

FRANCHISE DISCLOSURE DOCUMENT



Nurse Next Door™
home care services

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

(a Washington corporation)

Suite 300 – 1788 West 5th Avenue
Vancouver, British Columbia V6J 1P2
604-228-4357
www.nursenextdoor.com

You will operate a business, using the Nurse Next Door® business system that provides non-medical care and skilled nursing services to clients with varying needs within their home. You may also offer supplemental healthcare staffing to institutional clients, such as hospitals, retirement facilities and clinics, as well as providing other ancillary and related services. You may also provide care for clients with funding from the Department of Veterans Affairs and certain other government funding programs.

The total investment necessary to begin operation of a Nurse Next Door® franchise is \$105,115 to \$201,600. This includes \$66,000 that you must pay to us or our affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact our VP of Global Franchise Development by phone at 604-228-4357 or at our street address of Suite 300 – 1788 West 5th Avenue, Vancouver, BC V6J 1P2.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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: December 7, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation only in Vancouver, British Columbia, Canada and arbitration only in Seattle, Washington. Out-of-State mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or arbitrate with us in Canada or Washington than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Termination.** We may terminate the Franchise Agreement, without refund, if you do not complete our Franchise Opener “Countdown to Launch” and the Foundations Training Program in a timely fashion or obtain necessary licensure as required.
4. **The Franchisor’s Financial Condition.** As reflected in its financial statements (See Item 21), calls into question the Franchisor’s financial ability to provide services and support to you.
5. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.
6. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
7. **Turnover Rate.** In the last year, a large number of franchised outlets (17) ceased operations for various reasons. (See Item 20 for further detail). This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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

Definitions

To simplify this disclosure document (“**Disclosure Document**”), “**we**” or “**us**” means Nurse Next Door Home Healthcare Services (USA) Inc., the franchisor. “**You**” means the business entity, such as a corporation, partnership, limited liability company or other business entity, that is buying the franchise and includes any principals who have agreed to be liable for the business entity buying the franchise. “**Franchise Agreement**” means the franchise agreement you enter into with us, the form of which can be found in Exhibit A to this Disclosure Document. All capitalized terms not specifically defined in this Disclosure Document have the meaning set out in the Franchise Agreement.

The Franchisor

We are a Washington corporation formed on February 17, 2010 for the purpose of offering Nurse Next Door® franchises (each a “**Franchised Business**”). Our principal business address is Suite 300 – 1788 West 5th Avenue, Vancouver, British Columbia V6J 1P2. Our phone number is 604-228-4357. We do business under our corporate name and the name Nurse Next Door® pursuant to a license from our parent company Nurse Next Door Professional Homecare Services Inc., a British Columbia, Canada company (“**Nurse Next Door Corporate**”). We have offered franchises since 2010. We do not operate any businesses of the type being franchised and we do not offer any other franchises in any other lines of business. We have no prior business activities and no current business activities other than offering Nurse Next Door® franchises. The addresses for our agents for service of process are attached as Exhibit E to this Disclosure Document.

Our Parents, Predecessors and Affiliates

We are a wholly-owned subsidiary of Nurse Next Door Corporate which was incorporated on October 30, 2001 in British Columbia, Canada. The principal business address of Nurse Next Door Corporate is Suite 300 – 1788 West 5th Avenue, Vancouver, BC V6J 1P2. Nurse Next Door Corporate created the System and originally registered the related marks, including Nurse Next Door®. It entered into a sale and leaseback arrangement with respect to all of the trademarks and certain other intellectual property (as more particularly described Item 13). Nurse Next Door Corporate sublicenses all of the trademarks and certain other intellectual property to us for our exclusive use and further sublicensing by us in the United States. Nurse Next Door Corporate has operated a corporately-owned operation in Canada since 2001 but does not offer franchises in this or any other lines of business in the United States.

Our affiliate company, Nurse Next Door Home Healthcare Services, Canada Inc. (“**Nurse Next Door Canada**”), whose principal business address is Suite 300 – 1788 West 5th Avenue, Vancouver, British Columbia V6J 1P2, offers Nurse Next Door® franchises solely in Canada pursuant to a license from Nurse Next Door Corporate. Nurse Next Door Canada has offered franchises throughout Canada since 2007. Nurse Next Door Canada does not offer franchises in any other lines of business. The business operated by Nurse Next Door Corporate and franchises offered by Nurse Next Door Canada is the same or substantially similar to the System as described below.

Nurse Next Door Canada has entered into a master franchise agreement for the opening and operation of sub-franchise locations in Australia. Inquiries relating to the Australian master franchise and sub-

franchisees may be directed to 1st floor, 10 Oxley Rd, Hawthorn – Mailing: PO Box 2327, Hawthorn VICTORIA 3122.

We subcontract certain services to our parent company, Nurse Next Door Corporate. We are solely responsible for performing all of our obligations under the terms of the Franchise Agreement and therefore, in the event of a breach of any terms of the Franchise Agreement, you are to contact us at our principal place of business, Suite 300 – 1788 West 5th Avenue, Vancouver, British Columbia V6J 1P2.

The Franchise

You will operate a business, using the Nurse Next Door® business system (the “**System**”), that provides non-medical care and skilled nursing services to clients with varying needs within their home. You may also offer supplemental healthcare staffing to institutional clients, such as hospitals, retirement facilities and clinics, as well as providing other ancillary and related services. You may also provide care for clients with funding from the Department of Veterans Affairs and certain other government funding programs. The scope of home care services you are required to provide, as outlined in the Nurse Next Door ®policy and procedure manual, includes skilled nursing care, respite care and personal support and companionship. Service offerings are designed to foster a client’s independence and may include meal preparation, light homemaking, transportation, personal support assistance with bathing, dressing and toileting, medication management and reminders, dementia care and general nursing services.

You will be required to provide both non-medical and skilled nursing services. We will grant you the right to operate providing only non-medical services for a period of up to two years, subject to your adhering to all non-medical services licensing requirements and regulations. Prior to the expiration of the two years while you are providing non-medical services, you must apply and diligently attempt to obtain a skilled nursing services license to become a Home Health Agency. The term of your Franchise Agreement will start once you have completed training and receive a license, medical or non-medical.

