

FRANCHISE DISCLOSURE DOCUMENT

TOUCHING HEARTS, INC.
A Minnesota corporation 7900 W 78th St., Suite 410
Minneapolis, Minnesota 55439
(877) 870-8750
www.touchinghearts.com



The "Touching Hearts" franchise is for the right to use Touching Hearts, Inc.'s trademarks and confidential proprietary information to operate a business that provides in-home non-medical and companion services for seniors and persons with disabilities.

The total investment necessary to begin operation of a "Touching Hearts" franchise ranges from \$48,900 to \$75,600. This includes \$35,550 to \$42,500 that must be paid to the franchisor or any affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all 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 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 Scott Kummel at 7900 W 78th St., Suite 410 Minneapolis, MN 55439 and (877) 870-8750.

The terms of your contract will govern your franchise relationship. Do not 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. 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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 26, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	2
3. LITIGATION.....	3
4. BANKRUPTCY	3
5. INITIAL FEES	3
6. OTHER FEES.....	4
7. ESTIMATED INITIAL INVESTMENT	5
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	6
9. FRANCHISEE'S OBLIGATIONS	9
10. FINANCING	9
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	10
12. TERRITORY	13
13. TRADEMARKS	14
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	15
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	16
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	16
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	17
18. PUBLIC FIGURES	18
19. FINANCIAL PERFORMANCE REPRESENTATIONS	18
20. OUTLETS AND FRANCHISEE INFORMATION.....	21
21. FINANCIAL STATEMENTS	24
22. CONTRACTS.....	24
23. RECEIPTS	24

State Effective Dates

Exhibits

- A) Franchise Agreement
- B) State Franchise Administrators
- C) Agents for Service of Process
- D) Confidential Operating Manual Table of Contents
- E) Financial Statements
- F) Existing and Former Franchises
- G) State Specific Addenda
- H) Disclosure Acknowledgement Agreement
- I) State Effective Dates and Receipts

1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

COMPANY

To simplify the language in the Disclosure Document, "we," "us," "TH," or "Touching Hearts, Inc." means Touching Hearts, Inc., the Franchisor. "You" means the person who buys the franchise (the "Franchisee"). If you are a corporation, partnership, or other entity, "you" includes your owners.

We are a Minnesota corporation formed in October 2006. We do not do business under another name. Our principal business address is 7900 W 78th St., Suite 410, Minneapolis Minnesota 55439; telephone number is 877-870-8750. We have been offering franchises since 2007. We have never offered franchises in any other line of business.

Our Founder and CEO, Renae Kummel, has been in the business of offering non-medical home care assistance to seniors and disabled adults since 1996 under the name Caring Companions. Caring Companions changed its name in November 2006 to Touching Hearts at Home and operated in the area of St. Paul, Minnesota from November 2006 to September 2009 as a company owned branch before being sold as an individual TOUCHING HEARTS franchise office in September 2009.

We own a proprietary system of know-how, procedures and standards for operating TOUCHING HEARTS franchised home healthcare businesses (the "System"). The Franchise Agreement (defined below) and confidential Operating Manual describe the System. This Disclosure Document contains a TOUCHING HEARTS Franchise Agreement attached as Exhibit A (the "Franchise Agreement"). We have no parents, predecessors or affiliates required to be disclosed in this Item.

FRANCHISOR'S BUSINESS ACTIVITIES

We offer franchises for the operation of a business ("Business") providing non-medical and companion services under the TOUCHING HEARTS trademarks, trade names, service marks, and logos (collectively, the "Marks") to qualified individuals, corporations, limited liability companies and partnerships who desire to operate a franchised business using the Marks and the System. The Business will provide affordable, high-quality, non-medical companion services for seniors and persons with disabilities. The Business will offer services to help seniors live independently for as long as possible, while bringing peace of mind to their families. A TOUCHING HEARTS franchisee employs individuals who are trained to provide professional and reliable services to customers.

MARKET AND COMPETITION

You will compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to customers. Your competitors are national and regional companies that franchise similar businesses and their franchisees, and individuals, companies and partnerships of varying sizes and scopes, which offer companion/assistance services. The market for senior home care is developed and competitive. You will also face other normal business risks that could have an adverse effect on your Business. These may include industry developments, such as pricing policies of competitors, labor regulations, and supply and demand.

INDUSTRY SPECIFIC REGULATIONS

There may be specific laws or regulations in your state or municipality governing operation of the Business. You should also familiarize yourself with federal, state, and local laws of a more general nature, which may affect the operation of your Business. You must comply with employment, health and safety, workers' compensation, insurance, licensing, and similar laws and regulations. You should examine these laws before purchasing a franchise from us. You are solely responsible for complying with all applicable laws and regulations.

You must check with your state Department of Health and Human Services and any other department that may regulate this industry. Specific state statutes in your area may require licensing of your business. Although a TOUCHING HEARTS franchise does not provide medical services in the home, certain state statutes may have a broad definition of "medical services" that includes personal care services. You want to make certain that the services your caregivers provide are not determined by your state authorities to be providing medical care or medical assistance which may require licensing. You also must comply with any applicable data protection and privacy laws in operating the Business.

AGENTS FOR SERVICE OF PROCESS

Our agents for service of process and their principal business addresses are disclosed in Exhibit C to this Franchise Disclosure Document.

2. BUSINESS EXPERIENCE

Founder and CEO: Renae Kummel

Renae Kummel founded Touching Hearts, Inc. in October 2006 and has been our CEO and a director since that date.

Director of Leadership & Development: Ramona Hunt

Ramona Hunt was named our Director of Leadership & Development in May 2012. From 2003 to April 2012, Ms. Hunt founded and operated Genoa Incorporated, providing consultation, coaching and mediation in conflict resolution.

Director of Information Technology: Andrew Lungstrom

Andrew Lungstrom joined us in October 2006 as the Technical Support Manager and was promoted to Director of Information Technology in August 2007.

Director of Marketing: Ryan Lungstrom

Ryan Lungstrom joined us in October 2006 as Franchise Support Coordinator and was promoted to Director of Marketing in 2014.

Director of Franchise Sales: Scott Kummel

Scott Kummel has been our Director of Franchise Sales since May 2010.

3. LITIGATION

No litigation is required to be disclosed in this Item.

4. BANKRUPTCY

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

5. INITIAL FEES

Initial Franchise Fee.

We charge a nonrefundable initial franchise fee of \$39,500 for each Business. You must pay the initial franchise fee to us when you sign the Franchise Agreement. The initial franchise fee is fully earned when paid and is not refundable under any circumstances. The initial franchise fee does not include costs for insurance, leases or payments to other third parties.

We are a member of the VetFran program and offer a ten percent (10%) discount of the Initial Franchise Fee to individuals who qualify under VetFran. VetFran is a voluntary effort of International Franchise Association member-companies that is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans.

Training Fees.

We will provide initial training and training materials for up to two (2) people at no extra charge to you, including one double occupancy hotel room. If more than two people attend our initial training program, the costs are as follows: one person, no hotel \$1,000; one person, one hotel room \$1,500; two persons, no hotel \$2,000, two persons, one hotel room \$2,500; two persons, two hotel rooms \$3,000. (See Item 11 for more information on training)

Except as stated above, the franchise fee is uniform to all franchisees under this offering.

You pay us no other fees or payments for services before your Franchise Business opens.

6. OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Service Fee	5% of Gross Revenues on first \$500,000 each year with reduced amounts down to 3% on additional annual Gross Revenues (Notes 2 and 3)	Paid by electronic funds transfer semi-monthly on such dates as we annually determine	Paid on Gross Revenues for the preceding semi-monthly period; the actual rate you pay will depend upon your annual Gross Revenues (see Note 3)
Initial Training for Additional Persons	1 person, no hotel - \$1,000 1 person, 1 hotel room - \$1,500 2 persons, no hotel - \$2,000 2 persons, 1 hotel room - \$2,500 2 persons, 2 hotel rooms - \$3,000	Prior to Training	Costs for each additional person attending Initial Training Program. Fee for two persons is included in initial franchise fee.
Additional Assistance at Your Location	\$500/day, plus travel, lodging and meal expenses	As Incurred	
Transfer Fee	Then-current transfer fee (currently 40% of the then-current initial franchise fee; transfers to heirs or to other existing partners or members of a franchisee entity only pay \$1,000 or actual legal fees, whichever is greater).	At Closing	Payable by you or the buyer when you transfer your franchise, inclusive of the then-current training fee as designated to a new franchisee.
Audit	Cost of Audit plus interest on underpayment(Note 4)	Invoiced through us	We have the right to audit your financial records and reports. You must pay the full cost of the audit if you understated Gross Revenues for any month by 5% or more.
Interest On Late Payments	1½% per month or the maximum interest rate allowed by applicable law, whichever is less.	30 days after due to date	You must pay interest on all late payments..
Franchise Renewal Fee	Then-current fee (currently \$1,000)	Upon renewal	
Insurance	Will vary by location and insurer (See Item 7)	As incurred	You must purchase insurance coverage as we require.

Notes:

- 1) Unless otherwise noted fees are imposed by and payable to us. The fees are non-refundable and are uniformly imposed under the current form Franchise Agreement.
- 2) "Gross Revenues" means all of your billings, whether collected or not, including cash sales and sales on account, monies billed for companion services whether performed by you or subcontracted, and monies billed in connection with trade or barter agreements, excluding sales tax or use tax.
- 3) If, in any calendar year, your total Gross Revenues derived from the Business fall into a range listed in the Table below, the Service Fee you pay for the remainder of such calendar year will be reduced to the percentage of Gross Revenues listed opposite the applicable range of

Gross Revenues. The calculation of the applicable Service Fee based on Gross Revenue resets at the beginning of each calendar year. Note that you will not be entitled to any reduction in Service Fee if and for so long as you are in default under the Franchise Agreement or any other agreement to which we and you are parties.

Gross Revenue Range During Calendar Year	Service Fee
\$0 to \$500,000	5.0% of Gross Revenues
\$500,001 to \$1,000,000	4.5% of Gross Revenues
\$1,000,001 to \$3,000,000	4.0% of Gross Revenues
greater than \$3,000,000	3.0% of Gross Revenues

4) Interest is calculated at the lesser of an annual rate of 18% or the highest interest allowed under state law from the date of the underpayment or nonpayment.

Table

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Note 1)	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$35,500 to \$39,500	Lump Sum	When you sign the Franchise Agreement	Us
Training Expenses	\$1,000 to \$2,000 (Note 3)	As Incurred	During training	Third Parties
Office Equipment and Computer Related Expenses	\$2,600 to \$4,600 (Note 4)	As Incurred	Prior to Opening	Third Parties
Professional / Business License(s) and Miscellaneous Expenses	\$2,000 to \$3,500 (Note 5)	As Incurred	As Incurred	Third Parties
Real Estate and Improvements	\$2,000 to \$5,500 (Note 6)	As Incurred	As Incurred	Third Parties
Insurance	\$2,500 to \$4,500 (See Item 6)	As Incurred	Prior to opening	Insurance Company
Additional Funds - 3 months	\$3,300 to \$16,000 (Note 7)	As Incurred	As Incurred	Advertising, Employees, Supplies, Utilities, Signage
TOTAL (NOTE 8)				
\$48,900-\$75,600				

NOTES:

1) Except where otherwise noted, all fees that you pay to us are non-refundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.

2) As disclosed in Item 5, the standard initial franchise fee is \$39,500 with a 10% discount for qualified individuals under the VetFran program.

3) You will be responsible for travel, food and other personal expenses while training. We will arrange and pay for your hotel accommodations.

- 4) You may need to purchase office furniture, office fixtures, computer hardware, computer software, broadband internet access, and office decorations. All computer hardware and software must meet the requirements listed in Item 11.
- 5) You will incur various miscellaneous costs to open your business. These costs include your business license, miscellaneous deposits, legal and accounting expenses, and an incorporation fee (if you incorporate).
- 6) If you do not have adequate office space, you must lease an office. Typical locations are light industrial and commercial areas. The typical office for the Business occupies 350 to 800 square feet. The indicated estimate is only for the first 3 months' rent, security deposit, utilities, and improvements.
- 7) This amount estimates the expenses you will incur during the first 3 months of Business operations, including initial wages and fringe benefits (for staff only), taxes, repairs, utilities, and interest payments on any business loans. These amounts are estimates, and we cannot guarantee that you will not incur additional expenses in starting the Business.
- 8) These amounts are estimates, and we cannot guarantee that you will not have additional expenses starting your Business. Your costs will depend on factors such as: your management skills; experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during the initial period. Our estimate is based upon our experience in running a similar business from 1996 to 2009 and the experiences of TOUCHING HEARTS franchisees.

We do not offer financing directly or indirectly for any part of the initial investment. The availability in terms of financing depends on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require that you establish and operate your Business in compliance with your Franchise Agreement. You must strictly follow our procedures as stated in the Operating Manual we provide to you or other written materials from us, which we periodically may modify. Our standards and specifications have been presented to maintain a uniform standard of high quality, service, value and customer recognition in connection with our trademarks.

In the development and operation of your Business, you may use only those brands, types of equipment and supplies which meet our specifications and standards we prescribe periodically, which are required in the operation of your Business. We will issue or modify specifications and standards and designation of approved brands and types of equipment and supplies through the Operating Manual or other written communication to you. You may purchase only approved brands, types and models of equipment, signage and supplies which meet our specifications, and only from approved suppliers we designate, in our discretion. We will provide you with a list of approved suppliers who sell items, equipment, and supplies meeting our specifications and standards. The requirement to purchase supplies, equipment and fixtures meeting our specifications and standards from the approved suppliers will include (1) brochures, (2) business cards and stationery, (3) office signage, (4) company forms, and (5) computer

software. We may establish specifications and standards for customer satisfaction and require you to provide services which meet our standards and specifications for customer service. We do not make the criteria for approving suppliers available to you and we do not provide material benefits to you for your use of designated or approved suppliers. We do not negotiate purchasing arrangements with suppliers on your behalf.

We currently require you to obtain a computer system, together with the ClearCare Software and related hardware and software from our designated supplier or other third party suppliers (if any). See Item 11.

You may purchase any of the required products and services from a supplier of your choosing, provided the products and services meet our standards and specifications and the supplier meets our criteria for approved suppliers. If you desire to purchase any items, services or products from suppliers not previously approved by us, you must submit to us written notice of a proposed supplier. We will have 30 days from receipt of written notice to approve or reject the proposed supplier. As a condition of approval, we may inspect the supplier's facility and the products and services to ensure compliance with our specifications and standards.

