



**FRANCHISE DISCLOSURE DOCUMENT**

**Hallmark Homecare, Inc.**  
**A Nevada Corporation**  
**774 Mays Blvd, Suite 10-297**  
**Incline Village, Nevada 89451**  
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The franchise offered is to operate a Domestic Referral Agency providing caregiver placement services to the elderly and other individuals seeking in-home non-medical care and companionship.

The total investment necessary to begin operation of a Hallmark Homecare franchise ranges from \$ 60,000.00 to \$77,000.00. This includes \$50,000.00 that must be paid to the franchisor.

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

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

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

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

Issuance date of this Franchise Disclosure Document: May 26, 2021

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN OUR HOME STATE (CURRENTLY NEVADA). OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN OUR HOME STATE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEVADA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on the following page.

**HALLMARK HOMECARE, INC.**  
**STATE REGISTRATIONS**

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

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## **Exhibits**

Exhibit A	List of Franchisees
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Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
Exhibit D	State Administrators/Agencies for Service of Process
Exhibit E	Manuals Table of Contents
Exhibit F	State-Specific Additional Disclosures and Riders Required by State Franchise Laws

APPLICABLE STATE LAW MAY PROVIDE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

## Item 1

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

In this disclosure document, “we”, “our” or “HHC” means Hallmark Homecare, Inc., the franchisor. A person who acquires a franchise from us is called “you” and occasionally “the franchisee” or “the franchise partner”.

We are a Domestic Referral Agency (“DRA”) incorporated in the State of Nevada offering caregiver search, recruitment and placement services to the elderly and others. We grant franchises for the establishment, development and operation of a business (a “Franchise”) which identifies, recruits, screens and refers suitable persons (“Caregivers”) to provide personal care, homemaking and companionship services (“Services”) to persons requesting such services (“Clients”) in a variety of settings under the HALLMARK HOMECARE mark and such other trademarks, trade names, service marks, logos, and designs that we may designate now and in the future (the “Marks”) and the HHC proprietary business system (the “System”). Clients generally include the elderly or disabled persons needing assistance with the activities of daily living including bathing, toileting, ambulation, medication reminders, incidental transportations, meal preparation and eating, and shopping and errands, as well as simple companionship and safety supervision for cognitively-impaired individuals. The Services are non-medical in scope and nature and are paid either privately by Clients or through third party payors such as insurance companies.

Our principal place of business is 774 Mays Blvd, Suite 10-297 Incline Village, Nevada 89451. We operate under our corporate name “Hallmark Homecare.” Our affiliate is The Senior’s Choice, Inc. (“TSC”) which operates from the same locations above. TSC formerly offered franchises to develop in-home senior care businesses. TSC has offered these franchises since December 1999 and ceased offering franchises in 2020. Another affiliate is The Dentist's Choice, Inc. (“TDC”), whose principal business address is 9070 Irvine Center Drive, Irvine, California 92618. TDC offers franchises to develop and operate dental handpiece repair businesses. TDC has offered these franchises since December 1994 and as of December 31, 2020 has 144 franchise units. Except as described here, we currently have no parent company, predecessors or affiliates that offer franchises in any other line of business or provide products or services to our franchisees. If we have an agent for service of process in your state, we disclose that agent in Exhibit D.

We offer and grant franchises to certain qualified individuals for the right to own and operate a “Hallmark Homecare” Business under our Franchise Agreement (Exhibit C). We call “Hallmark Homecare” Business that you will operate your “Franchised Business.” The service you will offer is a highly effective and affordable solution for senior citizens who prefer to remain at home where the quality of life is enhanced. Our “System” utilizes a care concept composed of a number of integral parts, all of which are absolutely necessary for a successful operation, and are fully described in our confidential HHC Training Manuals (see Item 11).

Your primary role for the first ninety (90) days or more as a franchisee is sales and marketing to establish a client referral network in your protected territory. Client referrals to you during this period will in turn be referred to us and we will provide all of the “fulfillment services” as described below on your behalf. During this initial launch stage we refer to as Level

1 (“Level 1”). After the ninety (90) day period from the time you join us, you expand the scope of your duties as a franchisee by enrolling in our “Level 2” training and taking on the responsibility of the fulfillment services that we had performed on your behalf, which includes, among other things, the care coordination with clients and family members, handling all client and caregiver related agreements, billing, collection and in some cases paying caregivers on behalf of clients as well as recruitment of qualified caregivers to fill the care needs of clients. Your compensation for client referrals to us during your Level 1 stage of your Franchised Business (or at any anytime thereafter) is forty percent (40%) of the gross revenue we collect from your client referrals to us during the term. Once you have successfully completed our Level 2 training and you agree to accept all the fulfillment services required in Level 2, you will retain one-hundred percent (100%) of all gross revenue you collect from clients.

When you refer clients to us for fulfillment services as described more fully below, we will use our best efforts in a reasonable timeframe to make contact with the client and/or responsible party and conduct a telephonic interview of their care needs, secure all required Agreements with them, search for and interview qualified candidates to fill the placement requirements of the referred client, arrange for professional liability insurance on the placed caregiver, perform all the background checks and other vetting steps we deem necessary, arrange for caregiver interviews with the client and/or responsible party and invoice and collect the appropriate placement fee.

If you acquire a franchise from us, you will use uniform service regimens, formats, procedures, business methods, copyrighted materials and other forms, Confidential Information (see Item 14) and other information, knowledge, policies and practices (the “System”) and the service mark “Hallmark Homecare®,” related logos and certain other trademarks, service marks, trade names, logos and other commercial symbols that we use and may hereafter develop in connection with the System and “Hallmark Homecare” Businesses (collectively, the “Marks”). (See Item 13) The market for a “Hallmark Homecare” business’ services generally is well developed and growing as the population ages. You will compete with other national and local businesses and sole proprietors performing similar services to the elderly and others.

We have been in business offering placement services to clients nationally since September of 2013 and plan on relaunching our franchises for “Hallmark Homecare” businesses in June 2021. Except as described in this disclosure document related to our affiliates TSC and TDC, we do not engage in any other business activities and we do not offer, and never have offered, franchises in any other line of business.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### **President, Founder, Chief Executive Officer and Director: Steven G. Everhart**

During the years 1999–2020, Steve Everhart has also been the President and Chief Executive Officer, and Director of The Senior’s Choice, Inc. and The Dentist’s Choice, Inc.,

headquartered in Incline Village, Nevada. Steve has been the President of Hallmark Homecare since its inception.

**Director and Administrator: Nona Everhart**

During the years 1999–2020, Nona Everhart has also been the Administrator and one of the Directors of The Senior’s Choice, Inc. and The Dentist’s Choice, Inc. headquartered in Incline Village, Nevada. Nona has been the Administrator and Director of Hallmark Homecare since its inception.

**Franchise Development Officer: Mike McLain**

Mike McLain is a former Member of The Senior’s Choice and has owned Altus Recruiting (Business Development and Recruitment) since 1996 located in Tustin, California. Mike has served as a Development Officer of Hallmark Homecare since April of 2021.

**General Manager: Angelica Sanchez**

During the years 2014-2020, Angelica Sanchez has been our General Manager and has also served as one of our Care Coordinators and Recruiters. Angelica also serves on our franchisee training faculty and coaching support team. Prior to joining our staff, she worked in many capacities in the home health sector including assisted living facilities and private duty home care companies. Angelica is also a Nevada licensed certified private professional guardian

**Franchise Development Officer: Gary Vogel**

Gary Vogel is the President of The Senior’s Choice and also a long-time fellow Member having established and operated Bay Side Homecare since 2009 located in Midland Michigan. Gary also serves as a Franchise Development Officer and on the Training and Support Faculty at Hallmark Homecare since April 2021.

**Trainer and Coach: Stephanie Strohm**

Stephanie Strohm has served as Director of Franchisee Success for The Senior’s Choice since December 2019. For twenty (20) years prior she established and operated a leading senior care agency located in Salt Lake City, Utah. Since April 2021 she also serves on the Training Faculty and a Franchisee Coach for Hallmark Homecare.

**Item 3**

**LITIGATION**

No litigation is required to be disclosed in this disclosure document.



#### **Item 4**

### **BANKRUPTCY**

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the ten (10) year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or in any foreign jurisdictions; (b) obtained a discharge of its debts under the bankruptcy code or in any foreign jurisdictions; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or in any foreign jurisdictions, or that obtained a discharge of its debts under the U.S. Bankruptcy Code or in any foreign jurisdictions during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

#### **Item 5**

### **FRANCHISE FEE**

You must pay us a franchise fee (“Franchise Fee”) at the time you sign this Agreement of \$50,000.00 in a lump sum. The Franchise Fee is non- refundable.

#### **Item 6**

### **OTHER FEES**

<b>(1) Type of Fee</b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Royalty	6% of the Gross Sales from the preceding month, or the minimum Royalty whichever is higher.	Payable by the 15 <sup>th</sup> of each month based on Gross Billings in the preceding month	Royalties will be paid by electronic funds transfer each month. The Royalty is also subject to a monthly minimum payment of \$500.00.
Indemnification	Will vary with the circumstances.	As incurred	You must reimburse us if you are held liable for claims arising from your operation of the Franchised business.
Transfer Fee	\$20,000	Before we approve the transfer	Due upon the sale or transfer of the Franchised Business. The fee does not apply when you transfer to a corporation or other business entity that you control.

<b>(1) Type of Fee</b>	<b>(2) Amount</b>	<b>(3) Due Date</b>	<b>(4) Remarks</b>
Interest on Late Payments	Highest commercial contract rate the law allows or 1.5% per month, whichever is less	As incurred	Interest is charged beginning 30 days after the invoice date.
National Marketing Fund	1% of the Gross Sales from the preceding month, or the minimum amount whichever is higher.	Payable by the 15 <sup>th</sup> of each month based on Gross Billings in the preceding month	Fee is used for advertising, marketing and promoting the HHC Business. See item 11 for more detail on allowable uses of the fee. The fee is paid by electronic funds transfer each month, subject to a monthly minimum payment of \$150.
On-Going Training-National Conventions	Reasonable registration or similar fees estimated to be less than \$1,000 per attendee	As incurred	We may require you to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Attendance at the national conference is mandatory and is required of all franchisees. The registration fee is required whether or not you attend the convention.
Audit costs	Costs of examination, if required	As incurred	Payable only if an examination is warranted due to your failure to furnish reports, supporting records, or other information requested, or to furnish these items on a timely basis, or if an examination reveals an understatement of Gross Sales.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When due	(5) To whom payment is to be made
Initial Franchise Fee	\$50,000	Wire transfer or Certified funds.	At the time of signing the Agreement.	Us
Equipment and Supplies (Note 1)	\$1,500 to \$4,000	Before Opening	As Incurred	Vendors
Miscellaneous Opening Costs (Note 2)	\$1,000 to \$5,000	As Incurred	As Incurred	Vendors
Advertising- Launch Phase	\$500 to \$3,000	As incurred	As incurred	Vendors
Travel and Living Expenses While Training (Note 3)	\$1,500-\$2,000	As incurred per attendee	During Live Training Event	Airline, hotel and restaurants
Collateral Materials, Brochures, Promotional Items, Letterhead and Business Cards (Note 4)	\$1,500-\$3,000	As incurred	When ordered	Suppliers
Legal and Professional Fees (Note 5)	\$500-\$1,500	As incurred	As incurred	Attorneys and Accountants
Insurance (Note 6)	\$2,500-\$3,500	As incurred	90-days after you sign Agreement	Insurance Agent or Carrier
Additional Funds – 3 Months (Note 7)	\$1,000 to \$5,000	As Incurred	As Incurred	Vendors
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b>	<b>\$60,000 to \$77,000</b>			

**Explanatory Notes:**

1. If you do not already own the following equipment and supplies, we recommend that you acquire them: A laptop or desktop computer, office furniture, and incidental office supplies.

2. This amount includes business license and any and other miscellaneous start-up expenses not set forth separately.
3. The Level 1 Training is conducted in the comfort of your home and requires no travel and related expenses. However, ninety (90) days or more after signing the Agreement you will be invited to attend our mandatory Level 2 Training and you will pay for all travel and living expenses which you incur while with us in training. The costs, of course, will vary and depending the on distance you must travel and the accommodations you choose.
4. The collateral materials include brochures which we provide templates of but you must incur the costs of reprinting.
5. We suggest you consult with your own legal and professional advisors before deciding to join us. The fees include reviewing the FDD and Franchise Agreement and establishing a Limited Liability Company or an S Corporation to operate your franchised business.
6. This is an estimate of your insurance premium for the first year of your business which includes General and Professional Liability coverage. Your costs will vary depending on your State, the amount of coverage you select, insurance carrier and other factors. The costs for Workers Compensation for employees cannot be estimated as the premiums vary widely from State to State, so we recommend you consult with an insurance broker in your immediate area.
7. This is an estimate only for additional operating capital required for other expenses during the first three (3) months of operation, but does not include amounts for a salary or other living expenses for you during that period. This estimate does not include the cost of any financing or interest, or the amount of debt service obligation that you might undertake.

We relied on data from our experience over many years in the home care business to compile these estimates which are averages and reflect expenses for a typical franchise under typical circumstances. Your situation might not be typical, and unforeseen circumstances might arise. You should review these figures carefully with a business advisor before you make a decision to acquire the franchise. A variety of factors, such as your skill and business acumen, how closely you follow our recommended methods and procedures, economic conditions and the local market for in-home non-medical care and the sales level you reach during the initial period will affect many of the described expenses. We also relied on the information provided to us by participants in The Senior's Choice network, our affiliate, and our experience in marketing and selling Hallmark Homecare placement services to compile these estimates.

The amounts above reflect our current estimate of your initial investment for a "Hallmark Homecare" franchise. The amounts shown are our best estimates of the amounts that franchisees typically spend for the purposes indicated. However, your actual costs might be higher or lower depending on your particular circumstances and the circumstances of your franchise, including your decisions to use your residence or lease business premises, your decision to hire employees, discretionary expenditures and other factors.

We anticipate that you will initially operate the Franchised Business from an office in your home. Therefore, this chart does not include any estimates for the purchase or lease of real property. If you decide to purchase or rent office space for the Franchised Business, it will likely be located in an office building, strip mall or similar space consisting of approximately five-hundred (500) square feet. Your monthly rent and security deposit or monthly mortgage payments will depend upon the size, condition and location of the premises and the demand for the premises among other possible tenants or purchasers.

We do not offer financing directly or indirectly for the initial investment.. The availability and terms of financing for other costs and expenses will depend 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.

## **Item 8**

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

#### **Standards and Specifications**

There currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business that you must purchase from us or our affiliates, or from designated or approved suppliers. You may buy products and services for your Franchised Business from any supplier you choose. There are no items or services for which we or an affiliate currently is an approved supplier or the only approved supplier. We currently do not receive any payments or other consideration from suppliers based on franchisee purchases. We do not provide material benefits (like renewing the franchise or granting additional franchises) to franchisees based on their purchase of particular products or services or use of particular suppliers. There currently are no suppliers of products or services to franchisees in which one of our officers owns an interest (except for us).