Depending on the State, you may need to hire a Registered Nurse (as supervising nurse) to oversee and supervise non-medical services. Additionally, to provide skilled nursing services as a Home Health Agency, you must employ Registered Nurses, Licensed Practical Nurses or Licensed Vocational Nurses. The professional nursing staff that you will employ must be in good standing and licensed with the Nursing State Board in your State. Each nurse’s license will be verified by you upon their hire and annually thereafter. Nursing staff will utilize their professional judgment and must follow the Standards of Nursing Practice as mandated by the applicable State Nursing Board. You and we may not interfere with the professional judgment of licensed caregivers. Your scope of authority over licensed and unlicensed caregivers is that of an employer, following employment standards and requirements within your state. This includes the setting of working hours, rates of pay, etc.

When required by state regulations, you will hire a qualified Registered Nurse to oversee your services. Some states may require that this position be full-time, others may permit the position to be part-time, however it is your responsibility to confirm with the State. The Registered Nurse would then oversee and supervise services at your location in the capacity of Director of Nursing/Nursing Supervisor. The Director of Nursing/Nursing Supervisor would be responsible for client assessments, supervisory visits, clinical staff interviews and the oversight of all client care. A back-up Registered Nurse is also required to ensure full coverage when the Director of Nursing/Nursing Supervisor is not available.

An Administrator or Agency Manager is required and responsible for the direction, coordination and general organization of the service and functions of the home care agency. The Franchisee may assume the role of the Administrator providing they have the experience and qualifications as per State regulations. The Director of Nursing/Supervising Nurse can assume the position as Administrator or be the backup for the Administrator during his or her absence. To qualify as an Administrator/Agency Manager, there may be a mandatory training requirement by the State.

Each home care client will have a record of care as required by Nurse Next Door record management standards and state regulations. Each home care client will have a customized care plan designed after their needs have been assessed and matched with a qualified pre-screened caregiver who is compatible with their needs. Plans of care will be reviewed and signed by a practicing physician as per applicable State regulations.

If required by state regulations, you will also hire a qualified Registered Nurse to oversee your skilled nursing care services. Some states require that this position be full-time, others permit it to be part-time. The Registered Nurse would then oversee services at the your location in the capacity of Director of Nursing/Nursing Supervisor. The Director of Nursing/Nursing Supervisor would be responsible for client assessments, nursing supervisory visits, clinical staff interviews and the oversight of skilled nursing cases. A back-up Registered Nurse may also be required to ensure full coverage when the Director of Nursing/Nursing Supervisor is not available.

Except as referenced below, you will be providing non-Medicare, non-Medicaid services to your clients and therefore may not be able to directly bill Medicare or Medicaid insurance for services.

You will operate as a business entity as we do not award franchises to individuals. It is mandatory to assign your franchise agreements to your business entity within three months of signing them. When incorporating or forming your business entity, you may not use "Nurse Next Door" in your business entity name.

You may purchase a multi-unit franchise, if we believe you have the management capability and financial strength to purchase more than one franchise.

If you acquire an existing Franchised Business, whether you are entering into a new Franchise Agreement or you are being assigned the existing Franchise Agreement, your Minimum Performance Requirements will be established based on the current Minimum Performance Requirements of the Franchised Business at the time of the transfer.

We have in the past, and may in the future, offer area development franchises requiring the opening of a specific number of franchised units in particular territory under a specified timeline. These area development franchises are not currently sold under this or any other Disclosure Document. They are only available if their offer and sale is subject to an exemption under all applicable state and federal registration and disclosure laws.

General Description of the Market and Competition

Changes in local and national economic conditions and population density may affect your business and we are unable to predict if these conditions will have an impact on us, our affiliates, our industry or you. Our services are not limited to any particular group and we do not anticipate the business to be dependent on seasonal changes. You will generally face competition from home care agencies which range from independent companies through to national corporations, including those operated by healthcare systems and other franchised systems. You may encounter competition from other Nurse Next Door® franchisees.

Industry Specific Laws and Regulations

You must comply with all applicable federal, state and local laws and regulations, including, without limitation, the following industry specific laws and regulations.

Licensing

Most states and localities have licensing requirements for non-medical and skilled nursing (home health agencies), nurse staffing agencies and employment agencies. You must identify all applicable licensing requirements in the location where you plan to operate the Franchised Business, and you must determine whether you meet all applicable licensing requirements necessary to lawfully operate the Franchised Business. You are required to obtain and maintain all applicable licenses, permits, registrations, and certifications. There may be conditions for licensure. For example, certain jurisdictions may mandate that your principal owner, administrator or alternate administrator have a minimum level of education, hold a certain license, or have related work experience; certain jurisdictions may require payment of a fee; in some jurisdictions, you may also be required to obtain a Certificate of Need prior to applying for licensure and have a full-time registered nurse on staff. You are responsible for determining all licensing requirements for the territory under consideration prior to execution of the Franchise Agreement and you must comply with all applicable licensing requirements. We will support you in determining state licensing requirements to the best of our ability, but this remains your responsibility and we do not assume any liability. We may require that you list us or our affiliate as a co-applicant.

In addition to the licensing requirements applicable to you, your staff may need to be licensed, registered and/or certified to perform certain services (“professional licensing”). Many states impose screening requirements for the hiring of health care workers, have regulations concerning employee and client health and safety, and have specific record-keeping requirements (“health care industry requirements”). You are responsible for determining and complying with all applicable federal and state regulations, professional licensing requirements and health care industry requirements, including, but not limited to, background checks, fingerprinting, tuberculosis testing, drug testing and, the offering of a Hepatitis B vaccination to every employee.

You will also be required to have an office to operate your business. The State may allow you to operate from a residential setting or may require you to obtain commercial space. If the state allows you to operate from a residential setting, you must verify that local zoning laws permit the Franchised Business to be run out of a residential setting. In any setting, you must ensure that you are HIPAA compliant. There may be signage requirements mandated by the state.

HIPAA and State Health Information Privacy Laws

You must comply with the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 as amended from time to time (“HIPAA”), including all regulations implementing HIPAA.

Most states have also implemented state-specific laws protecting the privacy and confidentiality of various types of health information. You must identify and comply with all applicable state health information privacy laws.

Federal and State Laws to Prevent Fraud and Abuse

There are federal anti-kickback and practitioner self-referral laws with which you must comply. In addition, some states also have enacted state-specific anti-kickback laws that prohibit payment for referrals and other similar arrangements (“state anti-kickback laws”), and/or state-specific laws prohibiting practitioner self-referrals (“state practitioner self-referral laws”). You must comply with all applicable state and federal anti-kickback and practitioner self-referral laws.