You also must use only our approved advertising and promotional materials in promoting the Business. See Item 11 for further information regarding advertising programs.

During the term of the Franchise Agreement, you must purchase and maintain in force at your expense: (1) comprehensive general liability insurance with minimum limits of \$1,000,000 per occurrence and \$2,000,000 annual aggregate; (2) workers' compensation, employer's liability and other insurance to meet the greater of all applicable statutory requirements; (3) commercial property insurance with the minimum levels of coverage we require; (4) sexual abuse/molestation liability insurance with minimum limits of \$1,000,000 per occurrence; (5) automobile liability insurance, including personal injury, wrongful death and property damage, with limits of at least \$1,000,000 per occurrence; (6) employment practices liability insurance; and (7) such other insurance as we periodically require. Your general liability policy must name us and our affiliates and any other person that we designate as an additional insured and must meet any other requirements that we designate in writing. All insurance policies must be written by an insurance company satisfactory to us. We may reasonably increase the minimum liability required coverage annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in the industry, or other relevant changes. You must submit to us annually a copy of the certificate of insurance or evidence of the renewal or extension of each insurance policy or any modifications to any insurance policies. If at any time you fail or refuse to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence of that insurance, we may, at our option and in addition to other rights and remedies we may have, obtain insurance coverage for you and require you to reimburse us for any expenses we incur.

We derive revenue from certain approved suppliers from the sale of products and services to franchisees. For the fiscal year ending December 31, 2020, we received revenue from the purchase of these products and services by franchisees from approved suppliers in the amount of \$3,170 which was 0.15% of our total revenue of \$2,092,336 based on our audited financial statements attached as Exhibit E. In fiscal year 2020, the payments from approved suppliers to us range from two percent (2%) to eight percent (8%) of the purchase price of such purchases.

We estimate the cost of the goods and services you must purchase from us or from approved suppliers or in compliance with our specifications and standards will represent approximately 1% to 2% of the cost to develop the Business and 1% to 2% of the cost to operate your Business.

You will not receive any material benefits from us resulting from your use of designated or approved suppliers.

There currently are no purchasing or distribution cooperatives.

9. **FRANCHISEE'S OBLIGATIONS**

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

FRANCHISEE'S OBLIGATIONS

Obligation	Section(s) in Agreement(s)	Disclosure Document Item
A. Site Selection and Acquisition/Lease	Section 1(C) of Franchise Agreement	Items 7, 8, and 11
B. Pre-opening Purchases and Leases	Not Applicable	Items 7 and 8
C. Site Development and Other Pre-opening Requirements	Sections 1(C), 5(A) of Franchise Agreement	Items 7 and 11
D. Initial and Ongoing Training	Sections 3, 5 of Franchise Agreement	Item 11
E. Opening	Section 5(C) of Franchise Agreement	Item 11
F. Fees	Sections 3, 4, 6(E), 10(B), 13(C), 15(F) and 15(J) of Franchise Agreement	Items 5, 6 and 7
G. Compliance with Standards and Policies/Operating Manual	Sections 5 and 7-11 of Franchise Agreement	Items 11 and 16
H. Trademarks and Proprietary Information	Sections 6-8 of Franchise Agreement	Items 13 and 14
I. Restrictions on Products/Services Offered	Section 3 and 5 of Franchise Agreement	Items 8 and 16
J. Warranty and Customer Service Requirements	Section 5 of Franchise Agreement	Item 11
K. Territorial Development and Sales Quotas	Section 5(E) of Franchise Agreement	Item 12
L. Ongoing Product/ Service Purchases	Section 5(K) of Franchise Agreement	Item 8 and 11
M. Maintenance, Appearance and Remodeling Requirements	Section 5(L) of Franchise Agreement	Items 6 and 11
N. Insurance	Section 12 of Franchise Agreement	Items 6, 7 and 8
O. Advertising	Section 11 of Franchise Agreement	Items 6, 7 and 11
P. Indemnification	Section 5(J) of Franchise Agreement	Item 6
Q. Owner's Participation/ Management/Staffing	Sections 5(D) and 15(G) of Franchise Agreement	Item 15
R. Records/Reports	Sections 4 and 10 of Franchise Agreement	Item 6
S. Inspections/Audits	Section 10 of Franchise Agreement	Items 6 and 11
T. Transfer	Section 13 of Franchise Agreement	Items 6 and 17
U. Renewal	Section 2(B) of Franchise Agreement	Items 6 and 17
V. Post-termination Obligations	Section 14(C) of Franchise Agreement	Item 17
W. Non-competitive Covenants	Section 9 of Franchise Agreement	Item 17
X. Dispute Resolution	Section 15 of Franchise Agreement	Item 17
Y. Personal Guaranty	Section 5(H) of the Franchise Agreement; Attachment B	Item 15

10. **FINANCING**

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

11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

Before you open your Business, we will:

1. Designate your exclusive Territory (Franchise Agreement Section 1(C)).
2. Provide you with general advice on items that you must accomplish before attending the initial training program. We will also provide you with assistance and suggestions on how to accomplish pre-training requirements (Franchise Agreement Section 3(A)).
3. Furnish you with an initial inventory of imprinted materials. See Item 8 for the requirements on the purchase of materials and supplies. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop advertising materials for your own use, at your own cost. All advertising materials must be approved by us by submitting the materials to us with a written request for approval. Approval will be denied in writing within 15 days from the date of receipt of your submitted materials. If you do not receive written disapproval within 15 days after we receive the materials, they are deemed to be approved. We reserve the right to use advertising you developed for the use of all franchisees without any payment or other compensation to you. (Franchise Agreement – Section 3 (G)).
4. Provide a comprehensive five-day training program before you open your Business. We will provide you with initial training for up to two people for 5 days without additional cost. The initial training program must be successfully completed by you and by your manager. During the initial training program, we will arrange for and pay up to 5 nights of one double occupancy room hotel accommodations for you and the other person attending the initial training program. You must attend and successfully complete the initial training program and open your Business within 90 days after the date of the Franchise Agreement. (Franchise Agreement - Section 5). We do not charge an additional fee for this training or service unless more than two persons are attending (Item 6). All training, except any off-site training, will be held at our corporate headquarters in Minneapolis, Minnesota, or at another location we designate. Additional training may be required at our discretion. The following items will be used in training: Operating Manual (table of contents for this manual is listed in Exhibit D); employee training packet; payroll/human resource/billing specialist and training guide; marketing specialist and training guide; online IT training; insurance specialist and training guide. The training is designed to provide you with the fundamental technical, sales and managerial skills necessary to operate your Business. We generally plan to offer the initial training program at least quarterly or as needed (Franchise Agreement Section 3(A)). A brief description of the program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On- the- Job Training	Location
Orientation	Minimum 2 hours	0	Minneapolis, MN
Marketing and Promotion	Minimum 7 hours	0	Minneapolis, MN
Employee Management	Minimum 5 hours	0	Minneapolis, MN
Hiring Practices	Minimum 4 hours	0	Minneapolis, MN
Client Services	Minimum 6 hours	0	Minneapolis, MN
Office Procedures	Minimum 3 hours	0	Minneapolis, MN
Office Procedures, Q&A	Minimum 3 hours	0	Minneapolis, MN
Software Training	Minimum 2 hours	0	Minneapolis, MN
TOTALS	Minimum Training Hours: 32	0	

NOTE: Ramona Hunt, our Director of Leadership & Development, oversees all training. Ms. Hunt's background is disclosed in Item 2. Other staff with at least 6 months of experience will assist. The Operating Manual will be used as the principal instructional material.

Post-Opening Obligations

We provide the following services and assistance after you open your Business:

1. Provide you with the ClearCare software package (the "Software") upon your completion of the initial training program (Franchise Agreement – Section 3(D)). The cost of the Software is \$10 per month per active client, with a \$120 per month minimum, subject to the third party contract with the vendor ClearCare, Inc. The Software is an integrated computer program for scheduling, accounting, bookkeeping and payroll. You must purchase and install computer equipment with the capacity to run the Software.
2. We provide up to three email addresses for each franchise office.
3. Provide a copy of our Operating Manual, which contains both mandatory and suggested specifications, standards, and procedures. The Operating Manual is confidential and remains our property and we periodically may modify it. You must conduct the Business in accordance with the Operating Manual at your own cost. The Table of Contents of the Operating Manual is listed in Exhibit D. (Franchise Agreement – Section 7.)
4. Periodically provide advisory assistance in the operation of the Business. We may offer these services online and by telephone during normal business hours or at your location as described in Item 6. (Franchise Agreement – Section 3(B).)
5. Include information about your Business on our Website. (Franchise Agreement – Section 3(F).)
6. We may hold additional training sessions that you are recommended to attend. You must pay all of the travel and living expenses for you and your employees who attend additional training. (Franchise Agreement – Section 3(A).)
7. Provide instruction regarding improvements and developments for your general business, administrative, bookkeeping, accounting, and operating systems. (Franchise Agreement - Section 5.)

Advertising

We may use both outside advertising and marketing agencies and internal staff to create advertising. We have no obligation to conduct advertising and we are not required to spend any amount on advertising in any TOUCHING HEARTS franchisee's territory. You may develop advertising materials for your own use, at your own cost. All advertising materials must be approved by us by submitting the materials to us with a written request for approval. If you do not receive written disapproval within 15 days after we receive the materials, they are deemed to be approved. We reserve the right to use advertising developed by you for the use of all franchisees without any payment or other compensation to you. We do not require you to participate in an advertising fund. There is no advertising council composed of franchisees.

In the future, we may require that you participate in, support and contribute to the cost of a regional or local cooperative advertising program we designate. We reserve the right to designate regional and local advertising markets, and to establish regional or local advertising councils. Each cooperative must adopt written governing documents. We will determine the voting procedures for each cooperative. Members of the cooperative and their elected officials are responsible for administering the local cooperative. We will not require you to spend more than 2% of Gross Sales in any calendar year on contributions to regional and local advertising cooperatives. Businesses that we or our affiliates operate will contribute to regional or local advertising cooperatives at the same rate as TOUCHING HEARTS franchisees in the same market area. We have the power to require cooperatives to be formed, changed, dissolved, or merged. In our sole discretion, we may approve a request from you to develop your own independent website. (Franchise Agreement – Section 11.)

Development Time

Typically, TOUCHING HEARTS franchisees will begin operating their Businesses between 3 and 6 months after signing the Franchise Agreement. City, state or any other required licenses and permits could adversely affect the time it takes to open your Business. You must open your Business within 6 months after you sign the Franchise Agreement. If you do not open your Business within 6 months of signing the Franchise Agreement, and we otherwise do not grant you an extension, we may terminate the Franchise Agreement. (Franchise Agreement – Sections 5(C) and 14)

Computer Hardware and Software Requirements

You must obtain a computer system consisting of the ClearCare Software, a laptop or desktop computer with access to broadband Internet, and Intuit's QuickBooks Pro. We will provide you with the ClearCare Software package and you can purchase the other computer hardware or software from any source. We estimate that the initial cost for the computer hardware and software will range from \$400 to \$1,000. We are not obligated to provide ongoing maintenance, repairs, upgrades or updates. We may require you to upgrade or update your hardware and/or software during the term of your Franchise Agreement and there are no contractual limits on the frequency and cost of this obligation. We estimate that the cost of updates, upgrades, support or maintenance contracts range from \$50 to \$500. You also must pay the greater of \$10 per active client (customer) per month, or \$120 per month for use of the ClearCare Software, subject to their 3rd party contract. ClearCare will bill you directly. We reserve the right to change the software and related requirements. We will have independent

access to the information that is generated or stored on your computer system, and there are no contractual limitations on our right to access that information. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not hold us liable for any harm caused by such computer-related problems.

12. TERRITORY

You will receive a territory (the "Territory") in which you will operate your Business. We will describe your Territory in writing in Attachment A of the Franchise Agreement. The Territory generally will have a senior (individuals over the age of 65) population of at least 30,000.

You will operate your Business from one location as established in the Franchise Agreement. You may relocate your premises within your Territory without our prior written approval.

You will receive a "protected" territory in that while your Franchise Agreement is in effect, we will not establish or license another to establish any other TOUCHING HEARTS franchise within your Territory. You cannot advertise or solicit sales or accept orders outside of your Territory except with our consent.

You must at all times use your best efforts to promote and increase the sales and service of the Business and to effect the widest and best possible distribution, sale and placement, solicitation and servicing of all potential clients for authorized TOUCHING HEARTS services throughout the Territory. You must confine all efforts (including any advertising, promotion or solicitation) at sites located in the Territory. If you wish to provide care or companionship services and/or staffing or any other services outside your Territory, in unassigned areas, you first must obtain our written consent and understand that the privilege to perform services outside of your Territory may be withdrawn at any time in our sole discretion and any operation outside your Territory is at your risk.

You retain the rights to your Territory even if the population there increases. Continuation of your Territory is based on maintaining the minimum monthly average gross revenues levels stated below:

Period from Commencement of Business	Minimum Monthly Average Gross Revenues
Months 1-12	No Minimum
Months 13-24	\$10,000
Months 25-48	\$30,000
Months 49-72	\$50,000
Months 73 and thereafter	\$70,000

We may increase the sales level requirements, in our discretion, in any renewal Franchise Agreement. If you do not meet the minimum monthly average gross revenue levels above, we may terminate the Franchise Agreement or terminate your protected rights respecting the Franchise Agreement and grant franchises within your Territory to third parties.

You may purchase additional territories for a fee with our approval, although you do not receive an automatic right to acquire additional franchises within your Territory or contiguous territories. Each Franchise Agreement is a separate and distinct transaction between you and us.

We specifically reserve, without compensation to you, the following rights: (a) to operate, or to grant to others the right to operate, a TOUCHING HEARTS business at locations and on terms we deem appropriate outside of your Territory; (b) to directly, or through TOUCHING HEARTS franchisees, service customers in your Territory if you are unwilling or unable to service such customers; (c) to sell the products and services authorized for your Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms we deem appropriate outside the Territory; (d) to advertise and sell the products and services authorized as associated with a Business under the Marks through dissimilar channels of distribution including by electronic means such as the Internet and websites we establish and pursuant to terms we deem appropriate within and outside the Territory; (e) to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks; (f) to offer for sale products designed for senior citizens that are ancillary or related to the services and needs of senior citizens through our website or through dissimilar channels of distribution as we determine within and outside your Territory; (g) to acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at Businesses, and franchising, licensing or granting the right to others to operate those businesses once acquired, whether these businesses are located or operating within your Territory; and (h) to be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided by Businesses or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory.

