without regard to its conflict of laws rules, except that any Illinois law regulating the sale of franchises or business opportunities or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this paragraph.

### 17.7 Consent to Jurisdiction

You and your owners agree that all actions arising under this Agreement, or arising out of the offer and sale of rights to operate the Franchised Business, or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction within such state or judicial district in which we have our principal place of business at the time the action is commenced and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts, except with respect to claims arising under the Illinois Franchise Disclosure Act which must be commenced in Illinois courts. Nonetheless, you and your owners agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Business is located.

## **Illinois Amendment to the Franchise Agreement (Page 1 of 3)**

4. Section 17 of the Agreement, under the heading “Enforcement,” shall be supplemented by the addition of the following new Section 17.13, which shall be considered an integral part of the Agreement:

17.13 Nothing contained in this Section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

5. The following statement shall be deemed to amend the Agreement:

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Illinois amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**SH FRANCHISING, LLC**, a Delaware limited liability company

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

## Maryland Franchise Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached SH Franchising, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. We have posted a surety bond in the amount of \$100,000 with the Maryland Securities Division to secure the performance of our obligations to you until the time at which you are fully operational. The surety bond is on file with the Maryland Securities Division.

2. Section 12.3 (8), under the heading “Conditions for Approval of Transfer,” is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

12.3 (8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents; excluding only such claims as the transferor may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233);

3. Section 13.3, under the heading “Agreements/Releases,” is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Senior Helpers Care Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233). We will consider your or your owners’ failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to be granted a successor franchise agreement.

4. Sections 17.7 “Consent to Jurisdiction” and 17.10 “Limitation of Claims” of the Agreement, shall be deleted in their entirety, and shall have no force or effect; and the following shall be substituted in their place:

17.7 You and your owners agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction within such state or judicial district in which we have our principal place of business at the time the action is commenced, and you (and each owner) irrevocably submit to the jurisdiction of those courts and waive any objection you (or the owner) might have to either the jurisdiction of or venue in those courts; except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law. Nonetheless, you and your owners agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Business is located.

**17.10 ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF YOU AND US, OR YOUR OPERATION OF THE FRANCHISED BUSINESS (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR**

## Maryland Amendment to the Franchise Agreement (Page 1 of 3)

**RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS OR ACTIONS SHALL BE IRREVOCABLY BARRED; EXCEPT THAT ANY AND ALL CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW (MD. CODE BUS. REG. §§ 14-201 THROUGH 14-233) SHALL BE COMMENCED WITHIN THREE (3) YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH ACTION SHALL BE BARRED. OUR CLAIMS ATTRIBUTABLE TO UNDERREPORTING OF SALES, AND CLAIMS OF THE PARTIES FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS.**

5. Section 20 of the Agreement, under the heading “Acknowledgments,” shall be supplemented by the following:

(14) The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

(15) The Franchise Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

[signature page follows]

**Maryland Amendment to the Franchise Agreement  
(Page 2 of 3)**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**SH FRANCHISING, LLC**, a Delaware limited liability company

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]



## **Minnesota Franchise Agreement Amendment**

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

1. Section 13.3 of the Agreement, under the heading “Agreements/Releases,” shall be deleted in its entirety and shall have no force or effect, and the following paragraph shall be inserted in lieu thereof:

13.3 If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Senior Helpers Care Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; excluding only such claims as you may have that have arisen under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce. We will consider your or your owners’ failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days after their delivery to you to be an election not to be granted a successor franchise agreement.