Some states may also have laws that prohibit licensed professionals and/or licensed/certified professional business entities from splitting fees with non-licensed individuals or entities (“fee-splitting” prohibition). You are responsible for investigating and complying with all state-specific requirements regarding fee-splitting.

There are also federal and state laws that prohibit presenting, or causing to be presented, false or fraudulent claims for payment for certain health care items and services (“false claims act”). You must comply with all applicable state and federal laws that pertain to billing and reimbursement for health care items and services, including without limitation false claims act requirements.

Medicare and Medicaid

You may not participate in Medicare or other federal governmental payor programs, except for programs funded by the United States Department of Veterans Affairs, Department of Veterans Health Administration (VA). You may participate in State Medicaid and Medicaid Waiver programs, except for Medicaid programs that require a Medicare number or require billing through Medicare. You will be fully responsible for complying with the State Medicaid and Medicaid Waiver requirements, which may include compliance with CMS policies and procedures and stand-alone technology required by the state or to meet the state’s requirements. We will not provide any assistance in this area.

Corporate Structure and Corporate Name

Some states may require home health agencies to be organized using a particular type of business entity structure. You are responsible for investigating and complying with all state-specific requirements regarding which business entities may provide home health services.

You must not use the name Nurse Next Door in the name of your business entity. You must make an assumed name filing to legally use the name Nurse Next Door. Some jurisdictions restrict the use of the word

“Nurse” in a corporate name or assumed name. You must investigate whether such a restriction is applicable to you and whether you will, upon becoming properly licensed, permitted, registered or certified, be able to use the name Nurse Next Door.

Health Law Compliance Generally

You alone are responsible for identifying and complying with all applicable laws and regulations despite any advice or information that we may give you. We will not be making any investigations of our own on your behalf.

We highly recommend that you consult with local counsel, experienced in the above areas of the law, and with one of our preferred suppliers of state homecare licensing services, before becoming a franchise partner. You should also consult with counsel during the term of the Franchise Agreement because these laws and regulations may change.

ITEM 2. BUSINESS EXPERIENCE

| Name | Business Experience |
|---|---|
| <p>Cathy Thorpe President & Chief Executive Officer</p> | <p>Cathy Thorpe is President and CEO of Nurse Next Door Corporate, effective from April 2016. Prior to this, Cathy served as President of Nurse Next Door Corporate from May 2014 - April 2016. Since 2017, she has served as an Independent Director of the Pharmasave Board.</p> |
| <p>Ken Sim Member of the Board of Directors & Co-Founder</p> | <p>Ken Sim co-founded Nurse Next Door Corporate in September 2001. In January 2012, he transitioned to the Board of Directors. In February 2012, Ken co-founded Rosemary Rocksalt Bagels in Vancouver, British Columbia.</p> |
| <p>Arif Abdulla Vice-President, Global Franchise Development</p> | <p>Arif Abdulla is Vice-President of Global Franchise Development at Nurse Next Door Corporate, effective from November 2015.</p> |
| <p>Susan Karda Vice-President, Operations</p> | <p>Susan Karda is Vice-President, Operations of Nurse Next Door Corporate, effective from November 1, 2020. From February 2019 to October 2020 Susan served as the Chief Operating Officer at Nurse Next Door Corporate. Susan previously held the role of Vice-President, Making Lives Better at Nurse Next Door Corporate from September 2017 to February 2019. Prior to Nurse Next Door, Susan worked at lululemon Athletica in Vancouver, British Columbia having served as Director, Global Leadership Development from August 2015 to January 2017.</p> |

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| <p>Veronica Tissera Vice-President, Corporate Franchises</p> | <p>Veronica Tissera is Vice President of Corporate Franchises at Nurse Next Door Corporate, effective from July 2016. Veronica served as Vice-President of North America Operations from November 2015 to July 2016.</p> |
| <p>Paul Kezin, Director of System Performance</p> | <p>Paul Kezin is Regional Director of System Performance at Nurse Next Door Corporate, effective from October 2020. Prior to this Paul served as Vice President and Chief Commercial Officer for Cole Haan in Tokyo, Japan from September 2016 to August 2019. He also served as Senior Director & General Manager for Banana Republic in Tokyo, Japan from July 2010 to September 2016.</p> |
| <p>Anne Rockingham Director of Clinical Operations North America</p> | <p>Anne Rockingham is Director of Clinical Operations, North America at Nurse Next Door Corporate, effective from June 2015. Prior to this, Anne served as the Director of Canadian Clinical Operations at Nurse Next Door Corporate from February 2012 to June 2015.</p> |
| <p>Alexander Mitchell Franchise Development Manager</p> | <p>Alex Mitchell is Franchise Development Manager at Nurse Next Door Corporate, effective from January 2018. From December 2016 to January 2018, Alex served as an Intakes Specialist on the Care Services Team. Prior to Nurse Next Door, Alex was Senior Sales Agent at Movinga in Berlin, Germany from August 2015 to September 2017.</p> |
| <p>Craig Dowling Franchise Development Manager</p> | <p>Craig Dowling is a Franchise Development Manager, effective from October 2020. Prior to this, Craig served as the Franchise Development Coordinator from September 2018 to September 2020. From September 2016 to September 2018, Craig served as Care Services Specialist. Prior to Nurse Next Door, Craig worked as a Social Care Worker with Nua Healthcare in Tipperary, Ireland from March, 2014 to September 2016.</p> |
| <p>Gabriella Sepulveda Franchise Development Manager</p> | <p>Gabriella Sepulveda is Franchise Development Manager, effective from September 2020. Prior to joining Nurse Next Door, she was Sales Manager for Western Living & Vancouver Magazines in Vancouver, British Columbia from June 2018 to March 2020. From May 2015 to May 2018, she has served as an Account Manager for Western Living & Vancouver Magazines in Vancouver, British Columbia.</p> |
| <p>Kelly Quinn Director of People</p> | <p>Kelly Quinn is Director of People and Culture of Nurse Next Door Corporate, effective from March 2020. Prior to this, Kelly served as Franchise Systems Coach at Nurse Next Door Corporate from January 2018 to March 2020. Kelly has held various Human Resources roles from June 2012 to December 2017.</p> |