#### **Advertising**

You must conduct all advertising and promotional activities for the Franchised Business according to our requirements as reflected in the Manuals or our written or oral instructions to you. You shall not have a Website in connection with the Franchised Business apart from our website unless we approve the contents in writing. Before you use them, you must submit to us for our approval samples of all advertising, marketing and promotional materials (other than materials we have prepared or previously approved), including brochure copy and promotions activities and any information on a Website (or any change in information on an approved Website). You may not use any materials or conduct any promotion that we have not approved

**Item 9**

**FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases/leases	Not applicable	Not applicable
(c) Site development and other pre-opening requirements	Not applicable	Not applicable
(d) Initial and ongoing training	Section 7 of Franchise Agreement	Item 11
(e) Opening requirements	Sections 3.2 & 8.4 of Franchise Agreement	Not applicable
(f) Fees	Sections 4, 5 & 6 of Franchise Agreement	Items 5 & 6
(g) Compliance with standards and policies/operating manual	Not applicable	Not applicable
(h) Trademarks and proprietary information	Sections 8.3 & 13 of Franchise Agreement	Items 13 and 14
(i) Restriction on products/services offered	Not applicable	Not applicable
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Ongoing product/service purchase	Not applicable	Not applicable
(l) Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
(m) Insurance	Section 8.5 of Franchise Agreement	Not applicable
(n) Advertising	Section 10 of Franchise Agreement	Item 8
(o) Indemnification	Sections 8.5 & 18 of Franchise Agreement	Item 6
(p) Owner's participation/management/staffing	Not applicable	Not applicable
(q) Records and reports	Section 11 of Franchise Agreement	Not applicable

<b>Obligation</b>	<b>Section in agreement</b>	<b>Disclosure document item</b>
(r) Inspections and audits	Section 12 of Franchise Agreement	Not applicable
(s) Transfer	Section 14 of Franchise Agreement	Item 17
(t) Renewal	Section 1.3 of Franchise Agreement	Item 17
(u) Post-termination obligations	Section 16 of Franchise Agreement	Item 17
(v) Restrictive covenant	Section 16.3 of Franchise Agreement	Item 17
(w) Dispute resolution	Sections 19 & 20 of Franchise Agreement	Item 17
(x) Waiver of punitive damages and jury trial <sup>(1)</sup>	Not Applicable	(1) below

(1) Except with respect to your obligation to indemnify us and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, we and you and your owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you (or your owners), the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you (and each of your owners) irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

### **Item 10**

#### **FINANCING**

We do not offer financing.

### **Item 11**

#### **FRANCHISOR'S OBLIGATION**

##### **Before you open your Franchised Business, we will:**

1. Provide you for your use during the term of the Franchise Agreement copies of our Sales & Marketing Manual which currently consists of companion DVDs. The Manual and DVDs contain the best practices and operating procedures that we suggest for marketing and selling the "Hallmark Homecare" services. We may modify the Manual periodically to reflect changes in the suggested specifications, standards and operating procedures for "Hallmark Homecare" Businesses. The Manual Table of Contents is Exhibit E.

2. Provide insight on any equipment, supplies and software needed or recommended to operate your business (we do not provide delivery or installation of equipment or operating supplies); provide you with a “@hallmarkhomecare.com” email address, which you must use for all electronic communications conduction in conjunction with your Franchised Business.
3. Provide you with login credentials for the Hallmark Homecare Resource Portal, where you will access training materials and other resources, make client referrals, and order customizable marketing and promotional supplies.
4. Give you general assistance in the opening of your business and make our personnel available to help you plan pre-opening promotional programs.
5. Train you in the Hallmark Homecare System using our home-based training program consisting of training modules with online videos and corresponding manuals, as well as both one-on-one and group coaching sessions conducted via telephone and the Internet. The intended use of each step involves watching the video training at least once, reading and studying the corresponding section in the manual, carrying out the prescribed tasks and assignments, speaking one-on-one with a coach from the corporate office to discuss implementation of what’s been learned, and then participating in group coaching sessions and conference calls periodically (at least once per month). (See Section 7 of the Franchise Agreement.)

### **HOME-BASED TRAINING PROGRAM**

<b>Subject</b>	<b>Min. Study Time (Hrs)</b>
Introduction – The Treasure Map	.5
Step 1 – Seniors & Set Up	3.3
Step 2 – The Senior Care Industry	3.3
Step 3 – Benefits We Offer	3.2
Step 4 – How Business Gets Done	3.3
Step 5 – Develop PartNEERs	3.5
Step 6 – PartNEER Marketing	3.2
Step 7 – Inquiry Calls	3.3
Step 8 – PartNEER 2 <sup>nd</sup> Visits	3.1
Step 9 – HIPAA & Objections	3.3



Step 10 – More Marketing	3.5
Step 11 – Plan & Follow-Up	3.3
Step 12 – Expertise & Growth	3.2
<b>TOTAL TRAINING HOURS</b>	<b>40 Hours</b>

NOTE: The initial training consists of forty (40) hours of training time. The study time is an estimate and includes watching the DVD's and reading the Manual. It does not include the time you devote with our Coaches and performing the Assignments for each session of the training modules. There is also a large library of additional training resources to explore that are not part of the initial training program but can be used to supplement it. Your home-based training program is supervised by your assigned Franchise Partner Coach, who will guide you through the various training modules and be available to answer any questions that you may have. Our Franchise Partner Coaches each have significant experience in the senior care field and are knowledgeable in the processes of client acquisition and caregiver recruitment and placement management.

**During the operation of your Franchised Business, we will:**

1. Provide you with samples of business cards, newspaper inserts, direct mail letters, advertising slicks, graphic designs, layouts, written copy and other print media marketing materials which we develop for use by "Hallmark Homecare" Businesses. You may duplicate these materials and/or we will make brochures and other promotional materials available for you to purchase.
2. We may require you to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. Generally, the principal goal of the training programs is to communicate to you the brand standards and critical features of a Hallmark Homecare Business to be able to deliver high quality, consistent care to all clients in accordance with our brand standards. We may charge reasonable registration or similar fees for these courses. If attendance at these conventions, meetings or conferences is mandatory, we reserve the right to charge you the registration, attendance or similar fees even if you do not attend, regardless of the reason. In addition, you must pay all costs to attend including travel and lodging.
3. Train you in the Hallmark Homecare System using our home-based training program consisting of training modules with online videos and corresponding manuals.

**Post-Launch Training & Assistance:**

1. We will continue to furnish you with any and all updates of our Manual and Training modules that are developed in the future.
2. To the extent we deem it necessary or advisable, give you individual and group guidance and assistance, by telephone, newsletters, brochures, reports or bulletins, or electronically. This

help may include such areas as marketing and sales, customer service and client relations, or any operating or administrative challenges you may be experiencing.

3. Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees.

4. As we deem appropriate, test new services, equipment or technologies, and if they meet our standards and specifications, we will make them available to you.

5. During the three (3) months or more after you launch your franchised business and while you are building your marketing and lead generation systems (Level 1), and before launching your Level 2 operations, we will:

6. Assess your marketing efforts and offer continuous coaching to improve results.

7. Work the client referrals that you produce, conducting caregiver candidate searches, vetting and placements on your behalf, and paying you forty percent (40%) of the placement fees we collect.

8. Build and maintain a database of all caregiver candidates who have responded to openings in your protected territory. This database will be given to you, at no additional charge, as soon as you are able to begin staffing your own positions and completed to our satisfaction the Level 2 Training described below.

9. Train you in the Hallmark Homecare Level 2 System using our proprietary training program consisting of home-based training modules with online videos and corresponding manuals, as well as both one-on-one and group coaching sessions conducted via telephone and the Internet. This is followed by a “live” four (4) day training event conducted by our staff, at or near our offices. The intended use of these resources involves watching the video training at least once, reading and studying the corresponding section in the manual, carrying out the prescribed tasks and assignments, speaking one-on-one frequently with a coach from the corporate office to discuss implementation of what’s been learned, and then participating in group coaching sessions and conference calls periodically (at least once per month). When sufficient progress has been made in learning and launching the Level 2 components, we will invite you to attend our live training class, where our staff will show you with hands-on supervision how each step in the process is carried out. An outline of our Level 2 Training Program follows:

<b>Training Module:</b>	<b>Self-Study</b>	<b>Classroom</b>
1. Level 2 Business Formation and Services Set Up	6 hrs	2 hrs
• Legal Entity Formation		
• Set Up of Bank and Trust Accounts		
• Set Up of Merchant Processing / Payments		
• Set Up of Caregiver Database		
• Improvements of CRM, Website, and Social Network Templates	(Training from Individual 3 <sup>rd</sup> Party Service)	

• General and Professional Liability Insurance		
2. The Service Inquiry Call –	3 hrs	2 hrs
• Our Different Philosophy		
• Script		
• Appointment Setting Tips and Techniques		
• Metrics and Benchmarks		
3. The Client Assessment/Care Coordination	8 hrs	6 hrs
• Sales Psychology		
• Tips for Conducting Assessments		
• The Assessment Form		
• Needs to satisfy: Companionship, ADLs, Transportation, Medication Reminders		
• Assessing Medical Needs: Understanding Common Equipment, Chronic Diseases, Alzheimer’s and Dementia		
• Delivering Wants: Likes & Dislikes, Hobbies, Transportation, Temperament & Personality, Pets		
• Other Key Factors to Inquire About		
• Role Play and Practice		
4. Closing the Sale	6 hrs	4 hrs
• How to Build a Care Plan		
• The Ideal Caregiver Profile		
• Presentation and Sales Technique – The Script		
• Client Service Options A, B, & C – When to Offer Each		
• The Client Agreement - DocuSign		
• The Deposit		
• Welcome Letter and Client Handbook		
• Client Education Series		
• Role Play and Practice		
5. The Caregiver Search/Recruitment	5 hrs	8 hrs
• Building Your Caregiver Database		
• Tapping into Registries		

• Advertising – How and Where to Place Ads		
• Caregiver Applications / Landing Pages		
• Initial Call Script and Interview		
• Required Documents: Driver’s License, Proof of License/Certification, Health Screening		
• Weeding Out Bad Apples: Background Checks, Reference Checks		
• Practice on Real Staffing Cases		
6. Client Interviews and Caregiver Hiring	4 hrs	4 hrs
• How to Set Up Interviews		
• How to Prep Clients		
• How to Prep Caregivers		
• Forms and Documents-DocuSign		
• Placement Protocols		
7. Office and Business Admin	8 hrs	6 hrs
• Billing and Collections		
• Payroll		
• Files – Caregiver and Client		
• Personnel Needed:		
• Recruiter		
• Admin		
• Sales		
• Position Statements and Expectations		

• Management Principles		
• Measurements and Benchmarks		
<b>TOTAL TRAINING HOURS</b>	<b>40 hrs</b>	<b>32 hrs</b>

**NOTE:** The training consists of at least forty (40) hours of self-study training time and four (4) full days onsite at our offices. The self-study time is an estimate and includes watching the online videos and reading the Operations Manual. It does not include the time you devote with our Coaches and performing the Assignments for each session of the training modules. Some of the assignments include purchasing or subscribing to various services that are used in the business and each of them have some training involved that is not counted in the hours of study (for instance, certain software we use have their own tutorials and training programs to teach the use of the software.) This additional training is estimated at 12 hours. There is also a large library of additional training resources to explore that are not part of the initial training program but can be used to supplement it. Your home-based training program is supervised by your assigned Franchise Partner Coach, who will guide you through the various training modules and be available to answer any questions that you may have. Our Franchise Partner Coaches each have significant experience in the senior care field and are knowledgeable in the processes of client acquisition and caregiver recruitment and placement management. Once you have completed the at-home study and have demonstrated an ability to build your business, we will invite you to the “live” training at our office. The live training consists of four (4) days of on-site time, working alongside our staff and learning from them. During some of the time you will receive further instruction, but much of the time will be spent in “hands-on” learning as you work alongside our staff. The onsite training assumes that you have completed the self-study portions of the training and are ready to roll up your sleeves and go to work.

10. On an ongoing basis, we will provide, at such times and in such methods and manners as we determine, the following guidance and assistance to you and your Franchised Business during the Term:

a. **Franchise Partner Coach Assistance.** We will have Franchise Partner Coaches available to support you on an ongoing basis with both the client lead generation and the caregiver recruitment aspects of your Franchised Business.

b. **General Telephone and Email Support.** We will provide to you support via telephone and email correspondence during normal business hours. Our support services will include, but are not limited to, reasonable continuing guidance and advice in operating your Franchised Business in the most effective and profitable way in keeping with the best practices in the industry.

c. **Printing and Supplies.** We will provide you electronically with camera ready samples of business cards and all collateral materials including brochures and any print related advertisements, direct mail flyers and other point-of-purchase promotional pieces which we may develop for use by "Hallmark Homecare" Businesses during the Term. You may duplicate these materials at your expense. We might, from time-to-time, make packages of brochures and other promotional materials available for you to purchase.

11. During the term or when you refer a Client to us to fulfill the client coordination and caregiver recruitment and placement services, we will perform the following for you:

a. **Client Fulfillment.** Once you refer a qualified client to us, our Care Coordinators will coordinate and complete a thorough Care Assessment Interview with the client or responsible party, as well as “close” the client for you and transition them into the fulfillment process (i.e., what they can expect in terms of caregiver recruitment and the interview process). Once we receive a client referral from you, we will use our best efforts in a reasonable timeframe to make contact with the client and/or responsible party and conduct the telephonic Assessment of their care needs. We will also secure all required legal agreements with them, and if applicable, search for and interview qualified candidates to fill the placement requirements of the referred client, arrange for professional liability insurance on the placed caregiver, perform all the background checks and other vetting steps we deem necessary, arrange for caregiver interviews with the client and/or responsible party, invoice and collect the appropriate placement fee, and provide the client with a Client Handbook to help them in the management and supervision of the caregiver(s), as well as advice on their tax and legal compliance obligations.

b. **Caregiver Fulfillment.** We will use our best efforts to search for and recruit qualified caregivers and place them with your client referrals in a timely manner. In all cases our Staffing Coordinators will perform all of the appropriate vetting requirements we deem necessary. The vetting steps include, but are not limited to, securing all required legal agreements with them, acquiring a copy of their Driver’s License and evidence of insurance, if applicable, verifying credentials, running background checks, checking professional and personal references, and ordering and securing professional liability insurance on the placed caregiver(s).

c. **Advertising.** Periodically during the Franchise Agreement's term we will, in our judgment, furnish you with: (a) samples of forms, letterhead, business cards, newspaper inserts, direct mail letters, advertising slicks, graphic designs, layouts, written copy and other print media marketing materials which you must pay to duplicate, and (b) multiple copies of brochures and other promotional materials which you may purchase from us. These printed advertising materials may come from us or from an outside advertising agency and be local, regional or national in scope. However, we will not place, run or pay the media placement costs of any 0 media advertisements, commercials or promotions for you. We need not spend any amount on advertising in the geographic area where your Franchised Business is located. There currently are no advertising funds, cooperatives or councils for “Hallmark Homecare” franchisees.

d. **Computer System** We anticipate that you will use a computer system to operate the Franchised Business, but we do not require you to do so and have no standards for the computer system.

e. **Business Opening.** We estimate that you will open and begin operating your Franchised Business approximately thirty (30) days or sooner after you sign the Franchise Agreement (which is when you first pay consideration for a “Hallmark Homecare” franchise). The interval depends on your schedule and time of completing your Level 1 training, the time required to print your brochures and business cards etc.

f. **The Marketing Fund.** The image of the Hallmark Homecare brand, the Marks, and Hallmark Homecare Businesses held by the public in general, by clients, and by Hallmark Homecare Business managers and employees, is important to the System and the Marks.

We have established a National Marketing Fund (the "Marketing Fund") for the enhancement and protection of the Hallmark Homecare brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate. We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Hallmark Homecare brand and Marks, will improve and increase public recognition and perception of the Hallmark Homecare brand and Marks and Hallmark Homecare Businesses, and will improve and enhance the perception of Hallmark Homecare Businesses held by franchisees, managers, and other employees of Hallmark Homecare Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are creative development and production of print ads, commercials, radio spots, direct mail pieces, and other advertising and promotional materials, creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media, media placement and buying, including all associated expenses and fees, administering regional and multiregional marketing and advertising programs, market research and customer satisfaction surveys, including the use of "secret 'shoppers' or clients", lead sharing or lead generating services or vendors, the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events, creative development of signage and posters, employee recognition and awards events and programs, periodic national and regional conventions and meetings. In addition to the above, it may include online site, extranet and/or intranet development, implementation, and maintenance, retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees, and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

Currently, you must contribute to the Marketing Fund an amount equal to up to one percent (1%) of your Gross Sales, or a minimum of one-hundred fifty dollars (\$150) per month, whichever is greater, payable in the same manner as the Royalty. We will specify, and periodically modify, with sixty (60) days prior written notice to you, the required contribution level, at our sole discretion. We are not required to contribute to the Marketing Fund for Hallmark Homecare Businesses that are owned by us or our affiliates.