Except as described above, 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.

You will receive no right of first refusal or similar rights to acquire additional franchises. We or our affiliates currently have no plans to operate or franchise a business under a different trademark that sells similar goods and services as the Business.

13. **TRADEMARKS**

We grant you the right to operate your Business under the name “Touching Hearts at Home,” a federally registered service mark and other trademarks or service marks (the “Marks”). Those rights are granted under the Franchise Agreement.

The following schedule list only the principal Marks that you are licensed to use. We have filed all required affidavits and renewal registrations for those Marks listed below.

Principal Trademarks	U.S. Registration Or Serial No.	Registration Or Application Date	Principal/Supplemental Register
Touching Hearts	Reg. No. 3,406,039	Reg. Date: April 1, 2008	Principal

We have the right to periodically change the list of Marks. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks when the Franchise Agreement expires or terminates. You are not permitted to make any changes or substitutions respecting the Marks unless we direct in writing. You may not use any Mark or portion of any Mark as part of any corporate or any trade name, or any modified form or in the sale of any unauthorized product or service, or in any unauthorized

manner. You may not use any Mark or portion of any Mark on any website without our prior written approval.

There are currently no effective material determinations by the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the principal Marks that are relevant to your use in any state. There are currently no agreements in effect that significantly limit our rights to use or license the use of any principal Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the principal Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not grant you the right to use any item covered by a patent, but do permit you to use our Operating Manual, the copyright to which is claimed by us. Although we have not applied for federal copyright registration of the Operating Manual or its individual components, the information in the Operating Manual is proprietary and we own and claim the copyright in the entire Operating Manual, and in various advertising and sales promotion materials and customer convenience and other materials, used to operate and promote your Business. There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We need not protect or defend copyrights, although we intend to do so if in the System's best interests.

Our Operating Manual and other materials contain confidential information (some of which constitutes trade secrets under applicable law). This "Confidential Information" includes; training and operations materials and manuals; customer data and related information; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating TOUCHING HEARTS Businesses; marketing and advertising programs; knowledge of specifications for and suppliers; and graphic designs and related intellectual property. You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use approved non-disclosure agreements with those having access. We will be a third party beneficiary of those agreements with independent enforcement rights. Your license to use information in the Operating Manual terminates upon expiration or termination of the franchise. Upon expiration or termination, all originals and copies of the Operating Manual must be destroyed or returned to us.

All ideas, concepts, techniques, or materials relating specifically and solely to a TOUCHING HEARTS 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. You must take whatever action we request to show our ownership, including obtaining all necessary consents under applicable data privacy laws or to help us obtain intellectual property rights in the item.

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

You, or your designated manager, must devote your, or his or her, best efforts and personal full time and attention to the management of your Business. The manager must have successfully completed the required training program, but need not have an ownership interest if you are a corporation, partnership, or limited liability company. The manager must sign a written agreement to maintain confidentiality of the proprietary information described in Item 14 and to comply with a covenant not to compete, similar to that described in Item 17, in a form acceptable to us. Other than the above, we make no other recommendations and have no other requirements regarding employment or other written agreements between you and your employees.

If you are a business entity, each of your officers, directors, shareholders, partners, and members, plus any individual who owns, directly or indirectly, a 5% or greater interest in you must also sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (see Exhibit A).

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer for sale to the public only those services that are authorized and approved by us. We reserve the right, in our sole discretion, to change the types of authorized services and products upon reasonable notice to you.

You must offer all goods and services that we designate as required for all Franchisees within your market area. We reserve the right to change the services that you must offer in your area, with prior notice to you. We also reserve the right to set maximum prices for use with multi- area marketing and special price promotions.

Currently, you must purchase brochures, marketing materials, company letterheads, envelopes, and business cards from vendors approved by us. We reserve the right in the future to designate alternate vendors from whom you will purchase brochures, marketing materials, and company letterheads. You are not restricted as to individuals to whom you may sell, provided they reside in your Territory.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise or Other Agreement	Summary
A	Term of Franchise	2	10 years.
B	Renewal or Extension of Term	2	If you have substantially complied with the agreement and maintain the business in accordance with system standards, you may extend the franchise term for one additional 10 year term.
C	Requirements for You to Renew or Extend	2	You must notify us of your intention to renew at least 180 days prior to the expiration of the Franchise Agreement. You must meet or exceed all requirements of your Franchise Agreement; pay a renewal fee; sign a general release; sign the then-current Franchise Agreement, which may contain terms and conditions substantially different from those stated in the original agreement.
D	Termination by You	14	You may terminate for good cause by notice to us if we fail to cure a default.
E	Termination by Touching Hearts, Inc. without Cause	Not applicable	Not applicable.
F	Termination by Touching Hearts, Inc. with Cause	14	We can terminate your Franchise Agreement only for cause.
G	"Cause" Defined-Defaults Which Can be Cured	14	60 days to cure any breach of the Franchise Agreement (except for non-curable defaults) including failure to pay amounts owed to us or an affiliate or submit financial information; fail to open Business within 6 months after signing the Franchise Agreement; failure to maintain standards; or failure to obtain our required consent.
H	"Cause" Defined-Defaults Which Cannot be Cured	14(A)	Disclosure of confidential information; unauthorized transfer; no transfer following the death or permanent incapacity of an owner; failure to comply with non-compete covenants; continuous or repeated breach; insolvency or bankruptcy; fail to complete required training; any conduct that poses an imminent threat to public health or safety; abandonment of the Business; or conduct that materially impairs the goodwill associated with the name "Touching Hearts," the Marks or the System.
I	Your Obligations on Termination/Non-renewal	14	Obligations include ceasing use of the Marks, returning materials supplied by us, assigning phone numbers to us, and paying all amounts due (see also R below).
J	Assignment of Contract by Touching Hearts, Inc.	13	We have the right to or assign the Franchise Agreement in whole or in part. Assignee must assume our obligations under the Franchise Agreement.
K	"Transfer" by You-Definition	13	Includes transfers of Franchise Agreement or ownership interest in the franchise.
L	Touching Hearts, Inc. Approval of Transfer	13	We have the right to approve all transfers but will not unreasonably withhold approval, if transfer conditions are satisfied.

	Provision	Section in Franchise or Other Agreement	Summary
M	Conditions of Approval of Transfer	13	New franchisees must qualify and pay a transfer fee (currently 40% of the then-current initial franchise fee) inclusive of training fees. The transferee must complete any training required. You must sign a release, and the then-current franchise agreement must be signed by new franchisee (see also R below). Transfers to heirs or within existing TH partnerships is subject to a \$1000 transfer fee or actual legal costs, whichever is greater. Any TH required training to be paid by franchisee.
N	Touching Hearts, Inc.'s Right of First Refusal to Acquire Your Business	13	We have a right of first refusal to acquire your Business which is for sale and for which you have received a good faith offer to purchase. We have 30 days from a written notice of the offer to enter into a contract to purchase the franchise or its assets at the same terms as those contained in the offer.
O	Touching Hearts, Inc.'s Option to Purchase Your Business Assets	Not applicable	Not applicable
P	Your Death or Disability	13	Your shareholders, heirs, and legacies must meet our approval and attend training.
Q	Non-Competition Covenants During the Term of the Franchise	9(A)	You may have no involvement in a competing business or engage in marketing or selling services anywhere.
R	Non-Competition Covenants After the Franchise is Terminated or Expires	9(B)	You may have no involvement in a competing business for two years within a 50 mile radius of your Territory.
S	Modification of Agreement	15	The Franchise Agreement may be amended by mutual written consent. We retain the right to unilaterally change our Operating Manual.
T	Integration/Merger Clause	15	The Franchise Agreement constitutes the entire binding agreement between you and us. Other promises may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
U	Dispute Resolution by Arbitration or Mediation	15(C)	Except for our right to injunctive relief, all disputes, claims and controversies between the parties will be resolved by arbitration in Minnesota.
V	Choice of Forum	15(D)	All litigation must be filed in the state of Minnesota (subject to applicable state law).
W	Choice of Law	15(B)	Laws of the state where the Business is located applies (subject to applicable law).

18. **PUBLIC FIGURES**

We do not use any public figure to promote or manage our franchise.

19. **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The financial performance representation below reflects certain historical financial performance information experienced by our franchisees that have owned and operated their Touching Hearts® Business for at least one year as of December 31, 2020. The information included in this Item 19 was provided to us by our franchisees. We have not audited or independently verified this information and do not know whether the information was prepared consistent with generally accepted accounting principles.

Table 1

Table 1 reflects average annual Gross Revenues information for all franchised Businesses for calendar year 2020 that were open at least one year as of December 31, 2020. As of December 31, 2020, there were 57 franchisees operating 72 Businesses. The data below in Table 1 includes information from 66 of the 72 Businesses as the remaining 6 Businesses were not open a full year as of December 31, 2020.

Statement of Annual Gross Revenues – All Franchised Businesses				
Number of Franchised Businesses	Average Annual Gross Revenues	Number and Percentage of Franchised Businesses Above Average	Median Gross Revenues	Range
66	\$617,256.30	23 (35%)	\$403,634.90	\$832.00 to \$4,043,960.59

Table 2

Table 2 reflects average annual Gross Revenues information for the top 25% and bottom 25% of franchised Businesses for calendar year 2020 that were open at least one year as of December 31, 2020. As of December 31, 2020, there were 57 franchisees operating 72 Businesses. The data below in Table 2 includes information from 32 of the 72 Businesses as the remaining 40 Businesses were either not open a full year as of December 31, 2020, or were not in the top 25% or bottom 25% of franchised Businesses for the relevant measurement period.

Statement of Annual Gross Revenues Top 25% and Bottom 25% of Franchised Businesses					
Quartile	Number of Franchised Businesses	Average Annual Gross Revenues	Number and Percentage of Franchised Businesses Above Average	Median Gross Revenues	Range
Top 25%	16	\$1,457,078.77	5 (31%)	\$1,112,155.83	\$879,688.63 to \$4,043,960.59
Bottom 25%	16	\$110,754.99	9 (56%)	\$135,490.18	\$832.00 to \$227,416.97

Table 3

Table 3 reflects average annual Gross Revenues information for all franchised Businesses for calendar year 2020 that were open at least one year as of December 31, 2020, as separated into four categories based on the number of years in which each Business has been in operation. As of December 31, 2020, there were 57 franchisees operating 72 Businesses. The data below in Table 4 includes information from 66 of the 72 Businesses as the remaining 6 Businesses were not open a full year as of December 31, 2020.

Statement of Annual Gross Revenues – All Franchised Businesses Segregated by Years of Business Operations					
Months of Business Operations	Number of Franchised Businesses	Average Annual Gross Revenues	Number and Percentage of Stores Above Average	Median Gross Revenues	Range
12-24 months	5	\$157,934.06	2 (40%)	\$19,448.50	\$832.00 to \$382,849.81
25-36 months	13	\$534,595.29	4 (30%)	\$349,415.22	\$5,115.99 to \$2,407,159.11
37-60 months	4	\$562,675.82	3 (75%)	\$650,810.98	\$188,572.53 to \$760,508.80
61-156 months	44	\$698,836.44	21 (48%)	\$448,257.70	\$63,583.01 to \$4,043,960.59

Additional Notes Applicable to Tables 1 through 3 Above:

(1) Nine franchisees operate more than one Business. Each of these franchisees submit only one Gross Revenues report for their combined Businesses. In each of these situations, the Gross Revenues for each Business was determined by dividing Gross Revenues reported by the franchisee by the number of Businesses operated by the franchisee.

(2) The term “Gross Revenues” means all of the franchisee’s billings, whether or not collected, including cash sales and sales on account, monies billed for companion services whether performed by the franchisee or subcontracted, monies billed in connection with trade or barter agreements, or monies billed for any other service performed using the Proprietary Marks, but does not include any bona fide refunds, rebates or discounts approved by us.

(3) We recommend that you make your own independent investigation to determine whether or not to purchase this franchise, and consult with an attorney and other advisors before signing any Franchise Agreement. You should conduct an independent investigation of the costs and expenses in operating a Business.

(4) A new franchisee’s individual financial results may differ from the results stated in this financial performance representation.

(5) Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future

income, you should report it to the franchisor's management by contacting Scott Kummel, Director of Franchise Sales, at 7900 W 78th St., Suite 410, Minneapolis, Minnesota 55439, (877) 870-8750, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

**TABLE NUMBER ONE
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2018 TO 2020**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Franchised	2018	57	68	+11
	2019	68	68	0
	2020	68	72	+4
Total Outlets	2018	57	68	+11
	2019	68	68	0
	2020	68	72	+4

**TABLE NUMBER TWO
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2018 TO 2020**

State	Year	Number of Transfers
Total	2018	2
	2019	2
	2020	1

**TABLE NUMBER THREE
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2018 TO 2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Alabama	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Arizona	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
Colorado	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Connecticut	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	7	1	0	0	0	0	8
	2019	8	1	0	0	0	0	9
	2020	9	2	0	0	0	0	11
Georgia	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Illinois	2018	1	2	0	0	0	0	3
	2019	3	1	0	0	0	1	3
	2020	3	2	0	0	0	0	5
Kansas	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Minnesota	2018	9	1	0	0	0	0	10
	2019	10	0	0	0	0	1	9
	2020	9	1	0	0	0	0	10
Nebraska	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Nevada	2018	1	1	0	0	0	1	1
	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
New Jersey	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
New York	2018	8	1	0	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	1	0	0	0	0	10
Ohio	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Oregon	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
Pennsylvania	2018	4	0	0	0	0	0	4
	2019	4	1	0	0	0	0	5
	2020	5	0	0	0	0	0	5
Tennessee	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Texas	2018	4	4	0	0	0	1	7
	2019	7	1	0	0	0	1	7
	2020	7	0	0	0	0	1	6
Utah	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
Virginia	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Wisconsin	2018	4	1	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
Totals	2018	57	13	0	0	0	2	68
	2019	68	5	0	0	0	5	68
	2020	68	6	0	0	0	2	72

**TABLE NUMBER FOUR
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2018 TO 2020**

State	Year	Outlets at Start of Year	Outlet Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
TOTAL	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

**TABLE NUMBER FIVE
PROJECTED OPENINGS AS OF DECEMBER 31, 2020**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company- Owned Outlet in the Next Fiscal Year
Arizona	0	2	0
California	0	0	0
Colorado	0	3	0
Florida	0	3	0
Illinois	0	2	0
Massachusetts	0	0	0
Nevada	0	1	0
New Jersey	0	2	0
New Mexico	0	2	0
New York	0	1	0
North Carolina	0	0	0
Tennessee	0	0	0
Texas	0	1	0
Virginia	0	0	0
Total	0	17	0

The name, business address, and business telephone number of each current franchisee as of December 31, 2020, is attached as Exhibit F. Also attached as Exhibit F is the name, city, state and telephone number of every franchisee who was terminated, not renewed, reacquired, ceased operations or otherwise left the system during our 2020 fiscal year or has failed to communicate with us within 10 weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no instances during the last three fiscal years where a former franchisee signed provisions restricting their ability to speak openly about their experience with us due to a confidentiality clause agreement.