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| <p>Nibeth Santa Maria People and Culture Specialist</p> | <p>Nibeth Santa Maria is a People and Culture Specialist at Nurse Next Door, effective April 2020. Prior to this, Nibeth served as the People Experience Manager for our affiliate’s corporate franchise from August 2017 to March 2020. From November 2015 to July 2017, Nibeth worked as a recruiter and coordinator for Evergreen Nursing Services in Vancouver, British Columbia.</p> |
| <p>(Kweku) Paul Matthews Contracts and Compliance Specialist</p> | <p>Paul Matthews is the Contracts and Compliance Specialist at Nurse Next Door Corporate, effective from September 2018. Paul was a Business Continuity Planner and Legal Intern for EC Electronics Ltd in Basingstoke, England from June 2015 until September 2016.</p> |
| <p>Jenna Bradley Director of Finance</p> | <p>Jenna Bradley is Director of Finance at Nurse Next Door Professional Homecare Services Inc., effective from February 2021. From December 2017 to January 2021, Jenna worked as Controller and from August 2016 to November 2017 served as an Accountant for Nurse Next Door Professional Homecare Services Inc. Prior to this, Jenna was a Senior Accountant at BMG Partners Pty Ltd. in Wodonga, Victoria AUS from November 2006 to December 2015.</p> |
| <p>Marika Svac Operations Specialist</p> | <p>Marika Svac is Operations Specialist (Countdown to Launch Program) at Nurse Next Door Corporate, effective from February, 2021. Prior to this role, Marika was a Care Designer and Licensed Practical Nurse with our affiliate’s corporate franchise, in Vancouver, British Columbia, from August 2014 to January 2021.</p> |

ITEM 3. LITIGATION

Administrative Proceeding Before The Securities Commissioner Of Maryland, In The Matter Of Nurse Next Door Home Healthcare Services (USA), Inc., Case Number 2016-0835.

The Maryland Securities Commissioner (the “Commissioner”) alleged that we violated the disclosure provisions of the Maryland Franchise Registration and Disclosure Law, Md. Bus. Reg. Code Ann. §§14-201 et seq. (2015 Repl. Vol.) (the “Maryland Franchise Law”), in 2016, by directing all or a portion of the initial franchise fee paid by two Maryland franchisees into an escrow account in California and not deferring collection of those fees until we completed our pre-opening obligations under the franchise agreement and each franchisee was ready to begin operating, as was required under the terms of the Maryland addendum to the franchise agreement. On January 13, 2017, we entered into a Consent Order with the Commissioner, whereby the Commissioner concluded that we violated Section 14-230 of the Maryland Franchise Law and we represented that (a) we will immediately and permanently desist from the offer and sale of franchises in violation of the Maryland Franchise Law; (b) prior to the date of this Consent Order, we caused the franchise fees that were paid into the escrow account to be released to the two Maryland franchisees, without limitation or condition; and (c) the Consent Order would be disclose under this Item 3.

In the Matter of The Commissioner of Financial Protection and Innovation v. Nurse Next Door Home Healthcare Services (USA) Inc.

In 2019, the Commissioner of the California Department of Financial Protection and Innovation (“Commissioner”) investigated the franchise sales and disclosure practices of Nurse Next Door in connection with the sale of certain franchises sold in 2017. The Commissioner concluded that Nurse Next Door had improperly shared a New York Times article about the earnings of a California franchisee during the sales process in at least one sale in California, which constituted an improper financial performance representation. On July 27, 2021, the Commissioner and Nurse Next Door entered into a consent order whereby Nurse Next Door stipulated to this violation, was ordered to desist and refrain from repeating this conduct, agreed to offer cancellation and a refund of the initial franchise fee to one active franchisee who purchased in 2017, obtain franchise training for salespeople and officers of the company, and pay a \$12,500 penalty to the Department of Financial Protection and Innovation.

Breach of Contract Suits Initiated By Nurse Next Door

The breach of contract suits allege that the franchisees breached their franchise agreements by reason of the franchises’ failure to continuously operate their franchised businesses subsequent to training and wrongful termination of the franchise agreement. They include the following cases:

Nurse Next Door Home Healthcare Services (USA), Inc. v. Enjoo Park, et al., (JAMS Arbitration Reference No. 1160023922, filed with JAMS on October 16, 2020.)

Nurse Next Door Home Healthcare Services (USA), Inc. v. Next Door Care, LLC., (JAMS Arbitration Reference No. 1160023889, filed with JAMS on October 5, 2020)

Nurse Next Door Home Healthcare Services (USA), Inc. v. DDP Management Group LLC., (JAMS Arbitration Reference No. 1160023890, filed with JAMS on October 5, 2020)

Nurse Next Door Home Healthcare Services (USA), Inc. v. It's Still Home Life Care., (JAMS Arbitration Reference No. 1160023892, opened by JAMS on October 5, 2020)

Nurse Next Door Home Healthcare Services (USA), Inc. v. Hattie's Nursing Hands, Inc., (JAMS Arbitration Reference No. 1160023891, opened by JAMS on October 5, 2020)

Nurse Next Door Home Healthcare Services (USA), Inc. v. Sun Care Enterprises, Inc., (JAMS Arbitration Reference No. 1160023923, opened by JAMS on October 16, 2020)

Franchisee Claims And Counterclaims

Integrated Health Associates LLC v. Nurse Next Door Home Healthcare Services (USA), Inc., (JAMS Arbitration Reference No.1425032334, filed with JAMS on May 6, 2020)

The franchisee brought claims against NND seeking damages for breach of contract and frustration of purpose, a declaration that the in-term and post-term obligations of the franchise agreements are unenforceable, and for injunctive relief preventing NND from making defamatory and disparaging statements against the franchisee. NND vigorously denied the allegations in the claims. NND intended to bring counterclaims alleging that the franchisee breached its franchise agreements by reason of the franchisee's failure to continuously operate its franchised businesses subsequent to training, wrongful termination of the franchise agreement and breach of the noncompetition covenants, and further seek damages against the franchisee and its guarantors for franchisee's failure to pay certain amounts due and owing under its franchise agreements, including unpaid royalties, lost future profits, pre-and post-judgment interest, and attorneys' fees, and costs. On July 18, 2021, the parties entered into a confidential settlement pursuant to which the franchisee agreed to pay NND \$87,475.60 in exchange for a mutual release of claims by all parties. The arbitration has been dismissed with prejudice.