## **Item 12**

### **PROTECTED TERRITORY**

You will be granted a protected territory which is determined based on mutual agreement between you and us and the estimated number of senior citizens living within a geographic area (your "Protected Territory"). The specific boundaries of your Protected Territory are described in Exhibit A to the Franchise Agreement. Because some areas are more densely populated than others, you acknowledge that the protected territories of other "Hallmark Homecare" Businesses may encompass a greater or smaller geographic area than your Protected Territory.

You may not (1) establish an office for your franchise Business at any location outside your Protected Territory, or (2) provide services to individuals at any location outside your Protected Territory without our written permission, which we will not unreasonably withhold if that location is not within the protected area of another "Hallmark Homecare" Business.

Except as provided in the Franchise Agreement, we will not, directly or through any affiliates: (a) operate or grant the right to operate a "Hallmark Homecare" Business office to be physically located within your Protected Territory, or (b) authorize any other "Hallmark Homecare" Business to use the Marks in conjunction with providing services to individuals at locations within your Protected Territory. We reserve all other rights in the System and Marks and can engage in any other activities that this Agreement does not expressly prohibit.

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

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

You shall not solicit clients or market your services to potential clients or referral sources located outside your territory. In the event that you receive leads for clients located outside your territory, you must refer those leads to us at Corporate, and we will refer your client lead to the franchisee who is assigned to operate in and service that territory or area. In the event we do not have a franchisee in that territory we will handle the client and caregiver fulfillment obligations on your behalf, and you will share in the revenue generated from the client, if any in accordance with the Revenue Sharing described in Section 9 of the Franchise Agreement.

Violation of the Cross-Territorial Policies, as they may be modified from time to time, is a default of this Franchise Agreement, for which you may be subject to termination.

**Item 13**

**TRADEMARK**

You may use the Marks to operate your Franchised Business. We registered the following Marks on the Principal Register of the United States Patent and Trademark Office (“PTO”).

Mark	Registration Number	Registration Date
Hallmark Homecare Logo	4,357,692	06/25/13
Hallmark Homecare Service Mark	4,133,058	04/24/2012



Certified Companion Aid (CCA)	2,917,778	01/11/2005
The Senior's Choice Logo	2,420,002	01/09/2001
The Senior's Choice Service Mark	2,621,107	09/17/2002
The Senior's Choice	TMA758,686	02/03/2010
Certified Hospice Companion Aide (CHCA)	3,788,853	05/11/2010

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings or material federal or state court litigation involving the Marks or our use or ownership rights in any Mark. No agreement significantly limits our right to use or license the Marks in a manner material to the franchise. We do not know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

We need not protect your right to use the Marks nor protect you against claims of infringement or unfair competition arising from your use of the Marks. We need not participate in your defense nor indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

#### **Item 14**

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

No patents or patent applications are material to the franchise. We claim copyrights in our advertising and promotional materials, and similar materials used in operating the Franchised Business. We registered the following copyrights with the United States Registrar of Copyrights. The duration for each copyright is ninety-five (95) years from the date of publication.

Copyright	Registration Number	Registration Date
Hallmark Homecare Marketing and Sales Manual	Application Pending	Application pending
"Certified Companion Aide (CCA) Program"	TX 6-320-566	02/27/2006
"Is Remaining Independent in Your Own Home Important to	TX 6-344-418	02/27/2006

You?"		
"Remain Independent in the Home You Love"	TX 6-344-416	02/27/2006
"The Caregiver Zone"	TX 6-620-604	02/27/2006
"Your Guide to Fall Prevention"	TX 6-344-419	02/27/2006
"Your Guide to Fall Recovery"	TX 6-344-417	02/27/2006
"Your Guide to Osteoporosis"	TX 6-344-415	02/27/2006

There currently are no effective determinations of the PTO, the United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any infringing uses that could materially affect you. You must notify us of infringements or potential infringements of the copyrights so that we may take any action that we deem appropriate (or no action). No agreement requires us to protect copyrights or confidential information or to defend or indemnify you for any expenses or damages you incur in any judicial or administrative proceeding involving any of the copyrighted materials or any claims arising from your use of copyrighted materials. If we require, you must modify or discontinue using any of the copyrighted materials.

The Manuals and other materials contain our confidential or proprietary information and trade secrets. This information includes methods, techniques, procedures, information, systems and knowledge of and experience in the development and operation of service businesses offering companion care to elderly citizens (collectively, the "Confidential Information"). We will disclose certain Confidential Information to you in the Manual, DVDs and other material and in guidance we furnish to you throughout the Franchise Agreement's term.

You will not acquire any interest in the Confidential Information other than the right to use certain Confidential Information in developing and operating your Franchised Business during the term. You must not use the Confidential Information in any other business or capacity, whether during or after the Franchise Agreement's term.

### **Item 15**

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

We recommend, but do not require, that you personally supervise the Franchised Business. We do not impose limits on who you can hire.

## Item 16

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

We do not place any restrictions on what our Franchised Businesses can sell.

## Item 17

### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

#### **THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
(a) Length of the franchise term	Section 1.1 of Franchise Agreement	Term expires 10 years after the opening date of the Franchised Business.
(b) Renewal or extension of the term	Section 1.3 of Franchise Agreement	Additional 10-year successor term.
(c) Requirements for franchisee to renew or extend	Section 1.3 of Franchise Agreement	You notify us of your intention to renew at least 90-days before the previous term expires and sign our then current form of franchise agreement. "Renewal" means signing our new franchise agreement for an additional 10-year term, which could contain materially different terms.
(d) Termination by franchisee	Section 15.2 of Franchise Agreement	With a 30-day written notice effective 30 days thereafter.
(e) Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Section 15.1 of Franchise Agreement	Failure to open Franchised Business within specified period of time, transfer in violation of the Franchise Agreement, and/or other grounds.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
(g) "Cause" defined – curable defaults	Section 15.1 of Franchise Agreement	You have 30-days to cure any monetary default and 30-days to cure any other defaults.
(h) "Cause" defined – non-curable defaults	Section 15.1 of the Franchise Agreement	Conviction of or pleading no contest to a felony, performing any act that might put our Marks or System into disrepute, declared insane, willful violation of any regulation, ordinance, statute or administrative ruling related to “Hallmark Homecare” Business, unauthorized use of our Marks or copyright materials, or unauthorized use or disclosure of Confidential Information.
(i) Franchisee’s obligations on termination/non-renewal	Section 16 of the Franchise Agreement	Immediately upon the expiration (without renewal) or termination of this Agreement, you must discontinue using our trademarks including our “logo” and “Hallmark Homecare” and any colorable imitations of our Marks.
(j) Assignment of contract by franchisor	Section 14.3 of the Franchise Agreement	There is no restriction on our right to assign, however, no assignment will be made except to an assignee who, in our good faith and judgment, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.
(k) "Transfer" by franchisee-defined	Section 14.1 of the Franchise Agreement	Includes transfer of any interest in the Franchise Agreement, the Franchised Business, an ownership interest in you or all or substantially all of the assets (including referral partner lists or relationships) associated with the Franchised Business.
(l) Franchisor’s approval of transfer by franchisee	Section 14.2 of the Franchise Agreement	You may not transfer without our approval.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
(m) Conditions for our approval of transfer by franchisee	Section 14.2 of the Franchise Agreement	Your Franchised Business is in good standing and in compliance with the terms and provisions of the Franchise Agreement. Transferee must sign our then current form of Franchise Agreement, which may contain terms and conditions different from the Franchise Agreement and franchise partner or Transferee must pay us a \$20,000 transfer fee.
(o) Franchisor's option to purchase franchisee's business	None	We do not have this right.
(p) Death or disability of franchisee	Section 14.5 of Franchise Agreement	You may transfer to an approved buyer (see (m) above) or beneficiary.
(q) Non-competition covenants during the term of the franchise	Section 16.3 of the Franchise Agreement	No direct or indirect ownership interest in or performing services for any business offering caregiver recruitment and placement services.
(r) Non-competition covenants after the franchise is terminated or expires	Section 16.3 of Franchise Agreement	For a two (2) year period post expiration or termination you will not compete with us by offering similar services.
(s) Modification of the agreement	Section 23 of the Franchise Agreement	No modification without a written agreement signed by you and us.
(t) Integration/merger clause	Not applicable	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	None	The Franchise Agreement does not contain this provision.
(v) Choice of forum	Section 20 of the Franchise Agreement	Litigation generally must be in the state and city where we then maintain our principal business address (subject to state law).
(w) Controlling law	Section 19 of the Franchise Agreement	Except for federal law, Nevada law governs (subject to state law).

## **Item 18**

### **PUBLIC FIGURE**

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

## **Item 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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.

As of the date of this Disclosure Document, we wish to provide you with the following information which is based on the experience of our HHC Corporate office. The financial information that follows was derived from our audited financial statements for the first three (3) full years of operations with adjustments to certain line items of expense that we incurred but that a franchise partner would not incur or in a differing amounts. With respect to the adjusted line items we made certain assumptions based on our years of operating HHC. So the three (3) year proforma below reflects exacting amounts of line item income and expenses actually incurred or realized by HHC during the periods. The rounded line items of expenses reflect our best estimate of what our franchise partners will incur. For example we invested and spent tens of thousands of dollars on advertising, marketing, systems designs and development, start-up organizational costs, graphic design work, legal and accounting just to name a few that franchise partners will not incur. The proforma is intended to be conservative and reflect what we believe will represent the "typical" franchise partner and results of operations. So there are line items that we included that you may or may not incur and in differing amounts such as rent, automobile, miscellaneous to name a few. In summary, the purpose of the proforma is to furnish you will a realistic, conservative expectation of earnings during the early years of operations and should not be construed as an earning claim. Your results may be materially different in terms of specific line items and overall results of owners' discretionary profit.

<b>Hallmark Homecare</b>			
<b>3 Year ProForma Income Statement</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Revenues</b>			
Placement Fees	\$ 193,943	\$ 554,366	\$ 941,256
<b>Cost of Sales</b>			
Caregiver Fees	49,575	346,504	593,762
<b>Gross Profit</b>	<b>144,369</b>	<b>207,862</b>	<b>347,494</b>
<b>Expenses</b>			
Advertising - Internet	6,000	6,000	6,000
Auto Expenses	12,000	12,000	12,000
Background Check - Intellicorp	1,312	2,570	2,998
Bank Charges/Merchant Fees	2,157	2,281	1,186
Collateral materials-brochures	1,000	1,000	1,500
Employer Taxes and WC Insurance	2,400	4,800	9,600
Insurance - Liability	3,588	3,682	6,246
Legal & Accounting Fees	3,000	1,500	1,500
Marketing	6,000	6,000	6,000
Memberships/Subscriptions	1,000	1,000	1,000
Miscellaneous Expense	12,000	12,000	12,000
National Marketing Fund	1,939	5,544	9,413
Payment Processing Fees	3,732	12,344	16,610
Rent	-	-	7,500
Royalties	11,637	33,262	56,475
Salaries - Processing Fee	240	480	960
Salaries-Recruiters and Admin	12,000	24,000	48,000
Scheduling Software	845	1,889	2,615
Supplies	1,000	2,000	3,000
Telephone	3,000	3,000	3,000
Utilities	-	-	1,500
<b>Total Expenses</b>	<b>84,850</b>	<b>135,352</b>	<b>209,104</b>
<b>Owner's Discretionary Profit *</b>	<b>\$ 59,519</b>	<b>\$ 72,510</b>	<b>\$ 138,390</b>
Footnote:			
* Owner's discretionary profit means free cash flow before owner's compensation and perks.			
Exact numbers represent actual results of Hallmark Homecare corporate store operations for the first 3 years.			
Rounded numbers represent estimates of franchisee's expenses based on the actual revenues.			

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**

**System Wide Outlet Summary  
For years 2018 to 2020**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	1	1
Company- Owned	2018	1	1	0
	2019	1	1	0
	2020	1	1	0
Total Outlets	2018	1	1	0
	2019	1	1	0
	2020	1	2	1

**Table No. 2**

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2018 to 2020**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0



**Table No. 3**

**Status of Franchised Outlets  
For years 2018 to 2020**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Alaska	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Arizona	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Arkansas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
California	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Colorado	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Connecticut	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Delaware	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	0	0	0	0	0	0	0
Florida	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Georgia	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Hawaii	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Idaho	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Illinois	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Indiana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Iowa	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Kansas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Kentucky	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	0	0	0	0	0	0	0
Louisiana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Maine	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Maryland	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Massachusetts	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Michigan	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Minnesota	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Missouri	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Nebraska	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Nevada	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	0	0	0	0	0	0	0
New Hampshire	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
New Jersey	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
New Mexico	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
New York	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
North Carolina	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Ohio	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Oklahoma	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Oregon	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Pennsylvania	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	0	0	0	0	0	0	0
Rhode Island	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
South Carolina	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
South Dakota	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Tennessee	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Texas	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	1	0	0	0	0	0	0
Utah	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Vermont	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Virginia	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Washington	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wisconsin	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wyoming	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1

**Table No. 4**

**Status of Company-Owned Outlets  
For years 2018 to 2020**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Totals	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

**Table No. 5****Projected Openings as of December 31, 2020**

State	Franchise Agreements Signed As of 12/31/20 But Outlet Not Open as of 12/31/20	Projected New Franchised Outlets to Open in 2021	Projected New Company-Owned Outlets to Open In 2021
Alabama	0	0	0
Arizona	0	1	0
California	0	0	0
Colorado	0	1	0
Connecticut	0	0	0
Florida	0	0	0
Georgia	0	1	0
Illinois	0	0	0
Indiana	0	0	0
Kentucky	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Missouri	0	0	0
New Jersey	0	1	0
New York	0	0	0
Ohio	0	1	0
Oregon	0	0	0
Pennsylvania	0	1	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Virginia	0	0	0
Washington	0	0	0
Wisconsin	0	0	0
Total	0	6	0

Exhibit A is a list of our franchisees and the "Hallmark Homecare" participants as of December 31, 2020 and the addresses and telephone numbers of their franchised businesses. Exhibit A-1 is a list of the names, cities and states, and telephone numbers of franchisees who had franchised businesses terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under our franchise agreement, during our last fiscal year or who have not communicated with us within ten (10) weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.



As of the issuance date of this disclosure document, no franchisees have signed confidentiality clauses and there are no trademark-specific franchisee organizations associated with "Hallmark Homecare" franchise system.

### **Item 21**

#### **FINANCIAL STATEMENTS**

Exhibit B contains our audited financial statement for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

### **Item 22**

#### **CONTRACTS**

The Franchise Agreement is Exhibit C to this disclosure document.

**EXHIBIT A**  
**LIST OF FRANCHISEES**

Philip Herron

Rocky Point, New York

(631) 512-6690

**EXHIBIT A-1**

**LIST OF FRANCHISEES THAT LEFT SYSTEM**

NONE

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

**EDWARD A. ROSE, JR.**  
CERTIFIED PUBLIC ACCOUNTANT, P.C.  
(LICENSED IN TEXAS, CALIFORNIA, & NEVADA)

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FAX: 832-201-9960

**Independent Auditor's Consent**

Edward A. Rose, Jr., CPA, P.C. consents to the use in the Franchise Disclosure Document issued by Hallmark Homecare, Inc. ("Franchisor") on April 13, 2021, as it may be amended, of our report dated April 13, 2021, relating to the financial statements of Franchisor for the period ending December 31, 2020.



Edward A. Rose, Jr., CPA, P.C.  
League City, Texas 77573  
April 13, 2021

**HALLMARK HOMECARE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**HALLMARK HOMECARE, INC.**  
**DECEMBER 31, 2020**  
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Statement of Shareholders' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

# EDWARD A. ROSE, JR.

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## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
HALLMARK HOMECARE, INC.  
INCLINE VILLAGE, NEVADA

### Report on the Financial Statements

We have audited the accompanying financial statements of Hallmark Homecare, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of income, shareholders' equity, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Hallmark Homecare, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Edward A. Rose, Jr.", with a stylized flourish at the end.