We are not aware of any trademark specific franchisee organizations.

21. FINANCIAL STATEMENTS

Our audited financial statements, dated December 31, 2020, December 31, 2019 and December 31, 2018, are included in this Disclosure Document at Exhibit E.

22. CONTRACTS

The Franchise Agreement and exhibits are included as Exhibit A. The Disclosure Acknowledgement Agreement is attached as Exhibit H.

23. RECEIPTS

The last two pages of this Disclosure Document (following the exhibits and attachments) are documents acknowledging receipt of this Disclosure Document by you (one copy for you and one copy for us). The Receipt must be signed and dated and delivered to us at least 14

calendar days, or earlier if required by state law, before the signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A
FRANCHISE AGREEMENT



TOUCHING HEARTS, INC.

FRANCHISE AGREEMENT

TABLE OF CONTENTS

	Page
1. FRANCHISE RIGHTS.....	1
2. TERM AND RENEWAL	2
3. FRANCHISOR SERVICES.....	3
4. FEES PAID TO FRANCHISOR	4
5. DUTIES OF FRANCHISEE.....	5
6. TRADEMARK STANDARDS	7
7. CONFIDENTIAL OPERATING MANUAL	8
8. CONFIDENTIAL INFORMATION/IMPROVEMENTS	9
9. NON-COMPETE PROVISIONS.....	10
10. ACCOUNTING AND RECORDS.....	11
11. ADVERTISING.....	11
12. INSURANCE	12
13. TRANSFERABILITY OF INTEREST	13
14. DEFAULT AND TERMINATION.....	15
15. MISCELLANEOUS PROVISIONS	16
16. ACKNOWLEDGEMENTS	19

FRANCHISE AGREEMENT TOUCHING HEARTS, INC.

THIS AGREEMENT is made and entered into by and between Touching Hearts, Inc., a Minnesota corporation ("Franchisor" or "we") and _____, a _____ corporation ("Franchisee" or "you"), this _____ day of _____, 20_____.

RECITALS:

Franchisor, as the result of time, skill, effort and money, has developed a system ("System") for providing affordable high quality non-medical companion services for older adults and persons with disabilities;

Franchisor is the holder of certain trade names, service marks, and trademarks which we periodically may update ("Marks") which are part of the System; and

Franchisee desires to operate a business under Franchisor's System, using Franchisor's Marks (the "Business"), and to receive the training and other assistance provided by Franchisor in connection therewith;

In consideration of the foregoing, and for other good and valuable consideration, the parties agree as follows:

1. FRANCHISE RIGHTS

A. Grant. We grant you a non-exclusive license during the term of this Agreement to use our System and Marks under the terms of this Agreement to operate a Touching Hearts® franchise within the territory identified in Attachment A ("Territory"). Subject to Section 1(B) below, during the term of your Agreement and so long as you are not in default hereunder, we will not directly, or grant another person a license to, operate a Touching Hearts® ("TH") business within your Territory.

B. Rights Reserved To Us. We (for our self and our affiliates) retain the right:

(i) to ourselves operate, or to grant other persons the right to operate, TH businesses outside the Protected Territory, although we or another franchisee periodically may service particular customers in the Protected Territory if you are unwilling or unable to service such customers as further described in the "Operations Manual" (as defined in Section 7);

(ii) to sell the products and services authorized for sale from TH businesses under trademarks other than the Marks through similar or dissimilar channels of distribution

(iii) to sell the products and services authorized for sale through TH businesses under the Marks through dissimilar channels of distribution (i.e., other than the operation of TH businesses), including by electronic means such as the Internet, by websites we establish, pursuant to conditions we deem appropriate within and outside the Protected Territory; and

(iv) to advertise the System on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of a website using the Marks.

(v) In addition, we, or our affiliates may, as part of our strategic plan, acquire companies that operate the same businesses as TH businesses under the acquired name and/or trademark and the acquired companies may have existing businesses operating in your Protected Territory. In those circumstances where the territory of an acquired business overlaps your Protected Territory, we may, with the written agreement of both parties, alter the Protected Territory. If mutual agreement as to the territory definition cannot be made then we or our affiliate may continue to operate the acquired business by the name and/or service marks under which it was identified prior to its acquisition.

C. Site Selection. You must operate your Business in a retail office, industrial park or other commercial location within your Territory ("Office"). You may not operate your Business, or locate your Office, outside of your Territory.

D. Restrictions on Advertising and Servicing Customers Outside Your Territory. You must focus your advertising within your Territory and cannot advertise or solicit sales outside of your Territory unless you receive our prior written consent. You will not service any customers outside your Territory unless we, in our absolute discretion, agree in writing to permit you to do so and you understand that we may withdraw that approval at any time.

2. TERM AND RENEWAL

A. Term. This Agreement is for a term of ten (10) years, beginning on the date of this Agreement.

B. Renewal. At the expiration of this Agreement, you have the right to renew your franchise for one additional period of ten (10) years, provided that:

(i) You provide us with written notice of your desire to renew at least one hundred eighty (180) days prior to the end of this Agreement's term. If Franchisor does not receive written notice within one hundred eighty (180) days before the expiration of this Franchise Agreement, it shall expire at our discretion;

(ii) At the end of the initial term, you are not in default of any provision of this Agreement, any other agreement between you and us or any of our affiliates, and you have substantially complied with all the terms and conditions of the foregoing agreements;

(iii) All monetary obligations owed by you to us or our affiliates have been satisfied prior to renewal;

(iv) You execute our then-current form of franchise agreement which shall supersede this Agreement, and pay the then current renewal fee. The new agreement may contain terms and conditions substantially different from those set forth herein. You must also sign a general release at the time of renewal, in a form satisfactory to us, of any and all claims against us and our partners, directors, shareholders, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; and

(v) At the time of renewal, you have met or exceeded the minimum monthly gross revenues levels as set forth in Section 5(E) below for the prior six (6) months.

In the event you have failed to meet the forgoing requirements, we may, at our sole discretion, choose not to renew your franchise. If Franchisee does not sign a new franchise agreement and comply with renewal terms as outlined in Section 2 prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then, at the option of Franchisor, this Agreement will have expired as of the date of expiration and you must comply with all post-termination obligations hereunder; or continued on a month- to-month basis (the "Interim Period") until Franchisor or Franchisee provides the other party with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee on the expiration of this Agreement shall take effect upon the termination of the Interim Period.

3. FRANCHISOR SERVICES

A. Training. We will provide a one week intensive training program for you and one other employee, or if you are a corporation, one officer and your manager. If at any time one of the persons who were initially trained is not acting as a full-time manager of your business, you must pay for his or her replacement to attend the week-long initial training course. We will provide such training to the replacement officer or manager at a cost to be determined from time to time by Franchisor. We may, in our discretion, require you to attend certain regional meetings or additional training with reasonable notice. All costs associated with attendance at the aforementioned meetings and trainings shall be borne by you.

B. Advisory Services. We shall, at our discretion, provide reasonable continuing advisory assistance in the operation of your Business. We will also provide you with additional assistance at your location for a fee of \$500 per day. In addition to the \$500 per day fee, you must pay our travel, accommodation and meal expenses.

C. System Processes and Know-How. We will provide you with distinctive processes associated with the System including proprietary know-how and techniques. Typically, System know-how will be communicated to you through training, advisory services and our Operating Manual. We may change the System periodically at our discretion and will notify you of these changes. You must, at your own expense, take the steps necessary to comply with these changes made to the System and Operating Manual. We will loan you one copy of the Confidential Operating Manual, as more fully described in Section 7 hereof. We may periodically change the Manual.

D. Required Software. You are required to use QuickBooks, Microsoft Office, and ClearCare software (collectively, the "Software") in the operation of your franchise. The ClearCare Software handles client, caregiver, scheduling, and billing data and provides a uniform means for multiple devices in an Office to update and save this information. This Software package allows for integration with QuickBooks for payroll and billing calculations and reports. This Software also provides client and caregiver profiles, management reports, and customer service support. We may from time to time provide you with changes, modifications or enhancements to the Software as we may deem necessary for the benefit of the System and you agree to comply with all such changes, modifications or enhancements. All changes, modifications and enhancements shall be deemed a part of the Software. You acquire no proprietary interest in the Software. You agree to use the Software in conjunction with the operation of the Business. You further agree not to change or modify the Software in any

manner or license anyone else to use the Software. The Software also requires a modem and high-speed Internet to be purchased at your expense. Required computer hardware for use with the Software is as follows: A laptop or desktop computer system, or tablet such as Microsoft Surface that supports a non-mobile operating system and keyboard input. This may be purchased from any vendor at your discretion. We will provide up to three (3) email addresses for your Business.

E. You acknowledge and agree that we reserve the right to own and control the use of all customer data related to your Business, and we grant you a license to use that customer data during the term of this Agreement. You have no right to sell, transfer, sublicense or otherwise share the customer data to or with any third party unless you obtain our prior written approval. You will only use customer data for approved uses related to your Business, unless you obtain our prior written approval. Upon reasonable request, you will transfer all customer data to us as described in the Manual. It is your sole responsibility to protect customer data from cyber-attacks or unauthorized intruders, and you waive any claim you may have against us as the direct or indirect result of such attacks and intrusions. You are solely responsible for complying with all federal, state, and local laws and regulations concerning the storage, handling, use and protection of customer data. In addition, you must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach or cyber-attack at or in connection with your Business.

F. Website. We will include information about your Business on our website.

G. Initial Imprinted Materials Package. We will furnish you with a one-time initial inventory of imprinted materials for advertising.

4. FEES PAID TO FRANCHISOR

A. Initial Franchise Fee. You must pay us an initial franchise fee of \$39,500 upon submission of this Agreement to us. Once we execute the Agreement, the initial license fee shall be deemed fully earned and non-refundable.

B. Service Fees. You must pay us a percentage of your gross revenues as defined in Table 4-1 below (the "Service Fee"). Payments are to be made on a semi-monthly basis.

(i) For purposes of this Agreement, "gross revenues" shall mean all of your billings, whether or not collected, including, but not limited to, cash sales and sales on account, monies billed for companion services whether performed by you or subcontracted, monies billed in connection with trade or barter agreements, or monies billed for any other service performed using the Marks, but shall not include any bona fide refunds, rebates or discounts approved by us.

(ii) The Service Fee for each semi-monthly period shall be paid to Franchisor in the following manner:

You must transmit via high-speed Internet to us your bi-weekly statement of gross revenues for each semi-monthly report period during the term of this Agreement. The semi-monthly report periods, the date upon which you are required to report to us your gross revenues, and the date on which we will deduct payment from your account will be set forth in a yearly calendar which we shall provide to you. Service Fees will be

automatically deducted from your account pursuant to the Authorization for Automatic Payments Agreement attached as Attachment C, which you must sign as a condition of this Agreement.

(iii) If, in any calendar year, Franchisee's total Gross Revenues derived from the franchise purchased under this Agreement fall into a range listed in Table 4-1 below, the Service Fee payable by Franchisee for the remainder of such calendar year pursuant to this Section 4(B) shall be reduced to the percentage of Gross Revenues listed opposite the applicable range of Gross Revenues. However, Franchisee shall not be entitled to any reduction in Service Fees if and for so long as Franchisee is in default of this Agreement or any other agreement to which Franchisor and Franchisee are both parties.

Table 4-1

Gross Revenue Range	Service Fee
greater than \$3,000,000	3.0% of Gross Revenues
\$1,000,001 to \$3,000,000	4.0% of Gross Revenues
\$500,001 to \$1,000,000	4.5% of Gross Revenues
\$0 to \$500,000	5.0% of Gross Revenues

For example, \$1,000,000 in gross revenues equals \$47,500 in Service Fees.

C. **Software Fees.** You must pay ClearCare, Inc. The price is subject to change based on your contract with the software vendor. ClearCare will bill you directly. We reserve the right to change the software and related requirements.

D. **Late Fees.** If you fail to have sufficient funds available to pay any Service Fee after it is due or fail to pay any Software Fees or other fees due to us, you shall pay interest on the amount due equal to 1½% per month for each month the amount is not paid or the maximum allowable interest rate allowed by applicable state law, whichever is less. In addition, you agree to pay any expenses incurred by us, including costs and attorneys' fees, for collection of any fees.

5. DUTIES OF FRANCHISEE

A. **Acceptance and Training.** You accept the franchise granted in this Agreement and agree to operate your Business in accordance with this Agreement and the Manual. You shall maintain a clean and safe place of business in compliance with all applicable laws, and with the Occupational Safety and Health Act Standards. You agree to comply with all HIPAA laws and regulations. You also agree that at least two (2) persons shall attend and complete to Franchisor's satisfaction, prior to the commencement of Business, a one (1) week intensive training seminar (the seminar shall provide training in the areas of management, finances, production, sales and promotion) as provided by Franchisor. The Initial Training Program shall be held in Minneapolis, Minnesota or at such other location as the Franchisor may designate. You will be responsible for all travel and personal expenses in connection with the Initial Training Program. Additional persons may attend the Initial Training Program at a cost of \$1000 per person plus hotel accommodations. All expenses associated with the additional person's attendance shall be borne by you.

B. **Additional Training.** Franchisee, its managers or other employees, as designated by Franchisor, shall attend and complete to Franchisor's satisfaction, such other training programs as Franchisor may require in the Confidential Operating Manual or otherwise in writing. All expenses incurred in such other training shall be borne by Franchisee.