Harken Home Staffing LLC v. Nurse Next Door Home Healthcare Services (USA), Inc., (JAMS Arbitration Reference No. 1220065246, filed with JAMS on May 6, 2020)

The franchisee brought claims against NND seeking damages for breach of contract and frustration of purpose, a declaration that the in-term and post-term obligations of the franchise agreements are unenforceable, and for injunctive relief preventing NND from making defamatory and disparaging statements against the franchisee. NND vigorously denied the allegations in the claims. NND brought counterclaims alleging that the franchisee breached its franchise agreements by reason of the franchisee's failure to continuously operate its franchised businesses subsequent to training, wrongful termination of the franchise agreement and breach of the noncompetition covenants, and further seek damages against the franchisee and its guarantors for franchisee's failure to pay certain amounts due and owing under its franchise agreements, including unpaid royalties, lost future profits, pre-and post-judgment interest, and attorneys' fees, and costs. On August 26, 2021, the parties entered into a confidential settlement pursuant to which the franchisee agreed to pay NND \$35,733.92 in exchange for a mutual release of claims by all parties. The arbitration has been dismissed with prejudice.

Nurse Next Door Home Healthcare Services (USA), Inc. v. Texas Boy LLC et al., (JAMS Arbitration Reference No. 1160023755, filed with JAMS on July 13, 2020)

We alleged that the franchisee breached its franchise agreements by reason of the franchisee's failure to continuously operate its franchised businesses subsequent to training, wrongful termination of the franchise agreement and breach of the noncompetition covenants, and further sought damages against the franchisee for franchisee's failure to pay certain amounts due and owing under its franchise agreements, including unpaid royalties, lost future profits, pre-and post-judgment interest, and attorneys' fees, and costs. In addition, NND sought injunctive relief to prevent the franchisee from wrongfully competing with NND in violation of the in-term and post-term noncompetition covenant contained in the franchise agreement. On January 11, 2021, the franchisee filed counterclaims against NND, seeking unspecified damages arising out of alleged breaches of the franchise agreements between the parties, alleged overpayments made to designated third party vendors for personal protective equipment in excess of commercially reasonable rates, and alleged loss of business value, along with an accounting of all local advertising spending by NND in the franchisee's market. The counterclaim specified that the amount of these claims would be determined at trial. NND vigorously denied the allegations in the counterclaims. On June 17, 2021, the arbitrator granted a partial final award to NND on its claim for preliminary injunctive relief, imposing a one-year injunction on the franchisee's operation of a competing home care business commencing on the date of the franchisee's breach. On September 30, 2021, the parties entered into a confidential settlement pursuant to which the franchisee agreed to pay NND \$200,000.00 in exchange for a mutual release of claims by all parties. The arbitration has been dismissed with prejudice.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

We charge a non-recurring initial franchise fee of \$58,000 for each unit franchise (the "**Initial Franchise Fee**"). We reserve the right to increase or decrease the Initial Franchise Fee for any particular Territory based upon factors we deem appropriate, including its demographics, or to achieve market penetration in certain markets. If you are purchasing two or more territories concurrently, we offer a \$5,000 discount off the Initial Franchise Fee for additional Territories. In addition, we will not charge you the \$8,000 Technology Start-up Fee (described below) for any additional Territories. We may also permit you to delay your performance requirements under the Franchise Agreement for your additional Territories. If so, you will be required to sign our Performance Delay Addendum in the form attached in Exhibit A to this Disclosure Document. We also currently provide a \$15,000 credit toward any expansion territory (not purchased concurrently) for any prospective franchisee referral made by you that leads to a signed franchise agreement between the prospective franchisee and us. This credit expires one year after the date the prospective franchisee signs a franchise agreement with us. We also offer a 10% service member discount for military servicemen and women. We also offer our Frontline to Franchisee program in which eligible candidates may receive financing for the Initial Franchise Fee. Eligible candidates must be a frontline healthcare worker, make a down payment of up to \$10,000 and otherwise meet our requirements for new franchisees.

The Initial Franchise Fee is payable at the time of execution of the Franchise Agreement. The Initial Franchise Fee is deemed to be fully earned and is non-refundable in whole or in part (except as provided below) upon execution of the Franchise Agreement.

We may terminate the Franchise Agreement if you fail to: (i) complete our Franchise Opener “Countdown to Launch” and the Foundations Training Program within 12 weeks following the date of the Franchise Agreement, or at such other date that we and you may agree in writing, and (ii) open your Franchised Business within 30 days of the completion of our Franchise Opener “Countdown to Launch” and the Foundations Training Program, provided that you have obtained all certificates or licenses required to operate the Franchised Business (the “**Start Date**”). In the event that we elect to exercise this option to terminate the Franchise Agreement, we will not refund any portion of the Initial Franchise Fee.

If, in our reasonable opinion, your participation in our Franchise Opener “Countdown to Launch” and the Foundations Training Program discloses an inability on your part to adequately manage and operate the Franchised Business, then we may terminate the Franchise Agreement. If we elect to do so for this reason, within 7 days after the effective date of termination, we will refund your Initial Franchise Fee, less reasonable costs, including without limitation, costs for expenses reasonably incurred by us in connection with the granting of the franchise under the Franchise Agreement, the negotiation and execution of the Franchise Agreement and any other agreement and the cost of Franchise Opener “Countdown to Launch” and the Foundations Training Program.

Deposit

Prior to signing a Franchise Agreement, you are required to pay \$2,500 as described in Item 10 (the “Deposit”) to attend a Virtual Final Interview Day with several members of our Operations and Leadership Team. We will enter into a Deposit Agreement with you in the form attached in Exhibit A to this Disclosure Document. Payment of the Deposit holds a particular territory open for you. If a particular territory has not been identified in the Deposit Agreement, you will have a period of time, not to exceed 6 months, during which a territory may be mutually agreed upon.

The Deposit is refundable for a period of 30 days after the date of the Deposit Agreement, less our costs. However, we have the discretion to retain the entire Deposit if you have not cooperated with us or if there are other circumstances reasonably justifying retention. If you do not sign a Franchise Agreement with us, and pay the balance of the Initial Franchise Fee and the entire Start-up Technology Fee, within 30 days after the date of the Deposit Agreement, the Deposit will be non-refundable. However, we may refund the Deposit to you, less our costs, in certain circumstances. For example, if a territory is not mutually agreed upon within the time period specified in the Deposit Agreement and you have been reasonable and cooperative throughout the process of identifying a territory, or if we withdraw our approval prior to your signing a Franchise Agreement. Our costs may include those reasonably incurred by us for meeting with you, for a review of your prospective territory, for obtaining demographic profiles, expenses related to travel, meals and lodging, and reasonable legal fees and disbursements.

If a Franchise Agreement and all other relevant documents are signed by you and us, the entire Deposit will be applied as payment toward the Initial Franchise Fee.