Edward A. Rose, Jr., CPA  
League City, Texas  
April 13, 2021

**HALLMARK HOMECARE, INC.**  
**BALANCE SHEET**  
**December 31, 2020**

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 253,516
Accounts Receivable, Net	98,111
Note Receivable- Officer	14,990
Total Current Assets	<u>366,617</u>

PROPERTY AND EQUIPMENT AND INTANGIBLES

Property and Equipment and Intangible Costs, Net	50,030
--	--------

Total Assets	<u>\$ 416,647</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 23,963
Income Taxes Payable	800
Deposits - Placement Fees	5,250
Total Current Liabilities	<u>30,013</u>

LONG TERM DEBT

Note Payable- SBA EIDL Loan	<u>59,900</u>
Total Long Term Liabilities	59,900

Shareholders' Equity

Common Stock, No Par Value, 2,500 shares authorized, 1,000 shares issued and outstanding	1,000
Additional Paid in Capital	296,117
Retained Earnings	<u>29,617</u>
Total Shareholders' Equity	326,734

Total Liabilities and Shareholders' Equity	<u>\$ 416,647</u>
--	-------------------

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2020**

Revenues	
Royalties	\$ 27,881
Placement Fees	67,877
Client Services	883,962
Other	<u>51,144</u>
Total Revenues	1,030,864
Cost of Sales	<u>594,718</u>
Gross Profit	436,146
Operating Expenses	<u>431,299</u>
Operating Income	4,847
Other Income	129,800
Income Tax Expense	<u>0</u>
Net Income	<u><u>\$ 134,647</u></u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**For the Year Ended December 31, 2020**

	No Par Value Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	<u>Shares</u>	<u>Amount</u>			
Beginning 1/1/20	1,000	\$ 1,000	\$ 296,117	\$ (105,030)	\$ 192,087
Contribution			-		-
Net Income				134,647	134,647
Ending 12/31/20	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 296,117</u>	<u>\$ 29,617</u>	<u>\$ 326,734</u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2020**

Cash Flows from Operating Activities:

Operating Income	\$ 4,847
Adjustments	
Provided by (Used In) Operating Activities:	
Depreciation	18,654
Amortization	17,000
(Increase) Decrease in Accounts Receivable	(46,201)
(Increase) Decrease in Franchise Fee Receivable	19,750
(Decrease) Increase in Accounts Payable	6,770
Increase (Decrease) in Placement Fees	<u>(250)</u>
Net Cash Provided by Operating Activities	20,570

Cash Flows From Investing Activities

Net Cash Used by Investing Activities	-
---------------------------------------	---

Cash Flows From Financing Activities

Loan to Officer	\$ (14,990)
Payment of Note Due to Officer	(45,010)
Payment of Note Due to Related Party	(62,000)
Payment of Due to Related Parties	(1,214)
SBA Loan	59,900
SBA Payroll Protection Program Loan	<u>129,800</u>
Net Cash Provided By Financing Activities	\$ 66,486

Net Increase In Cash and Cash Equivalents	<u>87,056</u>
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Cash and Cash Equivalents, Beginning of Year	\$ 166,460
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Cash and Cash Equivalents, End of Period	<u><u>\$ 253,516</u></u>
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SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid	<u>\$ 21</u>
Taxes Paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

NOTE 1: THE ORGANIZATION AND OPERATIONS

On October 31, 2011, Hallmark Homecare, Inc. (the “Company”) was incorporated in the State of Nevada. The Company operates principally as a Direct Referral Agency and as a Franchisor (“Franchisees”) of trademarked referral service business offering caregiver search, recruitment and placement services to the elderly and others. The Company’s franchisees are trained in marketing, sales, and recruiting individuals who are experienced caregivers who provide professional and reliable services to clients. The Company maintains its Corporate and Franchise Sales office in Incline Village, Nevada.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of demand deposits in FDIC insured financial institutions. At December 31, 2020, the Company did have cash balances in excess of the FDIC insurance limit of \$250,000. For purposes of the Statement of Cash Flows the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Intangible Assets

Start up and organization costs are stated at cost. Amortization is computed using the straight-line method over estimated useful lives of five years.

Income Taxes

On October 31, 2011, the Company elected to be taxed under the Internal Revenue Taxation Codes as an “S” corporation. The shareholders of an “S” corporation are taxed on the Company’s taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The State of Nevada does not assess corporate income taxes. The Company’s income tax filings are subject to audit by taxing authorities. The Company’s open audit periods are for the years ended December 31, 2018, 2019 and 2020.

Revenue Recognition

The Company requires an initial franchise fee payment for new franchisees. This fee includes initial training and support. The Company uses the accrual basis of accounting.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising

All costs incurred by the Company for marketing and advertising are expensed as incurred. There were no advertising costs for the year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Fair Value Measurement

The Company has determined the fair value of current assets and liabilities through application of FASB ASC 820-10, Fair Value Measurements (“Fair Value Measurements”). Fair Value Measurements establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under Fair Value Measurements are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term financial instruments, including cash, contracts receivable, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

FAIR VALUE MEASUREMENT (CONTINUED)

which, based on management's estimates, approximated their carrying values. The carrying amount of long-term debt approximates fair value because those financial instruments generally bear interest at variable rates that approximate current market rates for debt with similar maturities and credit quality. All assets and liabilities are considered level 1 inputs.

NOTE 3: PROPERTY AND EQUIPMENT AND START UP AND ORGANIZATION COSTS

Property and Equipment and Start Up costs at December 31, 2020, consists of the following:

Vehicle	\$ 92,266
Computers	<u>1,003</u>
Total	93,269
Less: Accumulated Depreciation	<u>(67,239)</u>
Net Property and Equipment	\$ 26,030
Start Up Costs	85,000
Less: Accumulated Amortization	<u>(61,000)</u>
Net Intangible Costs	\$ 24,000
<b>TOTAL</b>	<b>\$ 50,030</b>

NOTE 4: RELATED PARTY TRANSACTIONS

The Company has various transactions with entities which have common ownership with the Company. Such transactions include the purchase of services, making or receipt of various loans and advances, management fees and Company services. As of December 31, 2020, an officer of the Company owes the Company \$14,990. at zero interest rate with a repayment due in 2021. The Company paid a related party \$70,000. for office space in 2020 on a month to month basis.



**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

NOTE 5: SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 13, 2021, the date the financial statements were available to be issued. On April 12, 2021 the Payroll Protection Program loan obtained from the Small Business Administration in the amount of \$129,800. on May 3, 2020 was approved for total forgiveness.

NOTE 6: IMPAIRMENT OF LONG-LIVED ASSETS

The Organization does not estimate any impairment loss on its assets that are held and used. The carrying value of its assets approximate fair market value.

NOTE 7: SBA PAYROLL PROTECTION PROGRAM (PPP LOAN)

On May 3, 2020, the Company received a loan in the amount of \$129,800. under the Payroll Protection Program (PPP Loan) from Zions Bancorporation, N.A. The PPP Loan has a 2-year term and bears interest at an annual rate of 1% interest. Monthly principal and interest payments are deferred for 10 months, and the maturity date is May 2, 2022. Under the terms of the CARES Act, PPP loan recipients can apply for, and be granted forgiveness for, all or a portion of the PPP loan and accrued interest. Such forgiveness will be determined, subject to limitations, based on the use of the PPP loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, and retention of employees and maintaining salary levels. However, no assurance is provided that forgiveness for any portion of the PPP Loan will be obtained.

As stated in Note 5 above, on April 12, 2021 the Payroll Protection Program loan obtained from the Small Business Administration in the amount of \$129,800. on May 3, 2020 was approved for total forgiveness. This is classified as "Other Income" on the Statement of Income.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

NOTE 8: SBA ECONOMIC INJURY DISASTER LOAN

In 2020 the Company also applied for an SBA Economic Injury Disaster Loan. The company was granted an EIDL loan in the amount of \$59,900. at 3.75% interest over a term of thirty (30) years. The principal payments due on the loan are as follows:

2022	\$ 277.
2023	1,136.
2024	1,179.
2025	1,224.
2026	1,271.
Thereafter	<u>54,813.</u>
<b>Total</b>	<b>\$ 59,900.</b>

NOTE 9: Accounting Standard Adopted in 2019

As of January 1, 2019, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers (Topic 606), as amended. ASU 2014-09 replaced most existing revenue recognition guidance in U.S. GAAP and applies to exchange transactions with customers that are bound by contracts or similar arrangements. The ASU establishes a performance obligation approach to revenue recognition.

The Company has analyzed the provisions of ASU 2014-09 and has determined that no changes are necessary to conform to the new standard. The Company's sale of a franchise is recognized as each performance obligation is satisfied under the Franchise Agreement.

NOTE 10: HEALTH EPIDEMICS

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the State of California, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to Hallmark Homecare Inc.'s operations and finances.

**EDWARD A. ROSE, JR.**  
CERTIFIED PUBLIC ACCOUNTANT, P.C.  
(LICENSED IN TEXAS, CALIFORNIA, & NEVADA)

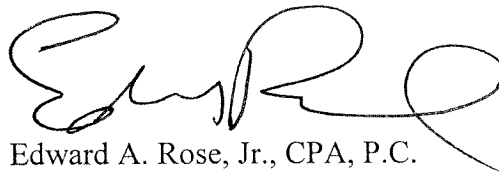
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FAX: 832-201-9960

**Independent Auditor's Consent**

Edward A. Rose, Jr., CPA, P.C. consents to the use in the Franchise Disclosure Document issued by Hallmark Homecare, Inc. ("Franchisor") on April 16, 2020, as it may be amended, of our report dated April 16, 2020, relating to the financial statements of Franchisor for the period ending December 31, 2019.



Edward A. Rose, Jr., CPA, P.C.  
League City, Texas 77573  
April 16, 2020

**HALLMARK HOMECARE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**HALLMARK HOMECARE, INC.**  
**DECEMBER 31, 2019**  
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## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
HALLMARK HOMECARE, INC.  
INCLINE VILLAGE, NEVADA

### Report on the Financial Statements

We have audited the accompanying financial statements of Hallmark Homecare, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of income, shareholders' equity, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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

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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 Hallmark Homecare, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Edward A. Rose, Jr., CPA  
League City, Texas  
April 16, 2020

**HALLMARK HOMECARE, INC.**  
**BALANCE SHEET**  
**December 31, 2019**

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 166,460
Accounts Receivable, Net	51,910
Franchise Fee Receivable	19,750
Total Current Assets	<u>\$ 238,120</u>

PROPERTY AND EQUIPMENT AND INTANGIBLES

Property and Equipment and Intangible Costs, Net	85,684
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Total Assets	<u><u>\$ 323,804</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 17,193
Income Taxes Payable	800
Deposits - Placement Fees	5,500
Total Current Liabilities	<u>23,493</u>

LONG TERM DEBT

Note Payable- Officer	45,010
Note Payable- Related Party	62,000
Due to Related Parties	1,214
Total Long Term Liabilities	<u>108,224</u>

Shareholders' Equity

Common Stock, No Par Value, 2,500 shares authorized, 1,000 shares issued and outstanding	1,000
Additional Paid in Capital	296,117
Accumulated Deficit	<u>(105,030)</u>
Total Shareholders' Equity	192,087

Total Liabilities and Shareholders' Equity	<u><u>\$ 323,804</u></u>
--	--------------------------

The accompanying notes are an integral part of these financial statements



**HALLMARK HOMECARE, INC.**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2019**

Revenues	
Sales of Franchises	\$ 45,000
Royalties	12,500
Placement Fees	125,397
Client Services	755,629
Other	<u>6,350</u>
Total Revenues	944,876
Cost of Sales	<u>565,380</u>
Gross Profit	379,496
Operating Expenses	<u>360,127</u>
Operating Income	19,369
Income Tax Expense	<u>0</u>
Net Income	<u><u>\$ 19,369</u></u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**For the Year Ended December 31, 2019**

	No Par Value Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Beginning 1/1/19	1,000	\$ 1,000	\$ 196,117	\$ (124,399)	\$ 72,718
Contribution			\$ 100,000		\$ 100,000
Net Income				19,369	19,369
Ending 12/31/19	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 296,117</u>	<u>\$ (105,030)</u>	<u>\$ 192,087</u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

Cash Flows from Operating Activities:

Net Income	\$ 19,369
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used In) Operating Activities:	
Depreciation	18,654
Amortization	17,000
(Increase) Decrease in Accounts Receivable	44,243
(Increase) Decrease in Franchise Fee Receivable	11,250
(Decrease) Increase in Accounts Payable	(10,726)
Increase (Decrease) in Due- Related Parties	(57,931)
Increase (Decrease) in Placement Fees	<u>(18,140)</u>
Net Cash Provided by Operating Activities	23,719

Cash Flows From Investing Activities

Net Cash Used by Investing Activities	-
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Cash Flows From Financing Activities

Capital Contribution	\$ 100,000
<hr/>	
Net Cash Provided By Financing Activities	\$ 100,000
Net Increase In Cash and Cash Equivalents	<u>123,719</u>
Cash and Cash Equivalents, Beginning of Year	\$ 42,741
Cash and Cash Equivalents, End of Period	<u><u>\$ 166,460</u></u>

SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid	\$ -
Taxes Paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

NOTE 1: THE ORGANIZATION AND OPERATIONS

On October 31, 2011, Hallmark Homecare, Inc. (the “Company”) was incorporated in the State of Nevada. The Company operates principally as a Direct Referral Agency and as a Franchisor (“Franchisees”) of trademarked referral service business offering caregiver search, recruitment and placement services to the elderly and others. The Company’s franchisees are trained in marketing, sales, and recruiting individuals who are experienced caregivers who provide professional and reliable services to clients. The Company maintains its Corporate and Franchise Sales office in Incline Village, Nevada.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of demand deposits in FDIC insured financial institutions. At December 31, 2019, the Company did not have any cash balances in excess of the FDIC insurance limit of \$250,000 even though at times, such amounts may be in excess of FDIC insurance limits. For purposes of the Statement of Cash Flows the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Intangible Assets

Start up and organization costs are stated at cost. Amortization is computed using the straight-line method over estimated useful lives of five years.

Income Taxes

On October 31, 2011, the Company elected to be taxed under the Internal Revenue Taxation Codes as an “S” corporation. The shareholders of an “S” corporation are taxed on the Company’s taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The State of Nevada does not assess corporate income taxes. The Company’s income tax filings are subject to audit by taxing authorities. The Company’s open audit periods are for the years ended December 31, 2017, 2018 and 2019.

Revenue Recognition

The Company current requires an initial franchise fee payment for new franchisees. This fee includes initial training and support. Company uses the accrual basis of accounting.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising

All costs incurred by the Company for marketing and advertising are expensed as incurred. Total advertising costs were \$ 13,464 for the year ended December 31, 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Fair Value Measurement

The Company has determined the fair value of current assets and liabilities through application of FASB ASC 820-10, Fair Value Measurements (“Fair Value Measurements”). Fair Value Measurements establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under Fair Value Measurements are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term financial instruments, including cash, contracts receivable, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

FAIR VALUE MEASUREMENT (CONTINUED)

which, based on management's estimates, approximated their carrying values. The carrying amount of long-term debt approximates fair value because those financial instruments generally bear interest at variable rates that approximate current market rates for debt with similar maturities and credit quality. All assets and liabilities are considered level 1 inputs.

NOTE 3: PROPERTY AND EQUIPMENT AND START UP AND ORGANIZATION COSTS

Property and Equipment and Start Up and Organization costs at December 31, 2019, consists of the following:

Vehicle	\$ 92,266
Computers	<u>1,003</u>
Total	93,269
Less: Accumulated Depreciation	<u>(48,585)</u>
Net Property and Equipment	\$ 44,684
Organizational Costs	\$ 1,707
Start Up Costs	<u>130,150</u>
Total	131,857
Less: Accumulated Amortization	<u>(90,857)</u>
Net Intangible Costs	\$ 41,000
<b>TOTAL</b>	<b>\$ 85,684</b>

NOTE 4: RELATED PARTY TRANSACTIONS

The Company has various transactions with entities which have common ownership with the Company. Such transactions include the purchase of services, making or receipt of various loans and advances, management fees and Company services. As of December 31, 2019, the Company owes a related party \$1,214 in accounts payable. The Company owes another related party \$62,000. for a loan and an officer of the Company \$45,010 for a loan. Both loans are at zero interest rate with no definite repayment date. The \$62,000. loan was paid in January of 2020. The Company paid a related party \$42,000. for office space in 2019.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

NOTE 5: SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 16, 2020, the date the financial statements were available to be issued.