C. **Opening.** Unless otherwise agreed to by Franchisor in advance, you agree to open your Business within six (6) months after the date of this Agreement (subject to extension at Franchisor's sole discretion) and to operate it in accordance with our System and this Agreement. If you fail to open your Business within six (6) months, or if you fail to successfully complete our training program, we may terminate this Agreement pursuant to Section 14 below and retain all monies received.

D. **Managing Agent.** You shall designate a managing agent who will devote his or her best efforts and personal full time and attention to the management of your Business. The manager must have successfully completed the required training program. The managing agent must sign a Non-Disclosure Agreement in the form attached as Attachment D to this Agreement. In the event that the initial manager is replaced by another officer or manager, you agree, at Franchisor's discretion, to have the replacement manager attend and complete our initial training program at your expense within one (1) month of such replacement. The cost for training your new manager shall be determined by us at our discretion.

E. **Minimum Sales Requirements.** The continuation of your Territory rights is based on maintaining the minimum monthly average gross revenues levels set forth below:

Period from Commencement of Franchised Business	Minimum Monthly Average Gross Revenues
Months 1 – 12	No Minimum
Months 13 – 24	\$10,000
Months 25 – 48	\$30,000
Months 49 – 72	\$50,000
Months 73 and thereafter	\$70,000

F. **Services to be Offered.** You agree to sell or offer for sale only such services as meet our uniform standards of quality and performance for the System as provided in the Manual or otherwise in writing by us; to sell or offer for sale all approved services; to refrain from any deviation from our standards and specifications for providing these services or selling the same; and to discontinue selling and offering for sale any such services as we may, in our discretion, disapprove in writing at any time.

G. **Performance of Services.** You agree that all services licensed under this Agreement shall be performed solely by you or your employees. You and your employees must meet all requirements set forth in the Manual, or otherwise in writing, including, but not limited to, the hours and operations of your business, scheduling customer service, marketing and financial reporting techniques, and controls. You and your employees must at all times present a neat and clean appearance and render competent, sober, and courteous service to our customers. You agree to use the Software to handle all client, caregiver, and scheduling data. You agree to perform all services and conduct your Business as HIPAA compliant.

H. Corporate Representations. You have obtained all necessary authorizations to be bound by the terms of this Agreement, including:

(i) That your principal executive officers have taken all steps necessary for you to be bound by the terms of this Agreement;

(ii) Certified copies of your Articles of Incorporation, By-Laws, and other governing documents, including the resolutions of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to us.

(iii) The individuals executing this Agreement shall remain the owners of not less than 66% of the total voting capital stock thereof, during the entire term of this Agreement, with the effective unencumbered right to vote such stock. The loss or surrender of such ownership or effective unencumbered right to vote said stock, by any means whatever, shall constitute a breach of the terms of this Agreement. In addition, each individual who owns twenty percent (20%) or more of the total voting capital stock in Franchisee will be required to execute the Personal Guaranty in the form attached as Attachment B to this Agreement.

I. Consent Granted to Franchisor. You agree to give us and those acting under our authority the right to reasonably and fairly use your name, contact information, photograph, or biographical material in any publication, circular, or advertisement related to the business of Franchisor or your Business, in any place for an unlimited period, without compensation.

J. Purchases from Approved Vendors. You agree to purchase various promotional materials, brochures, forms, stationery, and other items only from vendors that we have approved.

K. System Updates. You will comply with changes and updates we make to the Manual, System and standards, even if additional investment or expenditures are required. At our discretion and without obligation to you, we may vary standards for any other franchisee. Other franchisees may operate under forms of an agreement which may differ materially from this one.

L. Compliance with Applicable Laws. You agree to remain in compliance with all local, state, and federal laws, rules and regulations in connection with the operation of your Business, including, but not limited to, the prompt payment of required licenses, surveys, permits, assessments, taxes, fees, and fines.

6. TRADEMARK STANDARDS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of this Agreement. You agree that the use of the Marks and any goodwill established exclusively benefits us, and that you receive no interest in any goodwill related to your use of the Marks or the Business System. You must not, at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Business, but you must identify yourself as the independent owner in the

manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the Business System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access our website. Except as we may authorize in writing, however, you will not: (1) duplicate our website; (2) conduct any business or offer to sell or advertise any Products or similar products or services on the Internet (or any other existing or future form of electronic communication); (3) create or register any Internet domain name in any connection with your franchise; and (4) use any e-mail address which we have not authorized for use in operating the Business. You will not register, as Internet domain names, any of the Marks that we now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

D. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us and our counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after notice by us.

7. CONFIDENTIAL OPERATING MANUAL

A. Compliance with Manual. To protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation under the Marks, Franchisee shall conduct the Business in accordance with our confidential operating manual (the "Manual"), including amendments and additions thereto, one hard copy or electronic copy of which Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement.

B. Confidentiality. Franchisee shall at all times treat as confidential and require its employees and agents to treat as confidential the Manual, and the information as contained therein, and shall use all reasonable efforts to maintain the Manual as secret and confidential. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the Manual, in whole or in part, nor otherwise make the same available to any unauthorized person.

C. Manual Must be Kept Current. The Manual and any other training materials on loan from Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall at all times insure that the Manual is kept current and up-to-date, and in the event of any dispute as to the contents of the Manual, the contents of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

D. Return of Manual. You will return the Manual and any other training materials to us promptly upon the termination or expiration of this Agreement or any transfer, and promptly destroy any authorized representations of the Manual upon termination or expiration of this Agreement or any transfer.

8. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Business pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you agree that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Business employees; and (5) will sign a Confidentiality Agreement and will require the Operating Manager and other managers, employees and agents with access to Confidential Information to sign such an agreement in a form we approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to us all ideas, concepts, products, process methods, techniques, improvements, additions and customer data relating to the development and/or operation of a TH business or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Business, or any advertising or promotion ideas related to the Business (collectively, the "Improvements") that you, your owners or your employees or agents conceive or develop during the term of this Agreement. You and your owners, agents and employees acknowledge and agree that any Improvement is our property, and you and your owners, agents or employees

must sign all documents necessary to evidence the assignment of the Improvement to us without any additional compensation. You acknowledge and agree that we may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Business without our prior written consent.

9. NON-COMPETE PROVISIONS

A. In-Term Non-Compete. Franchisee covenants that during the term of this Agreement, and any extension thereof, Franchisee shall not, directly or indirectly, itself or through, on behalf of, or in conjunction with any person, persons, partnership, company, or corporation:

(i) Divert or attempt to divert any business or customer of the Business licensed hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and System;

(ii) Own, maintain, engage in, or have any interest in any other business which performs the same or similar services as licensed by Franchisor, both within and outside the Territory; provided, further, that this provision shall not apply to any ownership of Franchisee of less than one percent (1%) of the outstanding equity securities of any publicly held corporation; and

(iii) Engage in any marketing or selling of services which are the same or similar to those services as licensed by Franchisor, other than those services approved in connection with the Business as permitted under this Agreement.

B. Post-Term Non-Compete. Franchisee covenants that, for two (2) years after the termination or expiration of this Agreement, Franchisee shall not, directly or indirectly, itself or through, on behalf of, or in conjunction with any person, persons, partnership, company, or corporation:

(i) Own any interest in, lease property to or otherwise work for, engage in or assist, directly or indirectly, any other non-medical home health care provider within or up to 50 miles from the outside boundary of Franchisee's Territory.

(ii) Divert or attempt to divert any business or customer of the Business licensed hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and System.

(iii) Use any reproduction, copy or similar imitation of the Marks subject to this Agreement in any trade or business.

You agree that the covenants contained in this Section are reasonable and will not impose undue hardship on you. You understand that your willingness to agree to such covenants is an important inducement and consideration for our entering into this Agreement.

C. Non-Disclosure Agreement. You agree to require any officers, directors, partners, trustees, or managers who have not executed a Personal Guaranty, whether holding the position

now or in the future, to execute the Non-Disclosure Agreement in the form attached as Attachment D to this Agreement.

10. ACCOUNTING AND RECORDS

A. Records. During the term of this Agreement, and for at least seven (7) years from the dates of their preparation, Franchisee shall maintain and preserve full, complete, and accurate books, records, and accounts in accordance with HIPAA and generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manual or otherwise in writing.

B. Inspection. Franchisee shall, at its expense, submit to Franchisor, upon request: (a) within thirty (30) days after request, a complete income statement and balance sheet or copies of the annual and quarterly financial statements prepared by the auditors or accountants of Franchisee, each signed by Franchisee attesting that it is true and correct; (b) within ninety (90) days after request, a complete financial statement for the preceding calendar year, including both a profit and loss statement and a balance sheet certified by an independent public accountant, all federal and state tax returns, together with such other information in such form as Franchisor may reasonably require; and (c) such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the time reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing.

Franchisor or its designated agents shall also have the right at all reasonable times to examine, at its expense, the books, records, and tax returns of Franchisee and any other business in which Franchisee or its principal owners have a financial interest. In connection therewith, Franchisee agrees to execute IRS Form 4506, or other similar form, authorizing Franchisor to obtain the applicable tax returns of Franchisee, at the request of Franchisor.

Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor upon demand, the amount understated and interest from the date such amount was due until paid, at 1½% per month or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any report of 5% or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

11. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, Franchisee agrees as follows:

A. Form. All advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements in the Manual. You must obtain our approval in writing for advertising materials designed or contracted for or purchased by you. We reserve the right, at our discretion, to require you to cease using any advertising materials.

B. Requirements. Franchisee shall maintain a full-time telephone line with a 24-hour answering service and/or paging system.

C. Franchisor Obligations. Franchisor is not obligated to furnish any advertising or signs for Franchisee.

D. Participation in Internet Website. You will participate in a TH website listed on the Internet or other online communications and participate in any intranet system we control. We will, at our discretion, determine the content and use of a TH website and intranet system and will establish rules under which you may or will participate. We will retain all rights relating to the TH website and intranet system and may alter or terminate the website or intranet system upon thirty (30) days' notice to you. Your general conduct on the Internet and the TH intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation in the website or intranet system is considered Confidential Information (as defined in Section 7), including access codes and identification codes. Your right to participate in the TH website or intranet system or otherwise use the Marks or the Business System on the Internet will terminate when this Agreement expires or terminates. In our sole discretion, we may approve a request from you to develop your own independent website.

12. INSURANCE

A. Requirements. You must maintain insurance policies protecting you and (as additional insureds) us and our officers, directors, partners and employees against all loss, liability, personal injury, death or property damage or expense related to your store(s) or commercial sales facility, as applicable. Policies must be written by an A.M. Best "A" or better rated insurance company satisfactory to us and must meet our specifications, including types and amounts of coverage, and the dollar limits and deductibles levels, among other things.

(i) Commercial General Liability: Including Bodily Injury, Property Damage, Personal Injury, Products and Completed Operations Liability, Broad Form Property Damage Liability, with a per occurrence limit of \$1,000,000 and an annual policy aggregate of \$2,000,000. Additional required coverage: \$1,000,000 Employee Benefits Liability (if applicable). Additional Insured Coverage for Franchisor and its affiliates, officers, directors, members and agents and others as their interest may appear on a primary, noncontributory basis.

(ii) Automobile: Coverage for all Owned, Non Owned and Hired vehicles for a limit per occurrence of \$1,000,000 Bodily Injury and Property Damage combined single limits, including a \$1,000,000 for both Uninsured and Underinsured Motorist and statutory Personal Injury Protection or \$5,000 Medical Payments.

(iii) Workers' Compensation/Employers Liability: As required by statute, Workers' Compensation coverage for employees and including all Owner(s), with \$500,000 Employers Liability limits of protection. Umbrella (optional): Coverage for at least \$1,000,000 in excess of the required coverage mentioned above.

(iv) Property: Coverage on Personal Property and Inventory, including property of others on a Special Cause of Loss coverage form. The perils of Flood and Earthquake shall also be required for specific geographical and exposed locations. Loss of Business Income including Loss of Rents and Extra Expense on an Actual Loss Sustained basis is also a requirement.

(v) Professional Liability (E&O) for in-home caregivers: \$1,000,000 as needed and required.

(vi) Sexual Abuse/Molestation: \$1,000,000 per occurrence.

(vii) Business Services Bond or Third Party Crime Policy: Business Services Bond - \$10,000 limit with NO conviction clause. Third Party Crime - \$25,000 limit with NO conviction clause (must include all employees, independent contractors and owners).

(viii) Employment Practices Liability Coverage: Minimum Limit of \$1,000,000. Must include coverage for 1st and 3rd party claims. Deductible of \$5,000.

B. Additional Insured. All policies must list Franchisor as an additional insured on a primary and noncontributory basis and Franchisee against all claims, suits, obligations, liabilities and damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchise Business. Franchisee shall furnish Franchisor with proof of coverage upon request.

C. Additional Insurance Terms. All policies must provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and as we may approve). We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require.

13. TRANSFERABILITY OF INTEREST

A. Our Right of First Refusal. If you or your Principal Owners (each individual who owns twenty percent (20%) or more of the total voting capital stock in Franchisee) at any time desire to sell or assign this Agreement, the Business, an ownership interest representing (in the aggregate) fifty percent (50%) or more of the ownership in you or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Business or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 13. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal.

B. Transfer by Franchisor. We may assign or transfer this Agreement without providing to you any notice and without requiring any consent from you. Any such assignment will require the assignee to fulfill our obligations under this Agreement. Separately, we may assign or delegate to an affiliate or other third party certain of our obligations under this Agreement without assigning our interest in this Agreement.

C. Transfer by Franchisee.

(i) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that we have granted this license in reliance on Franchisee's (and its owners' and managers') business skill and financial capacity. Accordingly, Franchisee shall not sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any interest in this Agreement without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, without our prior written consent, shall be null and void and shall constitute a material breach of this Agreement. Franchisee shall provide Franchisor copy of any ancillary agreements made between Franchisee and transferee.

(ii) We shall not unreasonably withhold consent to a proposed transfer of any interest by Franchisee in the Business or this Agreement; provided, however, that prior to the time of transfer, Franchisee fulfills the terms of our transfer policy then in effect. We may, in our sole discretion, require that:

(1) All of Franchisee's accrued monetary obligations to us or our affiliates and all other outstanding obligations related to the Business shall have been satisfied;

(2) Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our partners, officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

(3) The transferee demonstrates to our satisfaction that it meets our managerial and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business licensed herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the business;

(4) The transferee shall execute (and/or, upon our request, cause all interested parties to execute) the then-current Franchise Agreement and other ancillary agreements as we may require for the Business;

(5) The transferee successfully completes our training program; and

(6) Upon granting of approval for the transfer of Franchisee's license, Franchisee shall pay us 40% of the then-current initial franchise fee and processing fees associated with the transfer.