2. Section 13 of the Agreement, under the heading “Expiration of this Agreement,” shall be supplemented by the addition of the following new paragraph:

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

3. Section 12.3 (8), under the heading “Conditions for Approval of Transfer,” is deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

12.3 (8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 12 of the Agreement, under the heading “Transfers,” shall be supplemented by the addition of the following new paragraph 12.9:

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

5. Section 14 of the Agreement, under the heading “Termination of Agreement,” shall be supplemented by the following new paragraph 14.5:

## **Minnesota Amendment to the Franchise Agreement (Page 1 of 3)**

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

6. The first paragraph in Section 17.5 of the Agreement, under the heading "Mediation," shall be deleted in its entirety and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

7. Section 17 of the Agreement, under the heading "Enforcement," shall be supplemented by the following paragraph 17.13, which shall be considered an integral part of the Agreement:

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

8. The following statement shall be deemed to amend the Agreement:

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

9. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

[signature page follows]

**Minnesota Amendment to the Franchise Agreement  
(Page 2 of 3)**

IN WITNESS WHEREOF, the parties hereto have duly executed, and delivered this Minnesota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**SH FRANCHISING, LLC**, a Delaware limited liability company

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

## New York Franchise Agreement Amendment

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

1. Section 12.3 (8) of the Agreement, under the heading “Conditions for Approval of Transfer,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

12.3 (8) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

2. Section 13.3 of the Agreement, under the heading “Agreements/Releases,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

13.3 If you satisfy all of the other conditions for a successor franchise agreement, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Senior Helpers Care Businesses (modified as necessary to reflect the fact that it is for a successor franchise agreement), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. The first paragraph of Section 17.5 of the Agreement, under the subheading “Mediation,” shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

### 17.5 Mediation

Before you and we may bring an action in court against the other, you and we must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding and shall be conducted by the CPR Center for Alternative Dispute Resolution, under the rules established by the International Franchise Association endorsed National Franchise Mediation Program, and in accordance with its then-current rules for mediation of franchise disputes (and in the event such program is not then in existence, by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes). Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. Notwithstanding anything to the contrary, this Section 17.5 shall not bar you or we from seeking judicial or injunctive relief for claims that are based solely on demands for money owed, or from seeking injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation; including, without limitation, claims involving the Marks.

## New York Amendment to the Franchise Agreement (Page 1 of 2)

4. Section 17 of the Agreement, under the heading “Enforcement,” shall be supplemented by the addition of the following language:

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

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the Franchised Business will be opening in New York. We are required to furnish a New York prospectus to every prospective franchise who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**SH FRANCHISING, LLC**, a Delaware limited liability company

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

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

\_\_\_\_\_  
[Name]

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

Dated: \_\_\_\_\_

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**New York Amendment to the Franchise Agreement  
(Page 2 of 2)**

## **Washington Franchise Agreement Amendment**

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

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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. 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 sales of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

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

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this amendment.

## **Washington Amendment to the Franchise Agreement (Page 1 of 2)**

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**SH FRANCHISING, LLC**, a Delaware limited liability company

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

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

Dated: \_\_\_\_\_

**FRANCHISEE**

**(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):**

\_\_\_\_\_  
[Name]

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

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

Dated: \_\_\_\_\_

**(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**EXHIBIT J**

**SH FRANCHISING, LLC  
FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, SH Franchising, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “Senior Helpers” franchised care business (the “**Senior Helpers Care Business**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Another goal in asking you these questions is to be confident that you are prepared to become a Senior Helpers franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Questionnaire, review these questions with you during our pre-closing meeting, and may take notes of your verbal responses for our records.

1. The following dates and information are true and correct:

- a. \_\_\_\_\_,202\_\_      The date of my first face-to-face meeting with any person to discuss the possible purchase of a franchise for a Senior Helpers Care Business.  
Initials \_\_\_\_\_
- b. \_\_\_\_\_,202\_\_      The date on which I received Franchisor’s Franchise Disclosure Document (“**FDD**”).  
Initials \_\_\_\_\_
- c. \_\_\_\_\_,202\_\_      The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed.  
Initials \_\_\_\_\_
- d. \_\_\_\_\_,202\_\_      The date on which I signed the Franchise Agreement.  
Initials \_\_\_\_\_

2. Have you received and personally reviewed the Franchise Agreement, related agreement attached to it, and (if applicable) each state addendum that we provided?

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Have you received and personally reviewed our FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_



4. Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Do you understand the information contained in the FDD, including the Franchise Agreement, each related agreement, and (if applicable) state addendum provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Have you discussed with a professional advisor (such as an attorney, accountant, or other professional) the benefits and risks of establishing and operating a Senior Helpers Care Business as a franchised business?