NOTE 6: IMPAIRMENT OF LONG-LIVED ASSETS

The Organization does not estimate any impairment loss on its assets that are held and used. The carrying value of its assets approximate fair market value.

NOTE 7: HEALTH EPIDEMICS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the United States have declared a state of emergency. Potential impacts to our business include disruptions or restrictions on our ability to increase our revenues. COVID-19 could adversely affect the economy of the United States which could result in an economic downturn. However, we believe the impact on the Home Health Care Industry will be minimal that could impact our operating results. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our business, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

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### **Independent Auditor's Consent**

Edward A. Rose, Jr., CPA, P.C. consents to the use in the Franchise Disclosure Document issued by Hallmark Homecare, Inc. ("Franchisor") on April 11, 2019, as it may be amended, of our report dated March 27, 2019, relating to the financial statements of Franchisor for the period ending December 31, 2018.



Edward A. Rose, Jr., CPA, P.C.  
League City, Texas 77573  
March 27, 2019



**HALLMARK HOMECARE, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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**HALLMARK HOMECARE, INC.**  
**DECEMBER 31, 2018**  
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## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
HALLMARK HOMECARE, INC.  
INCLINE VILLAGE, NEVADA

### Report on the Financial Statements

We have audited the accompanying financial statements of Hallmark Homecare, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of income, shareholders' equity, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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

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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 Hallmark Homecare, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Edward A. Rose, Jr., CPA  
League City, Texas  
March 27, 2019

**HALLMARK HOMECARE, INC.**  
**BALANCE SHEET**  
**December 31, 2018**

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 42,741
Accounts Receivable	96,153
Franchise Fee Receivable	<u>27,250</u>
Total Current Assets	\$ 166,144

PROPERTY AND EQUIPMENT AND INTANGIBLES

Property and Equipment and Intangible Costs, Net	121,338
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OTHER ASSETS

Franchise Fee Receivable	3,750
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Total Assets	<u><u>\$ 291,232</u></u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 27,919
Income Taxes Payable	800
Deposits - Placement Fees	<u>23,640</u>
Total Current Liabilities	52,359

LONG TERM DEBT

Note Payable- Officer	45,010
Note Payable- Related Party	62,000
Due to Related Parties	<u>59,145</u>
Total Long Term Liabilities	166,155

Shareholders' Equity

Common Stock, No Par Value, 2,500 shares authorized, 1,000 shares issued and outstanding	1,000
Additional Paid in Capital	196,117
Accumulated Deficit	<u>(124,399)</u>
Total Shareholders' Equity	72,718

Total Liabilities and Shareholders' Equity	<u><u>\$ 291,232</u></u>
--	--------------------------

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF INCOME**  
**For the Year Ended December 31, 2018**

Revenues	
Sales of Franchises	\$ 141,500
Royalties	6,000
Placement Fees	64,440
Client Services	696,961
Other	<u>2,100</u>
Total Revenues	911,001
Cost of Sales	<u>512,258</u>
Gross Profit	398,743
Operating Expenses	<u>452,624</u>
Operating Loss	(53,881)
Income Tax Expense	<u>0</u>
Net Loss	<u><u>\$ (53,881)</u></u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**For the Year Ended December 31, 2018**

	No Par Value Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	<u>Total</u>
Beginning 1/1/18	1,000	\$ 1,000	\$ 196,117	\$ (70,518)	\$ 126,599
Net Loss				(53,881)	(53,881)
Ending 12/31/18	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 196,117</u>	<u>\$ (124,399)</u>	<u>\$ 72,718</u>

The accompanying notes are an integral part of these financial statements

**HALLMARK HOMECARE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2018**

Cash Flows from Operating Activities:

Net Loss	\$ (53,881)
Adjustments to Reconcile Net Loss to Net Cash	
Provided by (Used In) Operating Activities:	
Depreciation	16,728
Amortization	17,000
(Increase) Decrease in Accounts Receivable	7,359
(Increase) Decrease in Franchise Fee Receivable	(31,000)
(Decrease) Increase in Accounts Payable	18,444
Increase (Decrease) in Due- Related Parties	(8,985)
Increase (Decrease) in Placement Fees	<u>7,500</u>
Net Cash Used by Operating Activities	(26,835)

Cash Flows From Investing Activities

Purchase of Computer and Automobile	(57,262)
Adjust Start-Up Costs	1,000
Net Cash Used by Investing Activities	(56,262)

Cash Flows From Financing Activities

Loan from Related Party	\$ 27,000
Loan from Officer	<u>45,010</u>
Net Cash Provided By Financing Activities	\$ 72,010

Net Decrease In Cash and Cash Equivalents (11,087)

Cash and Cash Equivalents, Beginning of Year \$ 53,828

Cash and Cash Equivalents, End of Period \$ 42,741

SUPPLEMENTAL DISCLOSURES FOR STATEMENT OF CASH FLOWS

Interest Paid	\$ -
Taxes Paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements



**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

NOTE 1: THE ORGANIZATION AND OPERATIONS

On October 31, 2011, Hallmark Homecare, Inc. (the “Company”) was incorporated in the State of Nevada. The Company operates principally as a Direct Referral Agency and as a Franchisor (“Franchisees”) of trademarked referral service business offering caregiver search, recruitment and placement services to the elderly and others. The Company’s franchisees are trained in marketing, sales, and recruiting individuals who are experienced caregivers who provide professional and reliable services to clients. The Company maintains its Corporate and Franchise Sales office in Incline Village, Nevada.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash consists of demand deposits in FDIC insured financial institutions. At December 31, 2018, the Company did not have any cash balances in excess of the FDIC insurance limit of \$250,000 even though at times, such amounts may be in excess of FDIC insurance limits. For purposes of the Statement of Cash Flows the Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents.

Intangible Assets

Start up and organization costs are stated at cost. Amortization is computed using the straight-line method over estimated useful lives of five years.

Income Taxes

On October 31, 2011, the Company elected to be taxed under the Internal Revenue Taxation Codes as an “S” corporation. The shareholders of an “S” corporation are taxed on the Company’s taxable income. The Company prepares and files its Federal tax return using the accrual basis of accounting and depreciation methods applicable to such filings. The State of Nevada does not assess corporate income taxes. The Company’s income tax filings are subject to audit by taxing authorities. The Company’s open audit periods are for the years ended December 31, 2016, 2017 and 2018.

Revenue Recognition

The Company current requires an initial franchise fee payment for new franchisees. This fee includes initial training and support. Company uses the accrual basis of accounting.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing and Advertising

All costs incurred by the Company for marketing and advertising are expensed as incurred. Total advertising costs were \$ 83,297 for the year ended December 31, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Fair Value Measurement

The Company has determined the fair value of current assets and liabilities through application of FASB ASC 820-10, Fair Value Measurements (“Fair Value Measurements”). Fair Value Measurements establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under Fair Value Measurements are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term financial instruments, including cash, contracts receivable, accounts payable and other liabilities, consist primarily of instruments without extended maturities, the fair value of

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

which, based on management's estimates, approximated their carrying values. The carrying amount of long-term debt approximates fair value because those financial instruments generally bear interest at variable rates that approximate current market rates for debt with similar maturities and credit quality. All assets and liabilities are considered level 1 inputs.

NOTE 3: PROPERTY AND EQUIPMENT AND START UP AND ORGANIZATION COSTS

Intangible costs at December 31, 2018, consists of the following:

Vehicle	\$ 92,266
Computers	<u>1,003</u>
Total	93,269
Less: Accumulated Depreciation	<u>(29,931)</u>
Net Property and Equipment	\$ 63,338
Organizational Costs	\$ 1,707
Start Up Costs	<u>130,150</u>
Total	131,857
Less: Accumulated Amortization	<u>(73,857)</u>
Net Intangible Costs	\$ 58,000
<b>TOTAL</b>	<b>\$ 121,338</b>

NOTE 4: RELATED PARTY TRANSACTIONS

The Company has various transactions with entities which have common ownership with the Company. Such transactions include the purchase of services, making or receipt of various loans and advances, management fees and Company services. As of December 31, 2018, the Company owes two related parties \$59,145 in accounts payable. The Company owes another related party \$62,000 for a loan and an officer of the Company \$45,010 for a loan. Both loans are at zero interest rate with no definite repayment date. A related party provides the Company office space at no cost in 2018.

NOTE 5: SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 27, 2019, the date the financial statements were available to be issued.

**HALLMARK HOMECARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018**

NOTE 6: IMPAIRMENT OF LONG-LIVED ASSETS

The Organization does not estimate any impairment loss on its assets that are held and used. The carrying value of its assets approximate fair market value.

**EXHIBIT C**  
**FRANCHISE AGREEMENT**

**HALLMARK HOMECARE, INC.**

**FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**DATE**

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## EXHIBITS

A – Protected Territory

B – EDTA Form

**HALLMARK HOMECARE, INC.**  
**FRANCHISE AGREEMENT**

**THIS AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 2021 (the "Agreement Date") by and between **HALLMARK HOMECARE, INC.**, a Nevada corporation whose corporate address is 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451, and \_\_\_\_\_, whose principal address is \_\_\_\_\_.

**RECITALS:**

A. This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations this Agreement covers before you sign it. In this Agreement, "we," "us" or "the Company" means Hallmark Homecare, Inc., ("HHC) the franchisor. "You" means the person who acquires the franchise under this Agreement. If you are a corporation, partnership, limited liability company or other business entity, we refer to your owners, shareholders, partners, members or similar individuals as "owners" in this Agreement.

B. We have expended considerable time, money and effort to develop a system for the development and operation of service businesses offering caregiver search, recruitment and placement services to the elderly and others. These businesses operate under the name "Hallmark Homecare" using uniform service regimens, formats, procedures, business methods, copyrighted materials and other forms of confidential information and other information, knowledge, policies and practices, all of which may be improved, expanded, further developed or otherwise modified from time to time (the "System"). We own the rights to, interest in and goodwill of, and use, promote and license, certain proprietary trademarks, service marks, trade names, logotypes and other commercial symbols, including the service mark "Hallmark Homecare" and associated logo (the "Marks").

**1. GRANT AND RENEWAL OF FRANCHISE.**

**1.1 Grant of Franchise.**

We grant to you the franchise (the "Franchise") to own and operate a "Hallmark Homecare" Business (the "Franchised Business") and to use the Marks and the System in operating your Franchised Business, for a term of ten (10) years beginning on the Agreement Date (the "Term"), unless sooner terminated according to the terms of this Agreement. Termination or expiration of this Agreement constitutes termination or expiration of the Franchise.

**1.2 Performance.**

We will at all times use our best efforts to support you in your role as a franchisee and you will be expected to continuously exert your efforts to operate and enhance the business of

your Franchised Business. You must at all times faithfully, honestly and diligently perform your obligations under this Agreement throughout the Term.

### **1.3 Renewal.**

If you have substantially complied with the terms and conditions of this Agreement throughout the Term, you may, upon expiration of the Term, renew the Franchise for an additional ten (10) year term ("Renewal Term"). You must notify us at least ninety (90) days, but no more than twelve (12) months, prior to the expiration of the Term or the Renewal Term of your intention to renew. To renew the Franchise, you must sign our then current form of franchise agreement and there is no renewal fee.

## **2. PROTECTED TERRITORY.**

### **2.1 Territory.**

You are granted a protected territory which is determined based on mutual agreement between you and us and the estimated number of senior citizens living within a geographic area (your "Protected Territory"). The specific boundaries of your Protected Territory are described in Exhibit A. Because some areas are more densely populated than others, you acknowledge that the protected territories of other "Hallmark Homecare" Businesses may encompass a greater or smaller geographic area than your Protected Territory.

In order to maintain the rights to the Protected Territory described in Exhibit A, beginning twelve (12) months from the date you signed the Franchise Agreement with us and continuing throughout the remainder of the Term, your Franchised Business must achieve Gross Sales of at least Twenty Five Thousand Dollars (\$25,000.00) each calendar quarter. After twenty four (24) months from the date you signed the Franchise Agreement with us and continuing throughout the remainder of the Term, your Franchised Business must achieve Gross Sales of at least Sixty Two Thousand, Five Hundred Dollars (\$62,500.00) each calendar quarter. Failure to achieve this minimum level of Gross Sales is grounds for immediate termination of this Agreement, or at our election modifying or revoking entirely your Protected Territory rights under this provision.

You may not (1) establish an office for your franchise Business at any location outside your Protected Territory or (2) provide services to individuals at any location outside your Protected Territory without our written permission, which we will not unreasonably withhold if that location is not within the protected area of another "Hallmark Homecare" Business.

Except as provided in this Agreement, we will not, directly or through any affiliates: (a) operate or grant the right to operate a "Hallmark Homecare" Business office to be physically located within your Protected Territory; or (b) authorize any other "Hallmark Homecare" Business to use the Marks in conjunction with providing services to individuals at locations within your Protected Territory. We reserve all other rights in the System and Marks and can engage in any other activities that this Agreement does not expressly prohibit.

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

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

(b) You shall not solicit clients or market your services to potential clients or referral sources located outside your territory. In the event that you receive leads for clients located outside your territory, you must refer those leads to us at Corporate and we will refer your client lead to the franchisee who is assigned to operate in and service that territory or area. In the event we do not have a franchisee in that territory we will handle the client and caregiver fulfillment obligations on your behalf and you will share in the revenue generated from the client, if any, in accordance with the Revenue Sharing described in Section 9 below.

Violation of the Cross-Territorial Policies, as they may be modified from time to time, is a default of this Franchise Agreement, for which you may be subject to termination

## **3. SITE SELECTION/OPENING.**

### **3.1 Locations.**

You must operate the Franchised Business only from a location or locations within the Protected Territory (which may be your home or an outside office), and you must notify us of the address of each location. You represent and covenant that each location is suitable and adequate for operating the Franchised Business and that you will maintain each location in a condition suitable and adequate for operating the Franchised Business throughout the Term. You may not open another office or operate from an additional location outside the Protected Territory without acquiring another franchise from us or obtaining our written consent.

### **3.2 Opening Requirements.**

You must open and begin operating your Franchised Business no later than ninety (90) days following the Agreement Date. If you fail to open and begin operating your Franchised Business during that period, we may, in our sole discretion, terminate this Agreement. You may not open and begin operating your Franchised Business until: (a) you (or your principal owner) or your Manager has completed our initial training program to our satisfaction; (b) you have purchased all supplies, equipment, inventory and other materials required to open the Franchised Business; (c) you provide us evidence of insurance coverage for the Franchised Business (if we require); and (d) you notify us of the location(s) of your Franchise Business.

## **4. INITIAL FRANCHISE FEE.**

You must pay us as an initial franchise fee (“Initial Franchise Fee”) of \$50,000.0 in a lump sum at time you sign this Agreement. The initial fee is nonrefundable.

## **5. FEES.**

### **5.1 Royalty Fee. Minimum Royalty Fee and Payment.**

You agree to pay us, in the manner provided below (or as the Operations Manual otherwise prescribes), a Royalty Fee (the "Royalty") equal to the greater of (i) six (6) percent of the Franchised Business's Gross Sales (defined in Section 5.2 below) or (ii) Five Hundred Dollars (\$500) per month. The Royalty fee will be due beginning 30 days after signing the franchise agreement and must be transmitted to us in the manner we specify, which may include, as provided for in Section 5.4, an automatic, electronic debit of funds on a monthly basis, due on the fifteenth (15<sup>th</sup>) of each month, based on the Gross Billings by you in the previous month. You agree to send us on a form we approve (or as we otherwise direct) a signed statement of the Franchised Business's Gross Sales for the preceding month.

### **5.2 Definition of "Gross Sales".**

As used in this Agreement, the term "Gross Sales" means all revenue that you bill/invoice clients or us in the case of a revenue share based on a client referral to us (whether or not collected), plus all other amounts you derive, from operating the Franchised Business, including, but not limited to, all services and products sold.