D. Transfer Upon Death or Permanent Incapacity. Upon the death or permanent incapacity of Franchisee or any person with any interest in this license or in Franchisee, or upon the dissolution of a Franchisee that is a partnership or corporation, the executor, administrator, personal representative, or trustee of such person or entity shall transfer his/her or its interest to a third party approved by us within a reasonable time. Such transfers, including, without

limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter-vivo* transfer. If the heirs or beneficiaries of any such person are unable to meet the conditions in Section 13 hereof, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the license, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement.

E. Non-Waiver of Claims. Franchisor's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

14. DEFAULT AND TERMINATION

A. Termination 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 mailing of notice by us, upon the occurrence of any of the following events:

(i) If you plead guilty, plead non contendere or are convicted of a felony, a crime involving moral turpitude, a violation of any law relating to this Business, or any other crime or offense that is reasonably likely, in our sole opinion, to adversely affect the System, the Marks, the goodwill associated therewith, or our interest therein.

(ii) If you disclose or divulge the contents of the Manual or other trade secrets or Confidential Information provided to you by us contrary to Sections 7 and 8 hereof.

(iii) If an approved transfer is not completed within a reasonable time following the death or permanent incapacity of an individual Franchisee or partner, or if Franchisee is a corporation, the corporation fails within a reasonable time to replace its principal executive officer after death or permanent incapacity as required by Section 13(D).

(iv) You fail to comply with the covenants in Sections 8 and 9 hereof.

(v) You are in continuous or repeated breach of this Agreement.

(vi) You become insolvent or bankrupt.

(vii) You fail to complete the required training.

(viii) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or Franchisor's rights therein.

(ix) You transfer or attempt to transfer this Business without our consent.

(x) You perform any act, or fail to prevent or immediately cure any situation, which poses an imminent threat to the public health or safety or which may cause injury to any of your customers or employees.

(xi) You abandon the Business or otherwise forfeit the right to do or transact business in the Territory.

B. Termination with Opportunity to Cure. In the event either party hereto shall fail to substantially comply with any of the requirements imposed by this Agreement, the offended party shall notify the offending party in writing of such failure giving the offending party sixty (60) days if the offending party is Franchisor, and thirty (30) days if the offending party is Franchisee, in which to remedy any default and provide evidence thereof to the offended party. If any default is not cured during said period, termination will be effective. Defaults by the Franchisee shall include, without limitation, the occurrence of any of the following events:

(i) If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial information required by Franchisor under this Agreement, or makes any false statements in connection therewith.

(ii) If Franchisee fails to maintain the standards that Franchisor requires in this Agreement.

(iii) If Franchisee fails, refuses, or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement.

(iv) If Franchisee fails to commence operating the Business within six (6) months of signing this Franchise Agreement.

C. Obligations Upon Termination. Upon termination or expiration, all rights granted herein shall terminate, all interests shall revert to us automatically, and you shall immediately:

(i) cease to perform any services or use, by advertising or in any manner whatsoever, any format, methods, procedures, and techniques associated with the System; you shall also withdraw your name from all published lists of persons licensed to perform services associated with the System and cease to hold yourself out to the public as a present or former Franchisee;

(ii) cease and terminate all use of the Marks and the words "Touching Hearts, Inc.", in any manner whatsoever, take all steps necessary to disassociate from the Marks, including the withdrawal of all advertising matter, the destruction of all letterheads, the removal of all signs and any other articles which display the Marks associated with the System;

(iii) assign your Business telephone numbers and listings to Franchisor or a franchisee designated by Franchisor;

(iv) pay us and our affiliates all outstanding amounts due; and

(v) return the Manual and all customer data and information to us (in compliance with applicable laws).

15. MISCELLANEOUS PROVISIONS

A. Interpretation. This Agreement is the entire and final agreement between you and us. This Agreement supersedes and cancels any other understanding or Agreement previously made between you and us for this Business. This Agreement may be amended only by mutual written consent, except that we retain the right to unilaterally modify the Manual. If any provision of this Agreement is held unenforceable it shall be severed from the balance of the Agreement except that Section 9 may be rewritten to reduce its scope. No claim or provision in any

Franchise Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document that was provided to you.

B. **Governing Law.** Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the laws of the state in which the Business is located, without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Business is located.

C. **Arbitration.** Except to the extent we elect to enforce the provisions of this Agreement by injunction as provided in Section 15, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) will be resolved by arbitration on an individual basis under the authority of the Federal Arbitration Act in the city in which our corporate headquarters is located at the time the arbitration is commenced. The arbitrator(s) will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration Association, or the rules of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Federal Arbitration Act. The decision of the arbitrator(s) will be final and binding on all parties; provided, however, the arbitrator(s) may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance we establish. Any arbitration proceeding will be limited to controversies between you and us, and will not be expanded to include any other TH franchisee or include any class action or multi-party claims. This Section 15 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of arbitrator(s) may be entered in any court having jurisdiction thereof. During any arbitration proceeding, we and you will fully perform our respective obligations under this Agreement.

D. **Venue.** Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought exclusively in any state or federal court of competent jurisdiction in the county where our headquarters is located. Franchisor also has the right to file any such suit against Franchisee in the federal or state court where the Business is located. Each of Franchisor and Franchisee irrevocably consents to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 15(D) will survive the termination of this Agreement.

E. **Injunctive Relief.** Notwithstanding Sections 15(A) above, you recognize that a single franchisee's failure to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all other TH businesses. Therefore, if you breach or threaten to breach any of the terms of this Agreement, then, to the greatest extent permitted by applicable law, we will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual or irreparable damage and without the need to post bond for security, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrator.

F. Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

G. Costs of Enforcement. The prevailing party in any litigation shall be entitled to receive as a part of the damages awarded therein, all costs, expenses, and reasonable attorneys' fees incurred or paid in enforcing the terms of this Agreement or in defending any action or proceeding relating hereto.

H. Prices. We may periodically suggest retail prices or discounts for Products and Services you sell at the Business or in connection with the Business. However, you have the sole and absolute right to accept or reject those suggestions and to establish prices at which you sell or furnish Products and Services except for national or targeted price campaigns as designated by us.

I. Notices. Notices or other communications are given when delivered personally or one (1) business day after being sent by certified mail, to us at our office at 7900 W 78th St., Suite 410, Minneapolis, Minnesota 55439, or to you addressed to a signatory to this Agreement or one of your officers. Notice also may be given by facsimile or overnight express. Either party may update its address for notice by notifying the other party in writing.

J. Independent Relationship. You are an independent contractor, not an employee, agent, partner, or joint venture of Franchisor. This Agreement does not create a fiduciary relationship or a relationship of special trust and confidence. No person may acquire any interest in or under this Agreement except in accordance with Section 13. No other person except our affiliate is intended to be a beneficiary of this Agreement. If Franchisee is more than one (1) person, all are jointly and severally liable hereunder. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising therefrom against Franchisee.

K. Indemnification. Franchisee shall indemnify, defend and hold Franchisor and its affiliates and their respective officers, agents, and employees harmless against any and all actions, claims, damages, losses or expenses arising directly or indirectly from, as a result of, or in connection with Franchisee's ownership or operation of the Business, as well as the costs of investigating and settlement of any such claim, including court costs and attorneys' fees.

L. Cooperation. Franchisee and each of its owners shall at any time hereafter, upon our request, make all such further assurances, and execute such additional documents as we deem necessary to effectuate the terms and conditions of this Agreement.

M. Franchise Disclosure Document. You acknowledge receipt of our Franchise Disclosure Document at least fourteen (14) calendar days prior to execution of this Agreement. You acknowledge receipt of this Agreement with all applicable blanks completed and with all applicable Attachments, Addendums, and Appendices at least seven (7) calendar days prior to execution of this Agreement. You also acknowledge that we have recommended, and that you have had opportunity to obtain and review this Agreement and our Franchise Disclosure

Document with your lawyer, accountant, or other business advisor prior to the execution of this Agreement.

16. ACKNOWLEDGEMENTS

Franchisee acknowledges that it has conducted an independent investigation of the business licensed hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent entity. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

The parties hereto have signed this Agreement as of the date first above written.

FRANCHISOR: TOUCHING HEARTS, INC.

By _____

Its _____

Date _____

FRANCHISEE:

By _____

Its _____

Date _____

By _____

Its _____

Date _____

ATTACHMENT A
TERRITORY

ATTACHMENT B

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain franchise agreement of even date herewith (the "Franchise Agreement") by Touching Hearts, Inc. ("we" or "us"), each of the undersigned (a "Guarantor"), each of whom has a significant economic stake in _____ (the "Franchisee") by virtue of holding equity interests in the Franchisee, hereby personally, irrevocably and unconditionally guarantees to us, and our successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that the Franchisee will timely pay and perform each and every undertaking, agreement and covenant stated in the Franchise Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every such undertaking, agreement and covenant, and other provision in the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any obligation or indebtedness hereunder; (3) protest, demand, presentment, notice of protest, default, notice of intent to accelerate, and notice of acceleration, to any party respecting the obligation or indebtedness hereunder; and (4) any right he or she may have to require that an action be brought against the Franchisee or any other person as a condition of liability hereunder.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this guaranty will be direct and independent of the liability of, and will be joint and several with, the Franchisee and the other Guarantors of the Franchisee.

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon our demand if the Franchisee fails to do so.

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of the Franchisee or any assignee or successor of the Franchisee.

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit that we may grant to the Franchisee, including the acceptance of any partial payment or performance, any delay on our part in enforcing our rights under the Franchise Agreement, or any waiver, compromise or release of any claims.

(5) We may proceed against Guarantor and the Franchisee jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against the Franchisee or any other Guarantor.

(6) Guarantor's liability hereunder will be an open and continuing guarantee and will continue in force notwithstanding any subsequent amendment to the Franchise Agreement or any renewal, expiration or termination of the Franchise Agreement. Our rights hereunder are transferable without the Guarantor's consent, and will benefit our successors and assigns.

(7) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

(8) The dispute resolution and related enforcement provisions contained in Section

15 of the Franchise Agreement are incorporated herein by reference. Guarantor irrevocably consents to the jurisdictional requirements outlined in such Sections and waives all rights to challenge personal jurisdiction and venue.

(9) If any provision of this Guaranty and Assumption of Obligations is construed by a court of competent jurisdiction to be unenforceable, then the offending provision will be severed from this undertaking and the remainder of this undertaking will be unaffected thereby.

The undersigned Guarantor has signed this Guaranty and Assumption of Obligations as of the following date: _____.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN YOU

ATTACHMENT C

AUTHORIZATION FOR AUTOMATIC PAYMENTS

I authorize Touching Hearts, Inc. ("Touching Hearts"), through the financial institution named below, to initiate variable charges to my checking/savings account designated below, for service fees that are due, and for amounts that are overdue for services or products received from Franchisor. As to the financial institution, this authority will remain in effect until I notify the financial institution in writing to cancel it in such time as to afford the financial institution a reasonable opportunity to act on the notice. As to Touching Hearts, this authority will remain in effect until I notify Touching Hearts in writing and provide Touching Hearts with a replacement authority designating a different financial institution and/or account. I can stop payment on any charge by notifying Touching Hearts or the financial institution three (3) days before my account is charged. I can have the amount of an erroneous charge immediately credited to my account up to fifteen (15) days following issuance of my account statement or forty-five (45) days after posting, whichever occurs first.

If there are insufficient funds in my account to cover any proper charge initiated by Touching Hearts, I authorize Touching Hearts to initiate a charge of any amount due plus late charges to the credit card designated below.

Name of Franchisee/Franchisee's Agency _____

Name of Financial Institution: _____

Address of Franchise: _____
Street _____
City: _____
State & Zip: _____

Checking Account Number: _____
Or
Savings Account Number: _____
Bank Routing Number (on bottom left of check): _____

Credit Card Type: _____

Credit Card Number: _____

Credit Card Expiration Date: _____

Signature: _____

Printed Name: _____

Date: _____

ATTACHMENT D

NON-DISCLOSURE AGREEMENT

This agreement is entered into this _____ day of _____, 20____ by
and _____ between Touching Hearts, Inc. ("TH") and
_____ ("Managing Agent") whose signature(s)
appear below.

In consideration of the promise of the Managing Agent set forth below, the terms and conditions as set forth in the Franchise Agreement and this Covenant are incorporated by reference. TH expects to confide to the Managing Agent certain facts, systems, patents, trademarks, and trade secrets concerning the non-medical homecare business which are the property of TH ("System") and which the Managing Agent would not otherwise obtain. It is agreed and understood that the System is the business System of TH, and would prove invaluable in the hands of a competitor.

Therefore, in consideration of the TH Franchise Agreement and confiding of the System to the Managing Agent, the Managing Agent agrees to the terms set forth below.

Covenant Not To Disclose.

(a) During the Franchise Agreement and after expiration or termination of the Franchise Agreement the Managing Agent agrees to respect the confidentiality of TH System, patents, trademarks, and trade secrets, and not to disclose them to anyone.

(b) the Managing Agent agrees not to make use of research done in the course of work done while operating a TH franchise if operating a competing business of TH.

(c) the Managing Agent agrees not to disclose the following items to any individual who is not also a licensed TH Franchisee:

(i) earnings claims or other financial and/or accounting statement for any Business other than the Managing Agent's personal Business;

(ii) any partnerships, licenses, contracts or agreements whether oral or written that TH has or is proposing to enter into with any individual or entity;

(iii) specific Territory offerings, whether actual or proposed; and

(iv) projected openings of any TH office or Business prior to TH receiving a signed Franchise Agreement.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Managing Agent has signed this agreement.