Technology Start-up Fee

We charge an initial start-up technology fee of \$8,000 to purchase initial software licenses and other costs relevant to start-up (the “**Technology Start-up Fee**”). The Technology Start-up Fee is payable at the time of execution of the Franchise Agreement and is deemed to be fully earned and non-refundable in whole or in part (except as provided below) upon execution of the Franchise Agreement.

If your participation in our Franchise Opener “Countdown to Launch” and the Foundations Training Program demonstrates, in our reasonable opinion, an inability to adequately manage and operate the Franchised Business and we terminate your Franchise Agreement, then we will refund the Technology Start-up Fee less our reasonable costs (as described above under Initial Franchise Fee).

Deferral

Certain states may require that we defer the Initial Franchise Fee until our initial obligations are met. See State-Specific Addenda/Amendments attached in Exhibit A to this Disclosure Document.

ITEM 6. OTHER FEES

| Type of Fee | Amount | Due Date | Remarks ¹ |
|-----------------------------------|---|---|--|
| Royalty ² | 5% of Gross Sales, subject to annual minimum royalties | Monthly, on the 15 th of each month. Minimum royalties are payable annually. | Gross Sales is all sales generated through the Franchised Business and includes fees for any services sold by you, and all other income related to the Franchised Business. Gross Sales does not include any sales tax that you collect from customers and pay to any taxing authority. Gross Sales also does not include the amount of any refund or credit given in good faith by you in respect of any services, or products returned or exchanged by a customer, provided that the original selling price was included in Gross Sales. |
| Care Services Center ³ | The greater of 7% of Gross Sales or \$300 Once a Franchise location achieves \$40,000 in monthly revenue for three consecutive months, the Franchise location will have the opportunity to unbundle their Cares Services | Monthly, on the 15 th of each month. | Care Services Center fees are used to establish and operate the Care Services Center. |

| Type of Fee | Amount | Due Date | Remarks ¹ |
|-------------|---|----------|----------------------|
| | <p>(meaning they may choose to perform some or all the following services themselves with no payment to us or receive one or more of the following services from us with the following monthly payment to us (at the percentage of Gross Sales listed below).</p> <p>Three percent (3%) for Intake Calls</p> <p>Two percent (2%) for Virtual Consults</p> <p>Two percent (2%) for Overnight Live Support - for evening and weekend coverage (19:00 to 07:00 in local time)</p> <p>Two percent (2%) Attendance Monitoring</p> <p>Two percent (2%) Scheduling to fill visits with available caregivers</p> <p>Five percent (5%) leverage the Care Services Platform for services 24 hours/day, 7 days/week, 365 days/year for</p> | | |

| Type of Fee | Amount | Due Date | Remarks ¹ |
|---|---|---|--|
| | Intakes, Virtual Consults, Attendance Monitoring and Overnight Live Support coverage. Scheduling services are provided by the local team at the Franchise location. | | |
| Technology Maintenance Fee ⁴ | \$500 | Monthly, on the 15 th of each month. | <p>Technology maintenance for the Nurse Next Door System.</p> <p>Includes 2 Franchisee licenses and 25 caregiver licenses. Additional licenses are charged at the Technology User Fee rates below.</p> |
| Technology User Fee | \$2.75 per caregiver \$12.00 per Franchisee and Care Designer Account | Monthly, on the 15 th of each month | <p>Payable if you have more than 2 Franchisee licenses or 25 caregiver licenses or if you have one or more Care Designer Accounts</p> <p>We reserve the right to increase these fees throughout the term of the Franchise Agreement as we deem reasonable.</p> |
| Technology Platform Fee | \$7.70 per month per user | Monthly, on the 15 th of each month | <p>Payable only if we are not providing any Care Services to you through the Care Services Center.</p> <p>We reserve the right to increase this fee throughout the term of the Franchise Agreement as we deem reasonable.</p> |

| Type of Fee | Amount | Due Date | Remarks¹ |
|--|--|---|--|
| License Costs | As assessed by us for any third party licensing fees | On the 15 th of the month following our assessment of licensing costs. | License costs are to reimburse us for periodic expenses incurred in the operation of the Care Services Center including the purchase of additional software licenses, related maintenance fees and additional software licenses to access the scheduling system. |
| General Brand Fund Fee | 1% of Gross Sales | Monthly, on the 15 th of each month. | Used to create regional and national branding for the System and will not be used to defray our general costs, except for salaries, administrative costs and overhead related to the administration, direction and operation of the General Branding Fund. |
| Local Marketing (including Online) | You must spend the greater of \$1,000 or 2% of gross sales, to a maximum of \$2,000.00 | Monthly, on the 15 th of each month. | Effective as of the Start Date (See Item 7, Note 9) |
| Regional Branding Cooperative ⁵ | Pro rata share (based on the number of franchises in the region) of actual costs | Monthly, on the 15 th of each month. | We, you or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and the amount to be spent. The regional branding cooperative will be mandatory for all franchises in the region if 75% of the franchises in the region consent to it. We will administer the regional branding cooperative. |

| Type of Fee | Amount | Due Date | Remarks¹ |
|---------------------|--|--|---|
| Additional Training | \$500 to \$2,000 | Prior to attendance at training program. | Payable to us only in respect of additional training programs. We reserve the right to charge these fees at any time. We do not charge a fee for the Foundations Training Program and the Franchise Opener “Countdown to Launch” (See Item 11). |
| Renewal | 10% of the Initial Franchise Fee | At the time of renewal. | |
| Audit | All actual costs and expenses associated with the audit (approximately \$1,500 to \$5,000) plus a \$10,000 fine in certain cases | Upon demand. | Audit costs payable if reports and financial information available through the computer system or furnished under the Franchise Agreement reveal inconsistencies. If the audit shows you have underreported amounts you owe us by 3% or more, or if underreporting is due to fraud, payment of underreported amounts, plus interest, plus a fine will be charged. |
| Annual Convention | \$500 to \$1,000 (Per attendee) | Prior to attendance. | Payable to us if we hold an annual convention. You are solely responsible for travel, room, board and salary expense. Whether or not you attend, at a minimum, you must pay us the annual convention fee multiplied by the number of franchise agreements you have in effect with us. |
| Transfer | \$7,500 for transfer to an existing franchise partner and \$15,000 for transfer to a purchaser outside of the System | At the time of transfer. | You are required to obtain our consent to any transfer, which may be withheld if certain criteria are not met. If you intend to sell the Franchised Business, \$7,500 will be payable |