### **5.3 National Marketing Fee.**

In addition to Royalty, Franchisee shall pay to HHC a national marketing fee (the "National Marketing Fee") equal to the greater of (a) one percent (1%) of the total amount of Franchisee's monthly Gross Billings or (b) one Hundred and Fifty Dollars (\$150). The National Marketing Fee shall be in addition to, and not in lieu of, the Franchisee's expenditures for any local advertising and/or payments to any 3<sup>rd</sup> party.

The National Marketing Fee will be due beginning 30 days after signing the franchise agreement and be paid on the fifteenth (15<sup>th</sup>) of the month concurrently with, but separately from, the payment of the Royalty, and is based on Gross Billings for the preceding month. The method of payment will be the same as the Royalty payment method, set forth in Section 5.4. The National Marketing Fee is subject to the same late charges as the Royalty, in an amount and manner as set forth below.

Any National Marketing Fee collected by HHC will be deposited by HHC in a separate bank account. Any interest earned by the National Marketing Fund belongs to the National Marketing Fund and upon Franchisee's request, HHC will make available to Franchisee once each calendar year, no later than one-hundred and twenty (120) days after HHC's year end, an unaudited financial statement for the National Marketing Fund for the previous calendar year. The National Marketing Fund will be administered by HHC in its sole discretion, and may be used for the website design and maintenance and search engine optimization, creation, production and placement of media advertising, direct response literature, direct mailings,

brochures, collateral material advertising, surveys of advertising effectiveness, social media marketing, creative design, printed material, public relations material, conferences, trade shows, electronic mail communications, or other advertising or public relations expenditures relating to advertising. HHC may reimburse itself from the National Marketing Fund for independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes, salaries and travel expenses of HHC employees who administer the National Marketing Fund or who engage in marketing, advertising or public relations activities relating to the National Marketing Fund, and other reasonable direct and indirect expenses as may be incurred by HHC or its authorized representatives in connection with the programs funded by the National Marketing Fund. HHC will not be liable for any act or omission with respect to the National Marketing Fund that is consistent with this Agreement and is done in good faith.

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

#### **5.4 Method of Payment.**

Before the Franchised Business opens, you agree to sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Royalty, Marketing Fund contributions, and other amounts due under this Agreement and for your purchases from us and/or our affiliates (the "Electronic Depository Transfer Account" or "EDTA"). Our current form of EDTA is attached as Exhibit B. We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals. Notwithstanding the foregoing, our access to your business checking account by EDTA shall be utilized by us only for your payments of the required amounts mentioned above. If you fail to report the Franchised Business's Gross Sales, we may debit your EDTA for one hundred twenty percent (120%) of the highest monthly Royalty and Marketing Fund contribution that we debited during the initial term. If the amounts that we debit from your EDTA are less than the amounts you actually owe us (once we have determined the Franchised Business's true and correct Gross Sales), we will debit your EDTA for the balance on the day we specify. If the amounts that we debit from your EDTA are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your EDTA during the following monthly period. We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever we deem appropriate.

## **6. MARKETING.**

### **6.1 Marketing Fund Contributions and Expenditures.**

You acknowledge and recognize the value of the Hallmark Homecare brand and Marks, the need to develop, enhance, and promote the brand and Marks, and the need to advertise and market the brand and Hallmark Homecare Businesses. You also acknowledge and recognize the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the Hallmark Homecare brand and Hallmark Homecare Businesses. Therefore, you agree to (i) contribute to the National Marketing Fund pursuant to Section 5.3 and (ii) make local advertising and marketing expenditures, if required.

We have established a National Marketing Fund (the "Marketing Fund") for the enhancement and protection of the Hallmark Homecare brand and Marks, and for the advertising, marketing, and public relations programs and materials as we deem appropriate. We will have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect the Hallmark Homecare brand and Marks, will improve and increase public recognition and perception of the Hallmark Homecare brand and Marks and Hallmark Homecare Businesses, and will improve and enhance the perception of Hallmark Homecare Businesses held by franchisees, managers, and other employees of Hallmark Homecare Businesses. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are creative development and production of print ads, commercials, radio spots, direct mail pieces, door hangers, and other advertising and promotional materials, creative development of, and preparing, producing, and placing video, audio, and written materials and electronic media, media placement and buying, including all associated expenses and fees, administering regional and multiregional marketing and advertising programs, market research and customer satisfaction surveys, including the use of "secret 'shoppers' or clients", lead sharing or lead generating services or vendors, the creative development of, and actual production associated with, promotions, public relation events, and charitable or nonprofit events, creative development of signage and posters, employee recognition and awards events and programs, periodic national and regional conventions and meetings. In addition to the above, it may include online site, extranet and/or intranet development, implementation, and maintenance, retention and payment of advertising and promotional agencies and other outside advisors including retainer and management fees, and public relations and community involvement activities and programs. We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation.

### **6.2 Interest on Late Payments.**

All amounts which you owe us will bear interest thirty (30) days after the invoice date at the rate of one and one-half percent (1.5%) per month or the highest commercial contract rate of interest permitted by law, whichever is less. You acknowledge that this Subsection does not constitute our agreement to extend credit to or otherwise finance your operation of your

Franchised Business. Your failure to pay us all amounts when due constitutes grounds for termination of this Agreement, notwithstanding the provisions of this Subsection.

## **7. OBLIGATIONS OF FRANCHISOR.**

### **7.1 Use of Our Marks.**

We grant you the right to use our Marks (our name and logo), copyrighted materials and certain other confidential information during the Term.

### **7.2 Manuals.**

You will receive from us our Sales & Marketing Manual and the Operations Manual (the "Manuals). You understand and agree that the Manuals contain our confidential information and you will not at any time copy any part of the Manuals and share it with any third party without our written consent.

### **7.3 Training Programs.**

We will provide you with the Home-Based Study program (the "Level 1 training program") described in Section 7.5(e) below, including a copy of the Sales & Marketing Manual. The second part of the training (the "Level 2" training program") will begin on a date designated by us within six (6) months after your franchised business commences operation and you have completed the Level 1 training to our satisfaction. The Level 2 training will include a live classroom workshop and your attendance is required. The workshop locations and times will be determined by us and will be approximately 4 days in duration and cover caregiver recruitment and vetting, care coordination and assessments, billing and collections and other administrative and operational aspects of the franchised business more fully described in Section 7.6(d) below. You will also be furnished the Operations Manual in advance of the live training. Though we won't charge you tuition for the Level 2 training, you must pay all expenses incurred in attending such training, including travel, and room and board expenses.

### **7.4 Supplemental Training. Required Attendance of Ongoing Training including Conventions.**

We may, in our discretion, offer supplemental training and refresher courses or programs relating to the operation of a "Hallmark Homecare" Business during the Term. Although some of the supplemental training will be required attendance such as our National Conventions, we may not require you to attend any supplemental training sessions, though we recommend that you do so if we offer them. We may charge tuition for the supplemental training in certain cases such as our National Conventions; and you must pay all of your and your employees' expenses in attending training, such as food, travel, lodging and all other costs, expenses and salaries.

We may require you (or your Operating Principal), to attend and complete satisfactorily various training courses that we periodically choose to provide at the times and locations that we



designate, as well as periodic conventions, regional meetings, and conferences that we specify. Generally, the principal goal of the training programs is to communicate to you the brand standards and critical features of a Hallmark Homecare Business to be able to deliver high quality, consistent care to all clients in accordance with our brand standards. We may charge reasonable registration or similar fees for these courses. If attendance at these conventions, meetings or conferences is mandatory, we reserve the right to charge you the registration, attendance or similar fees even if you do not attend, regardless of the reason. In addition, you must pay all costs to attend including travel and lodging.

**7.5 Pre-Launch Assistance.**

Before you open your business, we will:

(a) Provide insight on any equipment, supplies and software needed or recommended to operate your business. We do not provide delivery or installation of equipment or operating supplies.

(b) Provide you with an “@hallmarkhomecare.com” email address, which you must use for all electronic communications conducted in conjunction with your Franchised Business.

(c) Provide you with login credentials for the Hallmark Homecare Resource Portal, where you will access training materials and other resources, make client referrals, and order customizable marketing and promotional supplies.

(d) Give you general assistance in the opening of your business. We will also make our personnel available to help you plan pre-opening promotional programs.

(e) Train you in the Hallmark Homecare System using our home-based training program consisting of training modules with online videos and corresponding manuals, as well as both one-on-one and group coaching sessions conducted via telephone and the Internet. The intended use of each step involves watching the video training at least once, reading and studying the corresponding section in the manual, carrying out the prescribed tasks and assignments, speaking one-on-one with a coach from the corporate office to discuss implementation of what’s been learned, and then participating in group coaching sessions and conference calls periodically (at least once per month). An outline of our home-based training program is as follows:

**HOME-BASED TRAINING PROGRAM**

<b>Subject</b>	<b>Min. Study Time (Hrs)</b>
Introduction – The Treasure Map	.5
Step 1 – Seniors & Set Up	3.3
Step 2 – The Senior Care Industry	3.3

Step 3 – Benefits We Offer	3.2
Step 4 – How Business Gets Done	3.3
Step 5 – Develop PartNEERs	3.5
Step 6 – PartNEER Marketing	3.2
Step 7 – Inquiry Calls	3.3
Step 8 – PartNEER 2 <sup>nd</sup> Visits	3.1
Step 9 – HIPAA & Objections	3.3
Step 10 – More Marketing	3.5
Step 11 – Plan & Follow-Up	3.3
Step 12 – Expertise & Growth	3.2
<b>TOTAL TRAINING HOURS</b>	<b>40 Hours</b>

**NOTE:** The initial training consists of forty (40) hours of training time. The study time is an estimate and includes watching the DVD's and reading the Manual. It does not include the time you devote with our Coaches and performing the Assignments for each session of the training modules. There is also a large library of additional training resources to explore that are not part of the initial training program but can be used to supplement it. Your home-based training program is supervised by your assigned Franchise Partner Coach, who will guide you through the various training modules and be available to answer any questions that you may have. Our Franchise Partner Coaches each have significant experience in the senior care field and are knowledgeable in the processes of client acquisition and caregiver recruitment and placement management.

### **7.6 Post-Launch Training & Assistance.**

(a) We will continue to furnish you with any and all updates of our Manual and Training modules that are developed in the future.

(b) To the extent we deem it necessary or advisable, give you individual and group guidance and assistance, by telephone, newsletters, brochures, reports or bulletins, or electronically. This help may include such areas as marketing and sales, customer service and client relations, or any operating or administrative challenges you may be experiencing.

(c) Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees.

(d) As we deem appropriate, test new services, equipment or technologies, and if they meet our standards and specifications, we will make them available to you.

During the three (3) months or more after you launch your franchised business and while you are building your marketing and lead generation systems (Level 1), and before launching your Level 2 operations, we will:

(a) Assess your marketing efforts and offer continuous coaching to improve results.

(b) Work the client referrals that you produce, conducting caregiver candidate searches, vetting and placements on your behalf, and paying you 40% of the placement fees we collect.

(c) Build and maintain a database of all caregiver candidates who have responded to openings in your protected territory based on our searches described in (f) above. This database will be given to you, at no additional charge, as soon as you are able to begin staffing your own positions and completed to our satisfaction the Level 2 Training described below.

(d) Train you in the Hallmark Homecare Level 2 System using our proprietary training program consisting of home-based training modules with online videos and corresponding manuals, as well as both one-on-one and group coaching sessions conducted via telephone and the Internet. This is followed by a “live” four (4) day training event conducted by our staff, at or near our offices. The intended use of these resources involves watching the video training at least once, reading and studying the corresponding section in the manual, carrying out the prescribed tasks and assignments, speaking one-on-one frequently with a coach from the corporate office to discuss implementation of what’s been learned, and then participating in group coaching sessions and conference calls periodically (at least once per month). When sufficient progress has been made in learning and launching the Level 2 components, we will invite you to attend our live training class, where our staff will show you with hands-on supervision how each step in the process is carried out. An outline of our Level 2 Training Program follows:

<b>Training Module:</b>	<b>Self-Study</b>	<b>Classroom</b>
1. Level 2 Business Formation and Services Set Up	6 hrs	2 hrs
• Legal Entity Formation		
• Set Up of Bank and Trust Accounts		
• Set Up of Merchant Processing / Payments		
• Set Up of Caregiver Database		
• Improvements of CRM, Website, and Social Network Templates	(Training from Individual 3 <sup>rd</sup> Party Service)	

• General and Professional Liability Insurance		
2. The Service Inquiry Call –	3 hrs	2 hrs
• Our Different Philosophy		
• Call Scripts		
• Appointment Setting Tips and Techniques		
• Metrics and Benchmarks		
3. The Client Assessment/Care Coordination	8 hrs	6 hrs
• Sales Psychology		
• Tips for Conducting Assessments		
• The Assessment Form		
• Needs to Satisfy: Companionship, ADLs, Transportation, Medication Reminders		
• Assessing Medical Needs: Understanding Common Equipment, Chronic Diseases, Alzheimer’s and Dementia		
• Delivering Wants: Likes & Dislikes, Hobbies, Transportation, Temperament & Personality, Pets		
• Other Key Factors to Inquire About		
• Role Play and Practice		
4. Closing the Sale	6 hrs	4 hrs
• How to Build a Care Plan		
• The Ideal Caregiver Profile		
• Presentation and Sales Technique – The Script		
• Client Service Options A, B, & C – When to Offer Each		
• The Client Agreement - DocuSign		
• The Deposit		
• Welcome Letter and Client Handbook		
• Role Play and Practice		
5. The Caregiver Search/Recruitment	5 hrs	8 hrs
• Building Your Caregiver Database		

• Tapping into Registries		
• Advertising – How and Where to Place Ads		
• Caregiver Applications / Landing Pages		
• Initial Call Script and Interviews		
• Required Documents: Driver’s License, Proof of License/Certification, Health Screening		
• Weeding Out Bad Apples: Background Checks, Reference Checks		
• Practice on Real Staffing Cases		
6. Client Interviews and Caregiver Placement	4 hrs	4 hrs
• How to Set-Up Interviews		
• How to Prep Clients		
• How to Prep Caregivers		
• Forms and Documents - DocuSign		
• Placement Protocols		
7. Office and Business Admin	8 hrs	6 hrs
• Billing and Collections		
• Payroll		
• Files – Caregiver and Client		
• Personnel Needed:		
• Recruiter		
• Admin		
• Sales		
• Position Statements and Expectations		
• Management Principles		

• Measurements and Benchmarks		
<b>TOTAL TRAINING HOURS</b>	<b>40 hrs</b>	<b>32 hrs</b>

**NOTE:** The training consists of at least forty (40) hours of self-study training time and four (4) full days onsite at our offices. The self-study time is an estimate and includes watching the online videos and reading the Operations Manual. It does not include the time you devote with our Coaches and performing the Assignments for each session of the training modules. Some of the assignments include purchasing or subscribing to various services that are used in the business, and each of them have some training involved that is not counted in the hours of study (for instance, certain software we use have their own tutorials and training programs to teach the use of the software.) This additional training is estimated at 12 hours of third-party training (e.g., Stripe, DocuSign, Care.com). There is also a large library of additional training resources to explore that are not part of the initial training program but can be used to supplement it. Your home-based training program is supervised by your assigned Franchise Partner Coach, who will guide you through the various training modules and be available to answer any questions that you may have. Our Franchise Partner Coaches each have significant experience in the senior care field and are knowledgeable in the processes of client acquisition and caregiver recruitment and placement management. Once you have completed the at-home study and have demonstrated an ability to build your business, we will invite you to the “live” training at our offices. The live training consists of four (4) days of on-site time, working alongside our staff and learning from them. During some of the time you will receive further instruction, but much of the time will be spent in “hands-on” learning as you work alongside our staff. The onsite training assumes that you have completed the self-study portions of the training and are ready to roll up your sleeves and go to work.