Yes \_\_\_\_\_ No \_\_\_\_\_ - You are not required to do so, but we suggest that prospective franchisees seek assistance from a professional advisor as part of their evaluation process.

7. Do you understand that the success or failure of your franchised Senior Helpers Care Business will depend in large part upon your skills and abilities?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Has any employee or other person speaking on our behalf made any statement or promise to you that is contrary to the information contained in the FDD? This would include statements concerning the following:

The actual or possible revenues, profits, or likelihood of success, and/or development and operations costs that a Senior Helpers Care Business (whether owned and operated by us, you, or someone else) may experience.

The advertising, marketing, training, support service or assistance that we will furnish to you.

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Have you paid any money to us concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Do you understand the territorial rights granted to you (which are described in Item 12 of our FDD)?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. If you have answered “Yes” to any of questions 9-11, please provide a full explanation of each “yes” answer for questions 9-11, in the blank lines below. Additionally, if you do not understand the information

**Franchisee Compliance Certification**

**Page 2 of 4**

contained in the FDD, the Franchise Agreement, and/or any related agreements, please describe below the parts that you do not understand. (Attach additional pages, as needed, and refer to them below.) Otherwise, then please leave the following lines blank.

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- 13. Do you acknowledge and represent to us (a) that you or the entity that you form to be a franchisee will be the employer of all of your employees, and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) that we and our affiliates will have no control, or right to control, any of the employment actions or decisions in your business? *We recommend that you retain employment law counsel to advise you with your employment issues and questions.*
- 14. I signed the Franchise Agreement (and state addenda, if any) on \_\_\_\_\_, 202\_\_\_\_, and acknowledge that no Agreement (or state addenda) is effective until signed and dated by Franchisor.
- 15. During my discussions and evaluations leading up to my decision to buy a Senior Helpers Care Business, I communicated with the following individuals from Franchisor or its affiliates, or independent brokers:

Name

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_

[Insert additional names and addresses below if needed]

For California prospective franchisees: You are not required to sign this Franchisee Compliance Certification.

For Maryland prospective franchisees: Do not sign this Franchisee Compliance Certification.

By signing this Questionnaire, you are representing to us that you have responded honestly, accurately, and completely to each of the above questions.

FRANCHISE APPLICANT

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Printed Name

\_\_\_\_\_, 202\_\_  
Date

**EXHIBIT K**  
**GENERAL RELEASE**

The following is our current form of general release agreement that we may require a franchisee and/or transferor to sign as part of a transaction involving a successor franchise or an approved transfer. We may, in our sole discretion, periodically modify our form of the release agreement.

### General Release

THIS GENERAL RELEASE (the “**Release**”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), by and between:

- SH Franchising, LLC a Delaware limited liability company whose principal business address is 901 Dulaney Valley Road, Suite 700, Towson, MD 21204 (“**Franchisor**”); and
- \_\_\_\_\_ a [resident of] [corporation organized in] [limited liability company organized in] \_\_\_\_\_ and having offices at \_\_\_\_\_ [ (“**Franchisee**”) ] [ (“**Transferor**”) ].

### BACKGROUND:

- A. Franchisor and Franchisee are party to a [**Franchise Agreement**] dated \_\_\_\_\_ (the “**Agreement**”);
- B. Franchisor and Franchisee have agreed, under the Agreement, [to execute a successor franchise agreement or extend Franchisee’s rights under the Franchise Agreement (the “**Successor Transaction**”)] [to permit a transfer or assignment of \_\_\_\_\_ under the Agreement (the “**Transfer Transaction**”)], and, in connection with the [Successor Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Successor Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and Principals, and their respective agents, heirs, administrators, successors and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the “**Franchisor Group**”) from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its Principals had, have or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership or operation of the Senior Helpers Care Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’ and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Agreement or the Senior Helpers Care Business. The Franchisee Group and its Principals

represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

2. General Terms.

2.1. This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5 Notwithstanding any provisions in the Agreement requiring that certain claims or actions are subject to mediation and/or arbitration, the parties agree that any action under, arising out of, or related to, this Release, brought by either party against the other shall be brought in court, and not in a mediation or arbitration proceeding, and such action in any court, whether in federal or state court, shall be brought within the judicial district in which Franchisor has its principal place of business at the time the action is initiated, except that Franchisee may bring its legal action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law and regulations promulgated thereunder, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