| Type of Fee | Amount | Due Date | Remarks ¹ |
|--|---|--|---|
| | | | upon your declaration of an intent to sell. Does not apply to an assignment by us under Section 14(e) of the Franchise Agreement. |
| Administrative fee – Certain other ownership changes | \$500 to amend franchise agreements upon ownership changes (by individual franchisees to a company with new minor owners, from one controlled company to another, among existing franchisee company owners) | At time of change | You are required to obtain our consent to any transfer, which may be withheld if certain criteria are not met. This fee is charged separately from the fee applied if the ownership changes by more than 25%. |
| Interest | 2% per month compounded (26.82% percent per annum) or the highest rate allowed by the state where you are located | Upon demand. | Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit. |
| Indemnity Costs | Depends upon the size of the loss for which you are required to indemnify us | Upon demand. | You must indemnify us when certain of your actions result in a loss to us. See Sections 3(c)(v), 7(m) and 19(a), (b) and (l) of the Franchise Agreement. |
| Liquidated Damages | An amount equal to your projected Royalty for the lesser of the remaining term or 3 years. | If we terminate the Franchise Agreement with cause or you terminate the Franchise Agreement without cause. | The projected Royalty will be calculated using the average monthly Gross Sales during the last 6 months of operations, or if operations are less than 6 months, then the average over the actual operating period, with the minimum amount owed being the minimum performance requirements as |

| Type of Fee | Amount | Due Date | Remarks ¹ |
|-------------|--|---|--|
| | \$25 to \$500 (per week per violation) | Within 10 days of receipt of notice of violation from us. | contemplated by Section 3(b)(ii)(2) of the Franchise Agreement. These liquidated damages are payable for violations of our standards as set out in the Franchise Agreement and the Manuals. |

Notes:

- All re-occurring payments by you to us are to be made by electronic funds transfer. Electronic funds are currently completed by automatic clearing house (ACH) payments. After signing the Franchise Agreement, you will immediately complete our ACH form (the current form is attached in Exhibit A to this Disclosure Document) and return it to us.
- The royalty of 5% of Gross Sales is subject to the following annual minimum royalties:

| The 12 month period following the Start Date of the Franchised Business | Minimum Royalty Amount Payable |
|---|--------------------------------|
| Year 1 | \$6,250.00 |
| Year 2 | \$11,250.00 |
| Year 3 | \$16,250.00 |
| Year 4 | \$21,250.00 |
| Year 5 | \$26,250.00 |
| Year 6 | \$28,875.00 |
| Year 7 | \$31,762.50 |
| Year 8 | \$34,938.75 |
| Year 9 | \$38,432.63 |
| Year 10 | \$42,275.89 |
| Year 11 | \$46,503.48 |
| Year 12-15 | \$51,153.82 |

If the total royalties you paid in any 12 month period are less than the annual minimum royalties described above, then the difference is paid by you at the end of each 12 month period. See Sections 3(b) and (i) of the Franchise Agreement.

If you earn revenue from the operation of the Franchised Business between the Effective Date and the Start Date, you are required to pay a royalty of 5% of monthly Gross Sales with no minimum royalty payments applicable. If you do not begin operations of the Franchised Business until the Start Date, monthly royalties will not be charged until after the first month of operations following the Start Date.

This royalty fee will be charged on all Gross Sales earned after the Effective Date, even if incurred before the Start Date.

3. We, along with Nurse Next Door Corporate, maintain and administer the Care Services Platform in Vancouver, British Columbia, Canada. The Care Services Platform provides around-the-clock services 24 hours per day, 7 days per week to Nurse Next Door® franchisees, such as Intake support, Attendance Monitoring (AMS), scheduling, and overnight coverage.

The Care Services Platform through its detailed client database (which client care data is collected and maintained by you) schedules client care appointments and provides you with access to detailed reports so that you may more effectively manage your employees and the Franchised Business. Below is a representative list of some of the services we currently provide but the services may change as we initiate new programs and modify or eliminate existing ones. The Care Services Center provides:

- Franchisee caregiver and client scheduling – provided that you have qualified and available staff, your caregivers’ schedules will be managed around-the-clock to ensure the right staff are caring for your clients. The Care Services Center schedules all client appointments with a suitable caregiver using our matching tool. Franchisees are responsible for updating recordkeeping of all caregiver profiles, including skills and qualifications, availability and mileage radius;
- Attendance Monitoring System (AMS) – a real-time alert system notifying the Care Services Center if a caregiver does not sign in at a scheduled client appointment, allowing the Care Services Center the opportunity work with you to resolve unexpected late arrivals or cancellations. Franchisees are responsible for ensuring their caregivers follow all systems related to signing in and out of visits and to maintain AMS investigation levels as outlined in the operations manual;
- Intake Support – the Care Services Center handles 24/7 inbound sales calls for you and books initial caring consults with your care designer to assess your clients’ needs. You are responsible for ensuring adequate information is provided within the scheduling system to confirm the client for initial caring consult appointment;
- Care data – the Care Services Center stores detailed care data and preferences inputted by you for every client for whom care is provided, to better assist you with proper caregiver placement and client satisfaction. Client information and care data are the property of Nurse Next Door and cannot be amended or altered for competitive purposes;
- Virtual Consults – Trained Care Designers who use the Make it HAPPEN sales process to conduct online complimentary Caring Consults, focusing on closing the sale;
- Data and Analytics - The Care Services Platform provides you with periodic and real-time access to key data and analytics to optimize your business and how you work with the Care Services team;
- Technology stack and Infrastructure – includes access to the licenses and IT environment to support your business.

As the owner of the Franchised Business, regardless of the service(s) provided by the Care Services Center, you will at all times be responsible for all employment decisions of the Franchised Business including but not limited to hiring, firing, training, performance management, promotion, remuneration, compliance with wage and hour requirements, record keeping, including availability, qualifications and mileage, supervision and discipline of employees. You must comply with all employment-related laws. You will never contend that Nurse Next Door’s authority under this

Agreement to provide Care Services Center services to the Franchised Business directly or indirectly vests in Nurse Next Door the power to hire, fire or control in any manner whatsoever the employees of the Franchised Business. Further you will indemnify Nurse Next Door for any action or settlement related to the Franchised Business' employment practices.

4. Nurse Next Door provides improved remote technology support for systems, such as phone, domain and email addresses, reducing the requirements for external technology support.