MANAGING AGENT:

By: _____
(signature)

(print name)

Date: _____

EXHIBIT B

LIST OF STATE FRANCHISE ADMINISTRATORS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT D

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

TOUCHING HEARTS AT HOME OPERATING MANUAL

Table of Contents

	PAGE
The Touching Hearts Brand	1
Marketing	5
Sharing the Benefits of Touching Hearts at Home, Key Messages – A Marketing Strategy, Networking, Reaching Your Network, Presentation Guide by Audience, Disease Information, Specialized Care Options, Industry Statistics, Acronyms/Terms Commonly Used in Home Care, Public Relations, Advertising	
Client Services	69
Client Inquiries, Sustainable Competitive Advantages, Incoming Inquiry Calls, Effective and Successful Client Visits, Achieving Effective and Successful Client Visits, Key Messages, Examples of Client Visit Scenarios, Monitoring Employee Client Service Visits, Client Communication Outline	
Employment	91
Sample Job Descriptions, Employment Inquiry Process, Employee Interview, Permissible Interview Questions, Sample Email Responses to Applicants, Retaining Quality Employees, Ongoing Employee Training/Reviews	
Touching Hearts Style Guide	119
The Touching Hearts Brand Elements, The Touching Hearts Logo, The Touching Hearts Fonts, The Heart Swoosh, Touching Hearts Signature, Gallery of Examples	

EXHIBIT E

FINANCIAL STATEMENTS

TOUCHING HEARTS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

TOUCHING HEARTS, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Financial Statements:	
Balance Sheets	3
Statements of Income.....	5
Statements of Changes in Stockholder's Equity	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8



INDEPENDENT AUDITOR'S REPORT

Renae Peterson, Stockholder
Touching Hearts, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Touching Hearts, Inc. (a Minnesota Company), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touching Hearts, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Touching Hearts, Inc. for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on April 25, 2019.

Peterson, Whitaker & Bjork, LLC

Peterson Whitaker & Bjork, LLC

Plymouth, Minnesota

April 26, 2021

TOUCHING HEARTS, INC.
BALANCE SHEETS
DECEMBER 31, 2020, 2019 AND 2018

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets:			
Cash	\$ 216,015	\$ 130,201	\$ 77,650
Accounts receivable, less allowance of \$0 in 2020, 2019 and 2018	120,804	145,596	133,184
Prepaid expenses	7,030	10,331	-
Current portion of notes receivable	21,127	-	-
Current portion of due from stockholder	-	39,218	57,998
	<hr/>	<hr/>	<hr/>
Total current assets	364,976	325,346	268,832
Security deposit	4,583	4,583	4,583
Franchising costs, net	2,046	3,856	5,667
Property and equipment, net	5,338	18,908	8,718
Notes receivable, net of current portion	30,400	-	-
Due from stockholder, net of current portion	-	18,780	18,230
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 407,343</u>	<u>\$ 371,473</u>	<u>\$ 306,030</u>

See notes to financial statements.

TOUCHING HEARTS, INC.
BALANCE SHEETS
DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 3,837	\$ 4,293	\$ 191
Accrued salaries, benefits and payroll taxes	40,851	33,863	26,584
Total current liabilities	44,688	38,156	26,775
Deferred rent	18,329	7,444	-
PPP loan	119,176	-	-
Total liabilities	182,193	45,600	26,775
Stockholder's equity:			
Common stock, \$.01 par value, 10,000 shares authorized; 100 shares issued and outstanding	1	1	1
Additional paid-in-capital	87,285	87,285	87,285
Retained earnings	137,864	238,587	191,969
Total stockholder's equity	225,150	325,873	279,255
Total liabilities and stockholder's equity	\$ 407,343	\$ 371,473	\$ 306,030

See notes to financial statements.

TOUCHING HEARTS, INC.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:			
Royalty income	\$ 1,773,112	\$ 1,568,891	\$ 1,269,673
Franchise fee income	316,054	105,050	417,950
Other income	<u>3,170</u>	<u>5,403</u>	<u>2,574</u>
Total revenues	<u>2,092,336</u>	<u>1,679,344</u>	<u>1,690,197</u>
Expenses:			
Personnel salaries and benefits	900,027	832,772	632,415
Franchisee training and seminars	132,491	124,804	151,039
Advertising and promotion	129,510	101,248	122,873
General and administrative expenses	255,648	179,978	146,339
Rent expense	73,908	60,316	40,419
Depreciation and amortization	3,547	5,915	2,997
Loss on disposal of property and equipment	<u>11,834</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,506,965</u>	<u>1,305,033</u>	<u>1,096,082</u>
Net income	<u>\$ 585,371</u>	<u>\$ 374,311</u>	<u>\$ 594,115</u>

See notes to financial statements.

TOUCHING HEARTS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Common stock		Additional paid-in capital	Retained earnings	Total stockholder's equity
	Shares	Amount			
Balances, January 1, 2017	100	\$ 1	\$ 87,285	\$ 205,815	\$ 293,101
Net income	-	-	-	594,115	594,115
Distributions	-	-	-	(607,961)	(607,961)
Balances, December 31, 2018	100	1	87,285	191,969	279,255
Net income	-	-	-	374,311	374,311
Distributions	-	-	-	(327,693)	(327,693)
Balances, December 31, 2019	100	1	87,285	238,587	325,873
Net income	-	-	-	585,371	585,371
Distributions	-	-	-	(686,094)	(686,094)
Balances, December 31, 2020	100	\$ 1	\$ 87,285	\$ 137,864	\$ 225,150

See notes to financial statements.

TOUCHING HEARTS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020	2019	2018
Cash flows from operating activities:			
Net income	\$ 585,371	\$ 374,311	\$ 594,115
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:			
Depreciation and amortization	3,546	5,915	2,997
Loss on disposal of assets	11,834	-	-
Changes in operating assets and liabilities:			
Accounts receivable	24,792	(12,412)	6,047
Notes receivable	(51,527)	-	-
Prepaid expenses	3,301	(10,331)	-
Security deposit	-	-	(1,725)
Accounts payable	(456)	4,102	(2,027)
Accrued salaries and benefits	6,988	7,279	(3,244)
Deferred rent	10,885	7,444	-
Net cash flows provided by (used in) operating activities	594,734	376,308	596,163
Cash flows from investing activities:			
Payments from stockholder	-	18,230	17,692
Purchases of property and equipment	-	(14,294)	(4,733)
Net cash flows provided by (used in) investing activities	-	3,936	12,959
Cash flows from financing activities:			
Proceeds from PPP loan	119,176	-	-
Distributions	(628,096)	(327,693)	(607,961)
Net cash flows provided by (used in) financing activities	(508,920)	(327,693)	(607,961)
Net increase in cash	85,814	52,551	1,161
Cash, beginning of year	130,201	77,650	76,489
Cash, end of year	\$ 216,015	\$ 130,201	\$ 77,650
Non-cash investing and financing activities:			
Non-cash distributions applied to outstanding stockholder note balance	\$ 57,998	\$ -	\$ -

See notes to financial statements.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Touching Hearts, Inc. (the Company) is a franchisor, selling franchises to provide non-medical home care services to seniors and people with disabilities.

Use of Estimates

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

Concentrations of Risk

Cash Deposits in Excess of Federally Insured Limits

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk as defined by current accounting guidance consist primarily of trade accounts receivable. The Company extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral. The Company monitors its exposure to credit losses on receivables and maintains an allowance as considered necessary.

COVID-19

The global pandemic that was declared in March 2020 by the World Health Organization relates to the rapidly growing outbreak of a novel strain of coronavirus (COVID -19). Currently, the pandemic continues to impact the economic conditions in the U.S. and globally, creating significant uncertainties in the U.S. and global economies. The Company and federal, state and local governments are reacting to this public crisis. The Company currently has not experienced a significant negative impact, on its revenues, results of operations and cash flows. This situation is rapidly changing and additional impacts to the business may arise that the Company is not aware of currently. While the disruption is currently expected to be temporary, there is uncertainty around its duration. The Company cannot predict the ultimate impact the pandemic will have on its results of operations, financial position, liquidity, or capital resources but such impact could be material.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with a maturity of less than 90 days to be cash and cash equivalents. At December 31, 2020, 2019 and 2018, the Company did not maintain any accounts considered to be cash equivalents.

Accounts Receivable

Accounts receivable from franchisees are generally secured by the rights to the franchise. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company performs continuing credit evaluations of its customers. Accounts receivable are considered past due when payment has not been received by the stated due date on the invoice. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Property and Equipment

Property and equipment are carried at cost. Depreciation expense is computed using the straight-line method over estimated useful lives ranging from 5 to 7 years for property and equipment. Significant additions or improvements extending asset lives are capitalized, while maintenance and repairs are charged to expense as incurred. The cost and related accumulated depreciation or amortization on asset disposals are removed from the accounts, and the resulting gain or loss is included in general and administrative expense.

Intangible Assets

Intangible assets consist of franchising costs that are carried at cost and amortized using the straight-line method over estimated lives of 15 years.

Impairment of Long-Lived Assets

Long-lived assets, such as furniture, equipment, and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment charges recognized during the year ended December 31, 2020, 2019 and 2018.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Revenue Recognition

The Company adopted ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) at the beginning of the year ended December 31, 2020, using the full retrospective method. (Topic 606) requires that five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. There are two transition methods available to the Company upon the adoption of this guidance. The full retrospective approach which allows the Company to push the adoption back to the earliest year presented (2018) which in effect would cause a restatement of the prior year. The other method is to adopt on a modified basis which would result in an adjustment to retained earnings on the date of adoption. Topic 606 was applied to all contracts with franchisees as of January 1, 2018, and the cumulative effect of this transition was not material.

The Company derives its revenues primarily from royalties and franchise fees collected from franchisees. Revenues are recognized when control of these products or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products and services.

The Company's primary performance obligations under the franchise license is granting certain rights to use the Company's intellectual property and pre-opening services. The Company has elected to account for the pre-opening services as a single distinct performance obligation in accordance with the practical expedient, ASU 2021-02, Franchisors—Revenue from Contracts with Customers. Franchise agreements generally provide for an initial franchise fee of \$39,500 per franchise unit and require that franchisees pay royalties fees based on a percentage of their gross revenue, as defined by the franchise agreement. Sales tax and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Costs incurred to obtain a contract, if significant, are capitalized and expensed over the estimate life of a franchisee.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	\$ 316,054	\$ 105,050	\$ 417,950
Performance obligations satisfied over time	<u>1,773,112</u>	<u>1,568,891</u>	<u>1,269,673</u>
	<u>\$ 2,089,166</u>	<u>\$ 1,673,941</u>	<u>\$ 1,687,623</u>

Revenue from performance obligations satisfied at a point in time consist of franchise fees allocated pre-opening services provided to new franchisees.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Revenue from performance obligations satisfied over time consist royalty revenue allocated to the right to use the Company's intellectual property.

Advertising Expenses

Advertising expenses are recognized in the period incurred, and were \$129,510, \$101,248 and \$122,873 for the years ended December 31, 2020, 2019 and 2018, respectively.

Rent Expense and Deferred Rent Obligation

Rent expense under noncancelable operating leases with scheduled rent increases or free rent periods are accounted for on a straight-line basis over the lease term beginning on the date of initial possession. The Company's lease agreement includes an escalation clause in minimum base rent that has been included in minimum lease payments and considered in the straight-line rent calculation. Differences between the recognized rent expense utilizing the straight-line method and amounts payable under the lease are recorded as deferred rent.

Income Tax

The Company has elected to be taxed as an S-corporation under applicable federal and state regulations. Accordingly, a provision for income taxes has not been provided on these financial statements as any liability or benefit generally accrues to the stockholder.

The Company accounts for income taxes pursuant to Financial Accounting Standards Board guidance (FASB). This guidance prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company believes its income tax filing positions and deductions will be sustained upon examination and, accordingly, no reserves or related accruals for interest and penalties have been recorded at December 31, 2020, 2019 and 2018.

In accordance with the guidance, the Company has adopted a policy under which, if required to be recognized in the future, interest related to the underpayment of income taxes will be classified as a component of interest expense and any related penalties will be classified in operating expenses in the statements of income.

Recently Adopted Accounting Standards

In January 2021, the FASB issued Accounting Standard Update (ASU) 2021-02 – Franchisors-Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient, which permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company adopted the standard effective January 1, 2020, retrospectively to each prior period by means of a cumulative effect adjustment to opening retained earnings as of January 1, 2020. The adoption of this standard did not impact the Company's financial position or retained earnings.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

Reclassifications

Certain amounts in the 2019 and 2018 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications had no effect on the 2019 and 2018 net income or stockholder's equity.

2 INTANGIBLE ASSETS

Intangible assets consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Franchising costs	\$ 27,177	\$ 27,177	\$ 27,177
Less: accumulated amortization	<u>(25,131)</u>	<u>(23,321)</u>	<u>(21,510)</u>
Franchising costs, net	<u>\$ 2,046</u>	<u>\$ 3,856</u>	<u>\$ 5,667</u>

Amortization expense was \$1,800 during the year ended December 31, 2020, and \$1,811 for the years ended December 31, 2019 and 2018. Amortization expense is estimated to be \$1,800 and \$200 for the next two years, respectively.

3 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 15,534	\$ 29,189	\$ 14,895
Less: accumulated depreciation	<u>(10,196)</u>	<u>(10,281)</u>	<u>(6,177)</u>
Property and equipment, net	<u>\$ 5,338</u>	<u>\$ 18,908</u>	<u>\$ 8,718</u>

Depreciation expense was \$1,736, \$4,104 and, \$1,186 for the years ended December 31, 2020, 2019, and 2018, respectively.

4 NOTES RECEIVABLE - FRANCHISE

The Company occasionally executes notes receivable with franchisees for the payment of a portion of the initial franchise fee. These notes typically span a period of 12 to 36 months and are interest free. The Company routinely assesses the financial ability of the franchisee to pay the note prior to execution of the franchise agreement, and therefore, believes note receivable credit risk is limited.

TOUCHING HEARTS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

5 DUE FROM STOCKHOLDER

The Company had a note receivable due from its stockholder. The note demanded monthly installments of approximately \$1,700, including interest at 3.00%. The note was paid in full during 2020. At December 31, 2019 and 2018 the note had a principal balance of \$57,998 and \$76,228, respectively. Interest income related to this note was \$0, \$2,036 and \$2,574 during the years ended December 31, 2020, 2019 and 2018, respectively.

6 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Company was granted loans totaling \$119,176 under the Payroll Protection Program (PPP) administered by Tradition Capital Bank, a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal government. The Company is eligible for loan forgiveness of up to 100% of the loans, upon meeting certain requirements. The Company has recorded the notes payable and will record the forgiveness upon being legally released from the loan obligations by the SBA. No forgiveness income related to their PPP loans have been recorded during the year ended December 31, 2020. In January 2021, the Company received their Paycheck Protection Program forgiveness notice indicating 100% forgiveness. Therefore, the loans are reflected entirely as long term at December 31, 2020.