*[For Minnesota Franchisees: In Section 2.5, replace the words "Maryland Franchise Registration and Disclosure Law" with Minnesota Franchise Law.]*

*[For Washington Franchisees: In Section 2.5, replace the words "Maryland Franchise Registration and Disclosure Law" with Washington Franchise Investment Protection Act.]*

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

3. *[For California franchisees, add this paragraph]:* Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to

claims that the creditor or releasing party does not know or suspect exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.” For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

**SH Franchising, LLC**

Franchisor

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT L**  
**FORM OF PROMISSORY NOTE**



## PROMISSORY NOTE

\$55,000.00

[DATE]

1. Promissory Note. FOR VALUE RECEIVED, the undersigned \_\_\_\_\_ and \_\_\_\_\_ (hereinafter collectively referred to as “Makers” or “Borrowers”), do hereby promise to pay to the order of SH Franchising, LLC or its assignees (sometimes herein collectively called the “Lender” or the “Holder”) at said offices or at such other place or places as the Holder hereof may from time to time designate in writing, the principal sum of Fifty-Five Thousand Dollars (\$55,000.00), together with simple interest thereon at the rate of seven percent (7%) per annum.

2. Payment of Note. All other sums payable under this Promissory Note (this “Note”) shall be payable in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, at the time of payment. This Note shall be paid over a [*two (2) year/three (3) year period*] via equal monthly installments, on the 1st day of each month beginning \_\_\_\_\_ as per the payment schedule provided on Exhibit #1 attached hereto and incorporated by reference herein. All payments made on the Note shall be applied first to interest accrued (if any) and the balance to the reduction of principal. The making of any payment other than in immediately available funds shall be subject to collection and interest shall continue to accrue until the funds by which payment is made are available to Holder for its use. This Note may be prepaid in whole or in part without premium or penalty. Makers shall pay to the Holder a late charge of five percent of any installment not received by the Holder within five days after the installment is due. All payments shall be made via wire transfer or such other payment method that Holder approves in writing.

3. Event of Default. An Event of Default shall include the following: (1) Makers’ failure to pay interest or principal on this Note when due in accordance with the terms of this Note; (2) any Maker commences any voluntary proceeding under the Bankruptcy Laws of the U.S., or

fails to obtain the dismissal of any involuntary proceeding against any Maker under said Bankruptcy Laws within sixty (60) days from commencement thereof; (3) any Maker makes an assignment for the benefit of creditors; (4) a petition or application to any court or tribunal, at law or in equity, is filed by or against any Maker for the appointment of any receiver or trustee for Maker or any of Maker's property; (5) any Maker's breach any of the terms of this Note or a breach of the terms of the Franchise Agreement between any Maker or their/his/her affiliates and SH Franchising, LLC; or (6) any of the Franchise Agreements between any Maker or their/his/her affiliates and SH Franchising, LLC have been terminated. If an Event of Default under this Note occurs, then and in any such event, the entire principal sum outstanding, together with accrued interest thereon, shall at once become due and payable at the option of the Holder of this Note without further notice. Failure of the Holder of this Note to exercise any of the above options to accelerate payment if an Event of Default occurs shall not constitute a waiver of the right to exercise the same in the event of any such default or any subsequent default.

In the event, after an Event of Default which is not cured within any applicable grace period, counsel is employed by the Holder hereof to collect this obligation Makers hereby agree to pay the reasonable attorney's fees so incurred by Holder whether or not suit be brought, and all other costs and expenses reasonably connected with collection.

If an Event of Default occurs which is not cured within any applicable grace period, the HOLDER MAY PURSUE ANY RIGHTS AND REMEDIES UNDER THE LAW.