**7.7 Ongoing Assistance.**

We will provide, at such times and in such methods and manners as we determine, the following guidance and assistance to you and your Franchised Business during the Term:

(a) **Franchise Partner Coach Assistance.** We will have Franchise Partner Coaches available to support you on an ongoing basis with both the client lead generation and the caregiver recruitment aspects of your Franchised Business.

(b) **General Telephone and Email Support.** We will provide to you support via telephone and email correspondence during normal business hours. Our support services will include, but are not limited to, reasonable continuing guidance and advice in operating your Franchised Business in the most effective and profitable way in keeping with the best practices in the industry.

(c) **Printing and Supplies.** We will provide you electronically with camera ready samples of business cards and all collateral materials including brochures and any print related advertisements, direct mail flyers and other point-of-purchase promotional pieces which we may develop for use by "Hallmark Homecare" Businesses during the Term.

You may duplicate these materials at your expense. We might, from time to time, make packages of brochures and other promotional materials available for you to purchase.

**7.8 Client and Caregiver Fulfillment Services.** In the event you refer a Client to us to fulfill the client coordination and caregiver recruitment and placement services, we will perform the following for you:

**(a) Client Fulfillment.** Once you refer a qualified client to us, our Care Coordinators will coordinate and complete a thorough Care Assessment with the client or responsible party, as well as “close” the client for you and transition them into the fulfillment process (i.e., what they can expect in terms of caregiver recruitment and the interview process). Once we receive a client referral from you, we will use our best efforts in a reasonable timeframe to make contact with the client and/or responsible party and conduct the telephonic Assessment of their care needs. We will also secure all required legal agreements with them, and, if applicable, search for and interview qualified candidates to fill the placement requirements of the referred client, arrange for professional liability insurance on the placed caregiver, perform all the background checks and other vetting steps we deem necessary, arrange for caregiver interviews with the client and/or responsible party, invoice and collect the appropriate placement fee, and provide the client with a Client Handbook to help them in the management and supervision of the caregiver(s), as well as advice on their tax and legal compliance obligations.

**(b) Caregiver Fulfillment.** We will use our best efforts to search for and recruit qualified caregivers and place them with your client referrals in a timely manner. In all cases our Staffing Coordinators will perform all of the appropriate vetting requirements if we deem necessary. The vetting steps include, but are not limited to, securing all required legal agreements with them, acquiring a copy of their Driver’s License and evidence of insurance, if applicable, verifying credentials, running background checks, checking professional and personal references, and ordering and securing professional liability insurance on the placed caregiver(s).

## **8. OBLIGATIONS AND DUTIES OF FRANCHISEE.**

### **8.1 Duties for Franchisee.**

Your primary duty as a franchisee in the first three (3) months or more after starting your franchised business is sales and marketing to establish ongoing client referral sources in your protected territory. All qualified client candidate referrals to you generated during this timeframe must be referred to us. You will be compensated for the fees we collect from your client referrals in accordance with our Revenue Sharing set forth in Section 9 of this Agreement.

In connection with your Client referrals to us you may be asked from time to time to perform additional duties in order to facilitate and fulfill a client placement. If feasible or reasonable to offer such assistance to us, these additional duties may include, but are not limited to, picking up documents, agreements, checks, etc. from those who are unable to get them to us

electronically or otherwise, help in assessing the suitability of a client's situation or caregiver qualifications (e.g., meeting caregivers face-to-face), and conducting in-person "meet and greets" in which you introduce the caregiver to the client. These additional duties are secondary to your primary focus of sales and marketing, but may be an integral part in our ability to close placement transactions and for both of us to receive payment for our services.

On or after the first three (3) months from the time you commence your franchised business and you have completed the Level 1 Training Program to our satisfaction, you will be invited to participate and attend our Level 2 Training Program. The Level 2 Training will include a live classroom workshop to be held at various times and locations throughout the year (see Section 7.6(d) above). After successfully completing the Level 2 Training to our satisfaction your duties as a franchisee will be greatly expanded to include not only ongoing sales and marketing, but also performing all of the duties we performed on your behalf during the first three (3) months or more with us. Meaning after your Level 2 training is completed to our satisfaction you will be responsible for the following:

**(a) Client Fulfillment.** Once you receive a client referral you will complete a thorough in-person or telephonic Care Assessment of their care needs with the client or responsible party, as well as "close" the client and transition them into the fulfillment process (i.e., what they can expect in terms of caregiver recruitment and the interview process). You will also secure all required legal agreements with them, and if applicable, search for and interview qualified candidates to fill the placement requirements of the referred client, arrange for professional liability insurance on the placed caregiver, perform all the background checks and other vetting steps we deem necessary, arrange for caregiver interviews with the client and/or responsible party, invoice and collect the appropriate placement fee, and provide the client with a Client Handbook to help them in the management and supervision of the caregiver(s), as well as advice on their tax and legal compliance obligations.

**(b) Caregiver Fulfillment.** You will use your best efforts to search for and recruit qualified caregivers and place them with your client referrals in a timely manner. In all cases you will perform all of the appropriate vetting requirements we deem necessary. The vetting steps include, but are not limited to, securing all required legal agreements with caregivers; acquiring a copy of their Driver's License and evidence of insurance, if applicable, verifying credentials; running background checks, checking professional and personal references, and ordering and securing professional liability insurance on the placed caregiver(s).

## **8.2 Payment of Obligations.**

You agree to pay all current obligations and liabilities to suppliers, lessors and creditors (including us or our affiliates) on a timely basis. You further agree to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes and any other taxes arising from your operation of the Franchised Business.



We will accept no liability for any of your debts or taxes, and you agree to indemnify and hold us harmless against all claims, obligations, actual and consequential damages and taxes described in this Section, and for all costs reasonably incurred by us in the defense of any such claim, including without limitation reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses incurred during or in preparation for or contemplation of litigation or arbitration. We will have the right to defend any such claim.

### **8.3 Limitations on Use of Marks.**

(a) **Ownership and Goodwill of Marks.** You acknowledge that we own the Marks (Name and Logo) licensed to you under this Agreement, and that your right to use the Marks is derived solely from this Agreement. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks.

(b) **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of your Franchised Business, provided that you must identify yourself as the independent owner of your Franchised Business in the manner we prescribe. You may not use any Mark as part of any corporate or legal business name, with any prefix, suffix, or other modifying words, terms, designs or symbols (other than those we license to you), or in any modified form, as part of an Internet domain name, electronic address or otherwise in connection with a Website without our approval, in connection with the sale of any unauthorized product or service, or in any other manner that we do not expressly authorize in writing. You agree to prominently display the Marks in your approved advertising and marketing materials and on stationery, posters, displays and other forms we designate, and in the manner we prescribe.

(c) **Notification of Infringements and Claims.** You must immediately notify us of any apparent infringement of or challenge to your use of any Mark. We will have sole discretion to take such action as we deem appropriate (including no action).

### **8.4 Opening Requirements.**

You must open and begin operating your Franchised Business no later than ninety (90) days following the Agreement Date. If you fail to open and begin operating your Franchised Business during that period, we may, in our sole discretion, terminate this Agreement. You may not open and begin operating your Franchised Business until you have completed our initial training program to our satisfaction.

### **8.5 Insurance Requirements & Indemnification.**

Insurance Requirements: Before beginning to operate your Franchised Business, you must obtain, in such amounts and (if we require) from such carriers that we approve, general and professional liability and workers' compensation insurance and other coverage as applicable law requires covering the operation your Franchised Business. You must submit certificates (if we

require) evidencing your coverage prior to opening the Franchised Business and maintain the insurance coverage that we require throughout the Term. **All insurance policies including the General and Professional Liability policies must name us as an additional insured and provide us with thirty (30) days' prior written notice of a policy's material modification, cancellation or expiration.** We may periodically increase the amounts of coverage required and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards and other relevant changes in circumstances. **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 showing us as additional insured.**

**(a) Insurance Coverage Required Minimum Limits:**

1. General Business Liability coverage in an amount with the following limits: Each Occurrence \$1,000,000; Damage to Rented Premises each occurrence \$100,000; Personal Injury \$1,000,000; and General Aggregate \$3,000,000.
2. Professional Liability Insurance for the management and operation of a Franchise in an amount not less than one million dollars (\$1,000,000) per occurrence, three million dollars (\$3,000,000) in the aggregate, *and a Supplemental Endorsement providing coverage on all placed caregivers who are considered independent contractors rather than employee.*
3. "Non-owned or hired" automobile liability in the amount of five hundred thousand dollars (\$500,000); A Supplemental Certificate providing coverage on all placed caregivers who are considered independent contractors rather than employees.
4. Workers' Compensation Insurance for office staff, and equivalent Occupational/Workers' Insurance for Caregivers as determined by HHC business systems chosen and as prescribed by the state of operation; and
5. Dependent upon the Services, Franchisee may need a commercial crime bond covering household theft of personal property and monies.

**(b) Indemnification:**

You agree to indemnify, defend and hold HHC, HHCs affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless from any and all claims, obligations, liabilities and damages ("Claims"), including negligence claims or co-employer obligations or liability claims made against you or your franchised business or HHC, which arise from your franchised business operation and/or failure to follow the Operations Manual, the System, the terms of this Agreement or any and all

applicable government regulations. For purposes of this indemnification, "Claims" shall include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through you to HHC. HHC shall have the right to defend any such Claim against it in such manner as HHC deems appropriate or desirable in HHC's sole discretion. Such an undertaking by HHC shall, in no manner or form, diminish your obligations to indemnify us and to hold us harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **9. REVENUE SHARING.**

### **9.1 Revenue Sharing.**

**Client Referrals:** As compensation in exchange for your direct referrals of client candidates to us (i.e., sales orders), you will receive a share of gross revenue (one-time placement fee) equal to forty percent (40%) of the placement fee that we receive from clients for any and all placements of caregivers with them. In the event your referral of clients results in an hourly engagement rather than the one-time fee option, the placement fee for purposes of revenue sharing will be the equivalent of one- month compensation to the caregiver.

### **9.2 Payment Terms.**

You will be entitled to your share of the one-time placement fee when we receive payment in full from the client. In the event of an hourly engagement with the client you are entitled to the placement fee thirty (30) days from the time of caregiver(s) placement. We will pay you your share of the placement fee owing at least twice per month, but in no case more than fifteen (15) days after receiving the full placement fee from a client or thirty days (30) days in the case of an hourly placement..

## **10. ADVERTISING.**

You must conduct all advertising and promotional activities for the Franchised Business according to our requirements as reflected in the Manuals or our written or oral instructions to you. You shall not have a Website in connection with the Franchised Business apart from our website unless we approve the contents in writing. Before you use them, you must submit to us for our approval samples of all advertising, marketing and promotional materials (other than materials we have prepared or previously approved), including brochure copy and promotions activities and any information on a Website (or any change in information on an approved Website). You may not use any materials or conduct any promotion that we have not approved.

## **10.1 Electronic Advertising and Communication.**

Franchisee shall not develop, create, distribute, contribute to, disseminate or use any electronic or Internet communication including blogs, instant message services such as Twitter, social media sites such as Facebook and all other electronic communication methods or any multimedia, telecommunication, mass electronic mail, facsimile or audio/visual advertising, promotional or marketing materials ("Electronic Advertising"), directly or indirectly related to the Hallmark Homecare Business, without HHC's prior written consent, which consent may be withheld in HHC's sole determination .

Franchisee acknowledges and agrees that it will not post a blog, create or contribute to a website, engage in any type of social networking or conduct any type of Internet advertising, marketing or other communication that refers to the Marks, the Licensed Methods, HHC, its affiliates, any Hallmark Homecare Businesses or other franchisees without HHC'S prior written permission. HHC reserves the right to develop, publish and control the content of all Electronic Advertising for Hallmark Homecare Businesses. Franchisee acknowledges that HHC shall own all Electronic Advertising related to, containing, or associated with the Marks and Licensed Methods including, without limitation, databases of Client contact information. Franchisee shall not maintain a website or otherwise maintain a presence on the Internet or participate in any other Electronic Advertising, unless such presence is a page on HHC's own website and Franchisee has obtained HHC's prior written approval, which HHC may withhold in its sole discretion.

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

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

(a) a report on the Franchised Business's Gross Sales as provided in Section 5.2, and a monthly operating report and/or income statement with business and operating statistics of the type and in the form and manner that we specify;

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

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

(d) within ten (10) days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the Franchised Business.

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

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

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

## **12. INSPECTIONS AND AUDITS.**

### **12.1 Our Right to Inspect the Franchised Business.**

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

### **12.2 Our Right to Audit.**

We may, ten (10) days after our request, examine your Franchised Business's bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with us, our representatives, accountants, auditors, and/or contractors in any examination. We may conduct our audit or examination at our offices or the offices of our representative, accountant, auditor, or contractor. If any examination discloses an understatement of the Franchised Business's Gross Sales, you agree to pay us, within ten (10) days after receiving the examination report, the Royalty and Marketing Fund contributions due on the amount of the understatement, plus our service charges and interest on the understated

amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Sales exceeding five percent (5%) of the amount that you actually reported to us for the period examined, then (a) you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees, and (b) we may require you to provide us with periodic audited statements. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

### **13. CONFIDENTIAL INFORMATION/COPYRIGHTS.**

#### **13.1 Confidential Information.**

We have developed proprietary confidential information comprising methods, techniques, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of in-home senior care businesses used by "Hallmark Homecare" franchisees (the "Confidential Information"). We will disclose certain Confidential Information to you in the training program, the Manual and in guidance furnished to you during the Term.

You understand and acknowledge that you will not acquire any interest in the Confidential Information, other than the right to use certain Confidential Information in developing and operating your Franchised Business during the Term.

You acknowledge that the Confidential Information is proprietary and, except to the extent that it is or becomes generally known in the relevant industry or trade, the Confidential Information is our trade secret and is disclosed to you solely for your use in operating your Franchised Business pursuant to the terms and conditions of this Agreement and on the condition that you agree, and you do hereby agree, that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of any of the Confidential Information, including requiring any of your employees with access to the Confidential Information to sign covenants by which they agree to be bound by the provisions of this Section.

#### **13.2 Copyright.**

We own copyrighted works which you may use in operating your Franchised Business. In order to protect the integrity of and preserve our rights in the copyrighted works, we may assert from time to time various restrictions on your use of the copyrighted materials, including without limitation the following:

(a) **Approval.** You must obtain our written approval before using any promotional packages or other material relating to your Franchised Business which

contain our copyrighted material. We may grant or withhold our approval in our sole discretion.

### **13.3 Exclusive Relationship.**

You acknowledge that we could not protect our Confidential Information and trade secrets against unauthorized use or disclosure if any Restricted Person (defined below) holds an interest in a business similar to the Hallmark Homecare, Inc. Business. Therefore, to protect Hallmark Homecare, Inc., you agree that, during the Term, you and the Restricted Persons shall not have any direct or indirect interest as a disclosed or beneficial owner (other than the ownership of publicly-held securities that are traded on a stock exchange or on the over-the-counter market and which represent five percent (5%) or less of the class of securities of the issuer thereof outstanding), investor, partner, member, director, officer, employee, consultant, representative or agent, in any service business offering companion care within the Continental United States and Canada, other than the one contemplated by this Agreement or any other agreement which you or they sign with us. For purposes of this Agreement, the term "Restricted Persons" means you, your owners and members of your (or their) respective immediate families.

## **14. TRANSFER.**

### **14.1 Transfer Defined.**

As used in this Agreement, the term "transfer" includes any voluntary, involuntary, direct or indirect assignment, sale, gift, or other transfer by you of any interest in this Agreement, the Franchise, an ownership interest in you or the Franchised Business. You must not transfer your interest in this Agreement as a separate business independent of the Franchised Business or sell the Franchised Business by itself and separate it from your interest under this Agreement unless you receive our written consent to do so.