7 OPERATING LEASES

The Company leases their Minneapolis office and equipment under non-cancelable lease obligations with expiration dates through February 2026. Total rent expense was \$73,908, \$60,316 and \$40,419 related to these operating leases during 2020, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

Years ending December 31,

2021	33,058
2022	34,048
2023	35,070
2024	36,129
2025	37,210
Thereafter	<u>6,308</u>
Total	<u>\$ 181,823</u>

8 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 26, 2021, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

EXHIBIT F

**LIST OF FRANCHISEES AND FORMER FRANCHISEES
EXISTING FRANCHISES
AS OF DECEMBER 31, 2020**

Owners	Address	City	State	Zip	Phone
Tremaine Davis	3004 Clairmont Ave S.	Birmingham	AL	35205	205.413.6354
Debra Maiella	2990 N Litchfield Rd	Goodyear	AZ	85395	623.207.9391
Stacey Tabor & Franny Schmidt	2851 South Parker Rd. Suite 114	Aurora	CO	80014	303.632.8786
Ryan Fensler	3333 South Bannock St. #210	Englewood	CO	80110	303.962.1276
Tara Gaynor	406 Depee Street	Kit Carson	CO	80825	719.962.3203
Chris Greene	1331 West 121 st Avenue	Westminster	CO	80234	303.255.4071
David McLaughlin	109 Danbury Rd, Lower Level Suite D13	Ridgefield	CT	06877	203.431.0580
Jim Haskins	PO Box 265	Belleview	FL	34421	352.414.5316
Jim Haskins	PO Box 265	Belleview	FL	34421	352.414.5316
Ruben Ramos	5109 N.W. 39 th Ave Suite F	Gainesville	FL	32606	352.225.3727
Mark Blyn & Renae Ligon	12627 San Jose Blvd Suite 504-C	Jacksonville	FL	32223	904.379.4024
Terri White & Sonya Weathers	120 Broadway Suite 101	Kissimmee	FL	34741	407.483.7815
Terri White & Sonya Weathers	120 Broadway Suite 101	Kissimmee	FL	34741	407.483.7815
Flavio Vivas	11125 Park Blvd Suite 104- 156	Seminole	FL	33772	727.262.1212
Flavio Vivas	11125 Park Blvd Suite 104- 156	Seminole	FL	33772	727.262.1212
Flavio Vivas	11125 Park Blvd Suite 104- 156	Seminole	FL	33772	727.262.1212
Flavio Vivas	11125 Park Blvd Suite 104- 156	Seminole	FL	33772	727.262.1212
Jessica & Eddie Mendez	3903 Northdale Blvd, Suite 100-36	Tampa	FL	33624	813.336.9340
Dianna Anderson	101 Old Sandy Creek Rd Suite B	Fayetteville	GA	30214	770.356.6805
Andrea Palaia	4880 Lower Roswell Rd Suite 165 #315	Marietta	GA	30068	470.343.5403
Jeffrey Bryk	110 Schiller St. Suite 230	Elmhurst	IL	60126	630.359.3040
Angel Brewster	2420 W. Johnsburg Rd, Suite A	Johnsburg	IL	60051	815.669.1616
Dan & Cindy Jeffries	26 Woodhead Drive	Lake Villa	IL	60046	847.856.9994
Mary & Barron Brillo	5508 Old Mill Lane	Rolling Meadows	IL	60008	847.651.3591
Ron Stein & Rachel Sumrall	7801 Gross Point Road	Skokie	IL	60077	224.269.4302
David & Anita Settle	820 E. Ave South	Lyons	KS	67554	785.656.0010
Laurie Wietecha	1 Springfield St, Commercial 12	Chicopee	MA	01013	413.335.5446
Renita & Dave Thonvold	615 Anne Street NW Suite B	Bemidji	MN	56601	218.333.8509
Cindy Huseby	318 Minneapolis Avenue	Duluth	MN	55803	218.724.4743

Owners	Address	City	State	Zip	Phone
Aaron & Breanne Stromley	4895 Woods Court	Eagan	MN	55122	651.452.7900
Aaron & Breanne Stromley	4895 Woods Court	Eagan	MN	55122	651.452.7900
Aaron & Breanne Stromley	4895 Woods Court	Eagan	MN	55122	651.452.7900
Aaron & Breanne Stromley	4895 Woods Court	Eagan	MN	55122	651.452.7900
Aaron & Breanne Stromley	4895 Woods Court	Eagan	MN	55122	651.452.7900
Jarrod Peterson	14 4 th Avenue SE	New London	MN	56273	320.354.4663
Jarrod Peterson	1612 Randolph Ave. Suite 2	Saint Paul	MN	55105	651.452.6825
Malinda & Kevin Perdue	9840 S 168 th Ave. Suite 3	Omaha	NE	68028	402.905.0119
Roger & Roseanne Harter	10730 Pacific Street Suite 25	Omaha	NE	68114	402.934.3303
Voula Liacopulos & George Efstatos	450 Tilton Road Suite 201	Northfield	NJ	08225	609.241.0899
Mary Lindewirth & Lorraine Frankel	PO Box 115	Stirling	NJ	07980	908.607.1945
Justin McDermott	251 New Karner Road	Albany	NY	12205	518.250.6867
Scott Smith	2 Maplewood Ave	Farmingdale	NY	11735	516.737.1618
Craig Sendach	733 3 rd Avenue, Floor 16	New York	NY	10017	212.201.6139
Craig Sendach	733 3 rd Avenue, Floor 16	New York	NY	10017	212.201.6139
Craig Sendach	733 3 rd Avenue, Floor 16	New York	NY	10017	212.201.6139
Mark McDermott	50 Prince Street Suite 317	Rochester	NY	14607	585.271.7390
Mark McDermott	50 Prince Street Suite 317	Rochester	NY	14607	585.271.7390
Mark McDermott	50 Prince Street Suite 317	Rochester	NY	14607	585.271.7390
Justin McDermott	6311 Fly Road Suite 106	East Syracuse	NY	13057	315.503.4896
Suzanne Defosses-Gilliam	2813 Wehrle Drive Suite 8	Williamsville	NY	14221	716.898.8566
Kelly George	4625 Far Hills Ave	Kettering	OH	45429	937.558.9394
Jenni Blake	342 Columbus Ave	Lebanon	OH	45036	513.433.3737
Steve Pine	2510 NE Ocker Drive	Bend	OR	97701	541.633.9214
Dan Wilson	257 West Uwchlan Ave. Office 229	Downingtown	PA	19335	610.557.0270
Diane Ferry	1130 Agnew Drive	Drexel Hill	PA	19026	610.853.8145
Kira Rudolph	501 Valleybrook Rd Suite 106	McMurray	PA	15317	724.941.8860
Joe Greco	212 W Main St, Ste #102	Trappe	PA	19426	484.854.9300
Dave Wollman	1669 Edgewood Rd, Suite 206	Yardley	PA	19067	215.741.1030
Haley & Bryan Johnson	783 Old Hickory Blvd Suite 360	Brentwood	TN	37027	629.203.7925
Steve & Donna Smith	1043A E. Van Hook St.	Milan	TN	38358	731.613.2526
Steve & Shanie Cunningham	4601 Buffalo Gap Road, B-3	Abilene	TX	79602	325.704.4474
Holly Hill	2201 Long Prairie Rd Suite 107-842	Flower Mound	TX	75022	972.900.3635
Allan Hunt	4606 FM 1960 Rd W Suite 698	Houston	TX	77069	281.781.8077
Terri & Keith Van Stavern	5900 Lake Forest Drive Suite 300	McKinney	TX	75070	469.342.8750

Owners	Address	City	State	Zip	Phone
Alan Bumpus	20079 Stone Oak Pkwy, Suite 1105-403	San Antonio	TX	78258	210.421.6078
Don & Debbie Heath	104 Industrial Blvd, Suite 210	Sugar Land	TX	77478	281.235.4075
Jessica Waller	PO Box 1573	Louisa	VA	23093	540.603.2626
Brandon Briesath	245 Regency Court #L105	Brookfield	WI	53045	262.787.1803
Brandon Briesath	245 Regency Court #L105	Brookfield	WI	53045	262.787.1803
Brandon Briesath	245 Regency Court #L105	Brookfield	WI	53045	262.787.1803
Chad & April Sutkay	PO Box 70	Burlington	WI	53105	262.212.3596
Skip Ballard	808 Heggen St. #245	Hudson	WI	54016	715.245.1944

LIST OF FORMER FRANCHISEES WHO TRANSFERRED, TERMINATED, NOT RENEWED OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED DOING BUSINESS

AS OF DECEMBER 31, 2020

TRANSFERS – STILL FRANCHISEES

Jarrod Peterson	1612 Randolph Ave. Suite 2	Saint Paul	MN	55105	651.452.6825
-----------------	----------------------------	------------	----	-------	--------------

TRANSFERS – NO LONGER FRANCHISEES

None

TERMINATIONS

None

NOT RENEWED

None

VOLUNTARILY OR INVOLUNTARILY CEASED DOING BUSINESS

Chris & Tera Babcock	9730 South 700 East Suite 102	Sandy	UT	84070	801.984.0051
Lawrence Rodriguez	3019 Single Peak	San Antonio	TX	78261	210.240.3222

EXHIBIT G

STATE ADDENDA

**ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the state of Illinois and is intended to comply with Illinois statutes and regulations.

Illinois law governs the Franchise Agreement.

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

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

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

**ILLINOIS ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

Illinois law governs the Franchise Agreement.

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

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

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

WE:

TOUCHING HEARTS, INC.

By _____
Its _____

YOU:

By _____
Its _____

**MINNESOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the state of Minnesota and is intended to comply with Minnesota statutes and regulations.

1. Item 13. Item 13 of the disclosure document is amended to include the following language:

We will indemnify you for damages for which you are held liable in any proceeding arising out of the use of the "Touching Hearts" mark, provided you have used the Marks properly and have notified us of any claim against you within 10 days of your knowledge of the claim. We will have sole control of any litigation involving the Marks. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

2. Item 17. Item 17 of the disclosure document is amended to include the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce

(1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or
(2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

**MINNESOTA ADDENDUM TO
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Minnesota and is intended to comply with Minnesota statutes and regulations. In consideration of the execution of the Franchise Agreement, we and you agree to amend the Franchise Agreement as follows:

1. Marks – Indemnification. Section 6 of the Franchise Agreement is amended to include the following language:

We will indemnify you (if you are a Minnesota franchisee) for damages for which such you are held liable in any proceeding arising out of the use of the “Touching Hearts” mark, provided that you have used the mark properly and have notified us of any claim against you within ten (10) days of your knowledge of such claim. We will have sole control of any litigation involving the Marks. Our indemnification obligation will not apply to any franchisee residing outside the state of Minnesota who purchases a franchise to be located outside of Minnesota.

2. Application of Minnesota Law.

A. Sections 2(B) and 14 of the Franchise Agreement are amended by adding the following sentences at the end of each Section: “Minnesota law provides franchisees with certain termination and nonrenewal rights. Minnesota Statutes, Section 80C.14, Subds. 3, 4 and 5 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 for nonrenewal of the Franchise Agreement.”

B. Section 15 of the Franchise Agreement is amended by adding the following sentences at the end of each Section: “Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

3. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.

WE:

TOUCHING HEARTS, INC.

By _____
Its _____

YOU:

By _____

Its _____

EXHIBIT H

DISCLOSURE ACKNOWLEDGMENT AGREEMENT

Applicant _____
(If corporation) State of Incorporation _____
Address of Applicant _____
Location (Territory) Applied For _____

1. I have received all appropriate disclosure documents for the State(s) of _____ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to Touching Hearts, Inc. (you) the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of your covenants and obligations and my obligations as a franchisee of the TH system. I understand that the Franchise Agreement contains all obligations of the parties and that you do not grant to me under the Franchise Agreement any right of first refusal.

4. I understand that this franchised business, as in all business ventures, involves risk. Despite assistance and support programs I may receive from you, the success of my business will depend largely upon me, my ability and the economic, political, competitive and social environment in which I operate the franchised business.

5. Except for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement or related agreement at least seven (7) calendar days before the date on which the Franchise Agreement or related agreement was signed.

6. I understand that you have or may establish a national marketing and promotional program which is not directed towards any specific franchise territory but is intended to benefit the entire TH system nationwide. I further understand that amounts from the national marketing and promotional fund (if established) will be used to offset any in-house expenses you incur in providing marketing services, media planning, and network marketing support.

7. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

Applicants' Acknowledgment:

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT I
STATE EFFECTIVE DATES AND RECEIPT

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	4/27/2021
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	4/27/2021

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

RECEIPT

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

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit B.

The franchisor is Touching Hearts, Inc. located at 7900 West 78th Street, Suite 410 Edina, MN 55439. Our telephone number is (877) 870-8750.

Issuance Date: April 26, 2021.

Our franchise sellers involved in offering and selling the franchise to you are _____ and _____, 7900 West 78th Street, Suite 410, Edina, MN 55439, or are listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

_____.

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a franchise disclosure document dated April 26, 2021, that included the following Exhibits:

- A. Franchise Agreement
- B. State Franchise Administrators
- C. Agents for Service of Process
- D. Confidential Operating Manual Table of Contents
- E. Financial Statements
- F. Existing Franchises and Former Franchises
- G. State Addenda
- H. Disclosure Acknowledgement Agreement
- I. State Effective Dates and Receipt

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for Franchisee

RECEIPT

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

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit B.

The franchisor is Touching Hearts, Inc. located at 7900 West 78th Street, Suite 410 Edina, MN 55439. Our telephone number is (877) 870-8750.

Issuance Date: April 26, 2021.

Our franchise sellers involved in offering and selling the franchise to you are _____ and _____, 7900 West 78th Street, Suite 410, Edina, MN 55439, (877) 870-8750, or are listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement:

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a franchise disclosure document dated April 26, 2021, that included the following Exhibits:

- A. Franchise Agreement
- B. State Franchise Administrators
- C. Agents for Service of Process
- D. Confidential Operating Manual Table of Contents
- E. Financial Statements
- F. Existing Franchises and Former Franchises
- G. State Addenda
- H. Disclosure Acknowledgement Agreement
- I. State Effective Dates and Receipt

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Copy for Touching Hearts, Inc.

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to _____ by email to _____.