4. Severability. In case any provision (or any part of any provision) contained in this Note shall for any reason be finally held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal or unenforceable provision (or part thereof) had never been contained herein, but only to the extent it is invalid, illegal or unenforceable.

5. Joint and Several Liability. Presentment, notice of dishonor, and protest are hereby waived by Makers and all borrowers, sureties, guarantors, and endorsers hereof. This note shall be the joint and several obligation of each Maker and all borrowers, guarantors, sureties, and endorsers, and shall be binding upon them and their successors and assigns.

6. Notices. To the extent any notices are given, all notices hereunder shall be given in writing, and shall be deemed given if and when mailed by first class certified or registered mail, return receipt requested, with proper postage prepaid, addressed to the (A) Holder at 901 Dulaney Valley Road, Suite 700, Towson, MD 21204 Attention: Peter Ross, (B) addressed if to the Makers hereof to \_\_\_\_\_, or to such other address as either party may from time to time designate to the other by like written notice given at least ten (10) days prior to the date such change becomes effective.

7. Miscellaneous Provisions. Nothing contained herein shall be deemed to limit or impair the enforcement against any property which may from time to time be given to the Lender as security for the performance of the Makers' obligations hereunder, of the rights and remedies of the Holder under any instruments evidencing or securing the indebtedness described herein.

This Note shall apply to, bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. Holder may freely transfer or assign this Note without the consent of Makers.

The validity and construction of this Note and all matters pertaining thereto are to be determined and construed according to the laws of the State of Maryland. Makers agree to subject themselves to the jurisdiction of the courts of the State of Maryland and irrevocably submit to the jurisdiction of those courts and waive any objection they might have to either the jurisdiction of or venue in those courts.

*[Signature page follows]*

WITNESS the execution hereof by the Makers on the date first hereinabove written.

\_\_\_\_\_  
[GUARANTOR OF FRANCHISEE]

[FRANCHISEE]

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

EXHIBIT #1

AMORTIZATION SCHEDULE - Normal Amortization

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					

## STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATES	EFFECTIVE DATE
California	January 1, 2023
Hawaii	Not Registered
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	
Washington	
Wisconsin	

**EXHIBIT M**

**RECEIPTS**

**ITEM 23 • RECEIPTS**  
(To be retained by Franchisee)

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 SH Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you:

- (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
- (b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or
- (c) 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 SH Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate agency listed in Exhibit B.

The franchisor is SH Franchising, LLC, located at 901 Dulaney Valley Road, Suite 700, Towson, Maryland 21204. Its telephone number is (866) 353-3743.

Issuance date: April 20, 2023.

The franchise seller is:

Mr. Rob Cantrell, V.P. of Franchise Development, or SH Franchising, LLC, at  
901 Dulaney Valley Road, Suite 700  
Towson, MD 21204  
(410) 337-5494

Any additional individual franchise sellers involved in offering the franchise are:

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SH Franchising, LLC authorizes the respective agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Franchise Disclosure Document dated April 20, 2023 (the effective date in certain states is listed on the State Effective Dates Page) that included the following Exhibits:

- |   |  |
|---|--|
| A. Franchise Agreement                        | G. Table of Contents for Manual        |
| B. List of State Administrators               | H. State-Specific Disclosures          |
| C. Agents for Service of Process              | I. State-Specific Agreement Amendments |
| D. List of Current Senior Helpers Franchisees | J. Franchisee Compliance Certification |
| E. List of Former Senior Helpers Franchisees  | K. General Release                     |
| F. Financial Statements                       | L. Form of Promissory Note             |
|   | M. Receipts (2 copies)                 |

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Received

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Prospective Franchisee

---

Name (please print)

---

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

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**ITEM 23 • RECEIPTS**

(To be signed, dated, and sent to Franchisor)

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If SH Franchising, LLC offers you a franchise, we must provide this Disclosure Document to you:

- (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or
- (b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or
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- I. State-Specific Agreement Amendments
- J. Franchisee Compliance Certification
- K. General Release
- L. Form of Promissory Note
- M. Receipts (2 copies)

\_\_\_\_\_  
Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (please print)

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

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