### **14.2 Transfer of the Franchise.**

You understand and acknowledge that the rights and obligations created by this Agreement are personal to you and that we have granted the Franchise to you in reliance upon our perception of your individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Therefore, you may not make any transfer without our prior approval. Any transfer without our approval constitutes a breach of this Agreement and is void and of no effect. You must not be in default (or, at our option, you must cure all defaults) under this Agreement and pay us all monies which you owe us before we will approve any transfer. Any transferee must complete and submit our franchise application, be of good moral character and financially capable of purchasing and operating the Franchised Business. You or the transferee also must pay us a transfer fee of Twenty Thousand Dollars (\$20,000.00). If we approve the transfer, the transferee must sign our then current form of franchise agreement, which may contain terms and conditions different from this Agreement, for a full ten (10) year term. You must comply with all provisions of Section 16 of this Agreement after the transfer, which includes complying with the terms and conditions of Section 16.3 for two (2) years following the effective date of the transfer.

### **14.3 Assignment to Wholly-Owned Corporation or Limited Liability Company.**

You may assign the Franchise and your interest in this Agreement to a corporation, limited liability company or other business entity which you control, provided that you sign a personal guarantee of performance in a form we prescribe.

### **14.4 Transfer by Us.**

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interest in it.

### **14.5 Transfer Upon Death or Incapacity.**

If you (or your principal owner) should die or become incapacitated during the Term, any executor, administrator, guardian or other personal representative must transfer your, his or her interest in this Agreement or ownership interest in you to a third party that we approve within a reasonable time (not to exceed six (6) months). This transfer (including, without limitation, by bequest or inheritance) will be subject to all the terms and conditions specified in Section 16 hereof. Failure to transfer such interest within this period of time shall constitute a breach of this Agreement.

## **15. TERMINATION.**

### **15.1 Termination by Us.**

We will have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if:

(a) You are convicted of or plead no contest to a felony, perform any act that might put our Marks or the System into disrepute or are declared insane by a civil or criminal court;

(b) You become insolvent, suffer a voluntary or involuntary declaration of bankruptcy, have a receiver appointed for any portion of your property or the assets of the Franchised Business, or make an assignment for the benefit of your creditors or admission of an inability to pay your Franchise-related obligations as they become due (in which event the termination of this Agreement is effective immediately without notice from us);

(c) You fail to comply with our provisions regarding protection of our Marks or copyright materials or the use or disclosure of the Confidential Information;

(d) You make any unauthorized assignment, transfer or encumbrance of any interest in this Agreement, the Franchised Business, the Franchise or any ownership interest in you;



(e) You willfully violate any regulation, ordinance, statute or administrative ruling related to the Franchised Business;

(f) You fail to pay timely the Royalty or National Marketing fee to us when due and you do not cure such failure within thirty (30) days after we deliver written notice of such failure to you.

(g) You fail to comply with any other provision of this Agreement or the Manual and do not cure such failure within thirty (30) days after we deliver written notice of such failure to you;

(h) You fail to pay timely any amounts owing to us when due and you do not cure such failure within thirty (30) days after we deliver written notice of such failure to you.

(i) You fail to complete our initial training program (Level 1) to our satisfaction and do not open and begin operating your Franchised Business within ninety (90) days following the Agreement Date.

(j) Your Franchised Business fails to achieve the minimum level of Gross Sales provided in Section 2.1 of this Agreement;

## **15.2 Your Right to Terminate This Agreement.**

You may terminate this Agreement at any time, effective thirty (30) days after we receive written notice from you, provided you comply with Section 16 of this Agreement following such termination.

## **16. YOUR OBLIGATIONS UPON EXPIRATION OR TERMINATION.**

### **16.1 Proprietary and Confidential Information.**

Immediately upon the expiration (without renewal) or termination of this Agreement, you must discontinue using any and all of our copyrighted materials and other Confidential Information.

### **16.2 Deidentification.**

Immediately upon the expiration (without renewal) or termination of this Agreement, you must discontinue using any and all of the Marks or any colorable imitations of our Marks, including all telephone listings, Internet domain names, Websites, advertising products, signs and other materials which display our Marks. In addition, you may not at any time following the expiration (without renewal) or termination of this Agreement identify yourself or any business as a current or former "Hallmark Homecare" Business or as our current or former franchisee.

### **16.3 Restrictive Covenant.**

You acknowledge and agree that you will have access to our proprietary methods of operation, procedures and systems used in operating the Franchise Business, or other forms of our Confidential Information and other proprietary information and copyrighted materials during the Term, and that the use of this information by any of the Restricted Persons (defined below) other than in connection with the operation of your Franchised Business would constitute an unfair method of competition with us, our affiliates and our franchisees. You therefore agree that, for the two (2) year period beginning on the effective date of expiration (without renewal) or termination or the date on which you cease to conduct business, whichever is later, if any of the Restricted Persons operates or has any direct or indirect interest as a disclosed or beneficial owner, investor, partner, member, director, officer, employee, consultant, representative or agent, or in any other capacity in, a similar business which is located within one hundred (100) miles of your Protected Territory or any then existing Hallmark Homecare Business you must pay us, each month, twenty percent (20%) of the monthly Gross Sales of such business to compensate us for such unfair competition. You acknowledge and agree that this restriction is a reasonable estimate of the damages resulting from such unfair competition and does not deprive any of the Restricted Persons of their personal goodwill or ability to earn a living. For purposes of this Agreement, the term "Restricted Persons" means you, your owners and members of your (or their) respective immediate families.

### **17. RELATIONSHIP OF THE PARTIES.**

We and you understand and agree that this Agreement does not create a fiduciary relationship; that we and you will be independent contractors and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture partner, partner, employee or servant of the other for any purpose. You do not have, nor shall you hold yourself out as having, any right, power or authority to create any contract or obligation, either expressly or implied, on behalf of us, in our name, or binding upon us. Any act or omission by either party to this Agreement shall not obligate the other. You shall, upon our request, post notice that your Franchised Business is independently owned and operated under a franchise agreement with us.

### **18. INDEMNITY.**

You agree to indemnify and hold us harmless against and to reimburse us for, any and all claims and liabilities arising directly or indirectly out of the operation of your Franchise Business for which we are held liable, and for all costs reasonably incurred by us in the defense of any such claim brought against us or in any action in which we are named as a party, including without limitation reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses incurred during or in preparation for or contemplation of litigation or arbitration. We will have the right to defend any such claim. The indemnities and assumptions of liabilities and obligations described in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **19. CONTROLLING LAW.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement and all claims arising from the relationship between us and you will be governed by the laws of the State of Nevada, without regard to that state's conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship between you and us will not apply unless its jurisdictional requirements are met independently without reference to this Section.

## **20. CHOICE OF FORUM.**

You and your owners agree that all judicial actions brought by us against you or you against us, our affiliates or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where we then maintain our principal business address. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection that you, he or she may have to either the jurisdiction or venue in such courts. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief in any federal or state court in the state in which you reside or the Franchise Business operates.

## **21. ATTORNEYS' FEES.**

In the event any legal action is instituted to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to a recovery of all reasonable attorneys' fees and court costs.

## **22. NOTICE.**

All notices under this Agreement shall be in writing and will be deemed delivered (a) at the time delivered by hand; (b) one (1) business day after transmission by telecopy with proof of receipt; (c) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or (d) three (3) business days after placement in the United States Mail for delivery by registered or certified mail, return receipt requested and addressed to the party's last known address and shall be considered lawful and valid process.

## **23. ENTIRE AGREEMENT.**

This Agreement contains the entire agreement of the parties with respect to the subject matter contained herein and is binding upon us and you. There are no representations, either oral or written, except those contained in this Agreement. Neither this Agreement nor the relationship between the parties may be modified during the Term unless such modifications are set forth in writing and signed by both parties.

## 24. FRANCHISEE ACKNOWLEDGEMENTS.

(a) **Avoiding Conflicts of Interest.** You acknowledge and understand that you owe a duty of loyalty to us as a franchisee. Accordingly, during your relationship with us you agree to avoid any actual, perceived or potential conflicts of interest, including but not limited to working for a competing business or starting your own business to compete with us; usurping our business opportunities for your or another person's or entity's benefit; working with or advising a competing business or holding an ownership interest in any entity (except publicly traded companies) that does or seeks to do business with us, without first disclosing and receiving express written permission from us. To the maximum extent permitted by law, we in our own discretion will determine what constitutes an actual, perceived or potential conflict of interest, and you agree to contact us with any questions about actual, perceived or potential conflicts of interest should they arise.

(b) **Independent Investigations.** Each person indicated as "Franchisee" acknowledges that he or she has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon the those individuals' business abilities and efforts. You acknowledge that you have been given the opportunity to clarify any provision of this Agreement that you may not have initially understood and that we have advised you to have this Agreement reviewed by an attorney. Do not sign this Agreement if there is any question concerning its contents or any representations made.

(c) **No Guarantees of Earnings.** You acknowledge that we and any of our representatives or agents with whom you have met have not and are not making any guarantees as to the extent of your success in your Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with your Franchised Business. You acknowledge we have in fact told you that it is possible that you will achieve no income as result of any payments you make to us, or training or other services which we provide to you. You acknowledge that we have not told you that we have any responsibility to secure clients for you or to assist in securing clients or business for you and you agree that we cannot be held responsible in the event that you fail to secure clients in your own interest.

(d) **No Personal Liability.** You acknowledge that our fulfillment of any and all of our obligations or promises under this Agreement or otherwise shall be the sole responsibility of Hallmark Homecare, Inc. and no agent, representative or individual associated with us shall be held personally responsible.

(e) **Receipt of Offering Circular.** You acknowledge that our Franchise Offering Circular has been in your possession for at least fourteen (14) business days before you signed this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this Franchise Agreement as of the Agreement Date.

**HALLMARK HOMECARE, INC.**,  
a Nevada corporation

**CORPORATION, PARTNERSHIP,  
LIMITED LIABILITY COMPANY OR  
PROPRIETORSHIP**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ President

\_\_\_\_\_  
[Company Name if Applicable]

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

**INDIVIDUALS:**

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

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

**EXHIBIT A**

**PROTECTED TERRITORY**

You are hereby granted a protected territory that was determined based on mutual agreement between us.

Locations(s) of the Franchised Business:

Your protected territory is described as follows:

**HALLMARK HOMECARE, INC.,**  
a Nevada corporation

**CORPORATION, PARTNERSHIP,  
LIMITED LIABILITY COMPANY OR  
PROPRIETORSHIP**

By: \_\_\_\_\_  
Title: \_\_\_\_\_ President

\_\_\_\_\_  
[Company Name if Applicable]

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

**INDIVIDUALS:**

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

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

**EXHIBIT B**

**EDTA FORM**

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)  
\_\_\_\_\_(Name of Person or Legal Entity)  
\_\_\_\_\_(FEIN Number).

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

\_\_\_\_\_  
Depository

\_\_\_\_\_  
Branch

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

**EXHIBIT D**

**STATE ADMINISTRATORS/AGENCIES FOR SERVICE OF PROCESS**



**LIST OF STATE AGENCIES/AGENTS  
FOR SERVICE OF PROCESS**

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

**California**

Commissioner of Business Oversight  
Department of Business Oversight  
Toll Free: 1-866-275-2677  
*Los Angeles*

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

*Sacramento*

1515 K Street, Suite 200  
Sacramento, California 95814-4052  
(916) 445-7205

*San Diego*

1350 Front Street  
San Diego, California 92101-3697  
(619) 525-4044

*San Francisco*

One Sansome Street, Suite 600  
San Francisco, California 94104  
(415) 557-3787

**Hawaii**

(for service of process)  
Director, Department of Commerce  
and Consumer Affairs  
1010 Richards Street  
Honolulu, Hawaii 96813  
(808) 548-2722

**Hawaii (cont.)**

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

**Illinois**

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

**Indiana**

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

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

### **Maryland**

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

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

### **Michigan**

(state agency)  
Consumer Protection Division  
Department of Attorney General  
670 G. Mennen Williams Building  
525 West Ottawa  
Lansing, Michigan 48933  
(517) 373-7117

(for service of process)  
Michigan Department of Commerce,  
Corporations and Securities Bureau  
6546 Mercantile Way  
Lansing, MI 48909

### **Minnesota**

Minnesota Department of Commerce  
85 7<sup>th</sup> Place East  
St. Paul, Minnesota 55101  
(651) 296-6328

### **New York**

(for service of process)  
Secretary of the State of New York  
41 State Street  
Albany, New York 12231  
(518) 474-4750

(for other matters)  
New York State Department of Law  
Investment Protection Bureau  
120 Broadway  
New York, New York 10271-0332  
(212) 416-8000

### **North Dakota**

Office of Securities Commissioner  
Fifth Floor  
600 East Boulevard  
Bismarck, North Dakota 58505  
(701) 328-2910

### **Oregon**

Department of Consumer and Business  
Services  
Division of Finance and Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4140

### **Rhode Island**

Division of Securities  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903  
(401) 222-3048

**South Dakota**

South Dakota Department of Commerce  
Division of Securities  
118 West Capitol  
Pierre, South Dakota 57501-2017  
(605) 773-4013

**Wisconsin**

Department of Financial Institutions  
Division of Securities  
345 West Washington Avenue, 4th Floor  
Madison, Wisconsin 53703  
(608) 266-1064

**Virginia**

(for service of process)  
Clerk, State Corporation Commission  
1300 East Main Street  
Richmond, Virginia 23219  
(804) 371-9733

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

**Washington**

(for service of process)  
Director Department of Financial Institutions  
Securities Division  
150 Israel Road SW  
Tumwater, Washington 98501

(for other matters)  
Department of Financial Institutions  
Securities Division  
P. O. Box 9033  
Olympia, Washington 98507-9033  
(360) 902-8760

**EXHIBIT E**

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### **STATE-SPECIFIC ADDITIONAL DISCLOSURES AND RIDERS**

#### **ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE OFFERING CIRCULAR OF HALLMARK HOMECARE, INC.**

The following are additional disclosures for the Franchise Offering Circular of Hallmark Homecare, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these additional disclosures.

#### **CALIFORNIA**

The California franchise investment law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

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

The California Business and Professions Code Sections 20000 to 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains any provisions that are inconsistent with the law, the law will control.

The Franchise Agreement contains a restriction on competition which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

Our website, [www.hallmarkhomecare.com](http://www.hallmarkhomecare.com) has not been reviewed or approved by the California department of corporations. Any complaints concerning the content of the website may be directed to the California department of corporations at [www.corp.ca.gov](http://www.corp.ca.gov).

The Franchise Agreement contains a liquidated damage clause, and under California Civil Code, Section 1671 certain liquidated damage clauses are unenforceable.

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

The franchise agreement requires application of the laws of Nevada. This provision may not be enforceable under California law.

The franchisee agreement requires you to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporation's code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights in certain circumstances under the franchise investment law (California Corporation's code section 31000-31516). Business and professions code section 20010 voids a waiver of your rights in certain circumstances under the franchise relations act (business and professions code sections 20000-20043).

Neither we nor any person or franchise broker disclosed in Item 2 of this Offering Circular is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A Sections 78a et seq., suspending or expelling the person from membership in the association or exchange.

**Item 23**

**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 Hallmark Homecare, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York State Law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Hallmark Homecare, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The franchisor is Hallmark Homecare, Inc., located at 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451. Its telephone number is (888) 519-2500.

Issuance date: May 26, 2021 (with the effective dates in franchise registration states as noted on the third page of this Franchise Disclosure Document).

The franchise seller for this offering is Steven Everhart, 774 Mays Blvd. Suite 10-297, Incline Village, Nevada 89451, and (888) 519-2500.

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

I received a disclosure document from Hallmark Homecare, Inc. dated as of May 26, 2021 that included the following Exhibits:

- Exhibit A List of Franchisees
- Exhibit A-1 List of Franchisees Who Left System
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D State Administrators/Agencies for Service of Process
- Exhibit E Manual Table of Contents
- Exhibit F State-Specific Additional Disclosures and Riders

---

Date

---

Franchisee

(Date, Sign, and Return to Us)

You may return the signed receipt either by signing, dating, and mailing it to us at our address above or by faxing a copy of the signed and dated receipt to us at (949) 443-2074.

**Item 23**

**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.

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---

Date

---

Franchisee

(Date, Sign, and Keep for your records)

You may return the signed receipt either by signing, dating, and mailing it to us at our address above or by faxing a copy of the signed and dated receipt to us at (949) 443-2074.