5. Franchisor-owned units will not vote with respect to the establishment of regional advertising cooperatives nor with respect to fees associated with any regional advertising cooperatives.

Unless otherwise indicated, all fees are payable only to us for our account and are uniformly imposed, though we retain the right to negotiate the above-listed fees with individual franchisees under unique circumstances.

All fees are nonrefundable.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Single Unit Initial Investment

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment Is to Be Made |
|---|----------|----------|-------------------|---|----------------------------------|
| | (Low) | (High) | | | |
| Initial Franchise Fee ¹ | \$58,000 | \$58,000 | Cash | At signing of Franchise Agreement | Us |
| Technology Start-up Fee ² | \$8,000 | \$8,000 | Cash | At signing of Franchise Agreement | Us |
| Pre-opening Branding and Promotion ³ | \$7,000 | \$7,000 | As arranged | From at least 1 week before opening the Franchised Business until 3 weeks after opening the Franchised Business | Approved suppliers |
| Foundations Training Program ⁴ | \$0 | \$4,000 | As arranged | Before beginning operations | Airlines, hotels and restaurants |

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment Is to Be Made |
|---|---------|----------|-------------------|--|--|
| | (Low) | (High) | | | |
| Office Equipment and Supplies ⁵ | \$500 | \$3,000 | As arranged | Before beginning operations | Outside suppliers |
| Legal and Accounting ⁶ | \$5,000 | \$10,000 | As arranged | Before beginning operations | Attorney, accountant |
| Leased Premises ⁷ | \$0 | \$5,000 | As arranged | Before beginning operations | Lessor |
| Utility Deposits ⁸ | \$0 | \$500 | As arranged | Before beginning operations | Utility companies |
| Local Marketing (including Online) ⁹ | \$1,000 | \$2,000 | As arranged | On the Start Date (as defined in Item 5) | Us |
| Insurance (excluding Worker's Compensation) ¹⁰ | \$2,500 | \$4,800 | As arranged | Before beginning operations | Approved supplier |
| Worker's Compensation Insurance ¹¹ | \$2,000 | \$15,000 | As arranged | Beginning at operations | Approved suppliers |
| Crime Insurance (1 st and 3 rd Party) | \$400 | \$1,500 | As arranged | Before beginning operations | Approved suppliers |
| State Bonds | \$0 | \$200 | As arranged | Before beginning operations | Approved suppliers |
| Vehicle ¹² | \$0 | \$1,000 | As arranged | Monthly | Suppliers and leasing companies |
| Computers and Related Peripherals ¹³ | \$500 | \$3,000 | As arranged | Before beginning operations | Suppliers |
| Licenses and Permits ¹⁴ | \$200 | \$5,000 | As arranged | Before beginning operations | Licensing authorities and approved suppliers |
| Consultant and/or Director of Nursing ¹⁵ | \$0 | \$15,000 | As arranged | If applicable, before beginning operations | Consultant and/or Director of Nursing |
| Accreditation ¹⁶ | \$0 | \$8,500 | As arranged | If applicable, before | State accreditation bodies. |

| Type of Expenditure | Amount | | Method of Payment | When Due | To Whom Payment Is to Be Made |
|--|-----------|----------------------------|-------------------|-------------------------|--|
| | (Low) | (High) | | | |
| | | | | beginning of operations | |
| Google Workplace - Costs Access to the technology system. (System used to monitor Caregiver attendance in real time) | \$15 | \$100 (for first 3 months) | As arranged | Monthly | Designated supplier (currently Google) |
| 1) Additional Funds – 3 to 6 Months / Working Capital ¹⁷ | \$20,000 | \$50,000 | As arranged | As necessary | Various |
| TOTAL ¹⁸ | \$105,115 | \$201,600 | | | |

Unless otherwise noted, all payments are non-refundable or are refundable only pursuant to any agreement between you and the vendor or supplier to whom you have made the payment.

Notes:

1. Initial Franchise Fee. The Initial Franchise Fee and its refund policy are described in detail in Item 5. Under limited circumstances and in our sole discretion, we may finance your Initial Franchise Fee and Technology Start-up Fee. We may finance up to \$66,000. Your down payment will be up to \$10,000. Your annual interest rate will be 4%. The interest rate increases to 10% or the highest allowable by state law on default. Estimated loan repayments are up to \$9,000.00 per month. (See Item 10 for additional details regarding our financing.)

2. Technology Start-up Fee. The Technology Start-up Fee and its refund policy are described in detail in Item 5. See Note 1 regarding the financing of this fee. (See Item 10 for additional details regarding our financing.)

3. Pre-opening Branding and Promotion. You are required to spend \$7,000 on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least 1 week immediately preceding the opening of the Franchised Business and until 3 weeks after the opening of the Franchised Business. These funds are paid to third party suppliers from whom you will purchase branding and promotion products and services and are typically not refundable.

4. Foundations Training Program. Prior to the opening of the Franchised Business, we will provide you with a Foundations Training Program, which consists of a training course of up to 5 days duration covering all aspects of the Franchised Business. This Program is delivered at either our corporate office, HeartQuarters, in Vancouver, British Columbia, Canada or via virtual video conferencing.

Attendance is mandatory at the Foundations Training Program. You may bring additional employees to the Foundations Training Program but we reserve the right to charge additional fees for extra attendees. You are responsible for all travel and living expenses and all wages payable to any trainee and no wages will be payable by us to any such trainee for any service rendered during the course of such training. We estimate that you will have to spend \$2,000 to \$4,000 on travel, accommodation and living expenses while you (and key employees, if applicable) attend the Foundations Training Program. Additionally, travel between the United States and Canada now requires a valid passport. You are responsible for the costs required to obtain and maintain passports, and any other documents, for you and any employees attending the Foundations Training Program in Canada. These expenses are typically non-refundable.

5. Office Equipment and Supplies. You must purchase general office supplies including stationery and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

6. Legal and Accounting. We recommend that you engage an attorney, an accountant or other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. These fees are typically non-refundable. We estimate that you may have to spend \$5,000 to \$10,000 for incorporation of a company, initial accounting advice and legal review of the Franchise Agreement.

7. Leased Premises. If permitted by State regulations and local zoning rules and ordinances, you can operate the Franchised Business from your home. Some states may not allow you to operate the Franchised Business in a home office. You may operate the Franchised Business from a small rented space of approximately 500 square feet. If you must lease a space, your lease costs can vary based on variance in square footage, cost per square foot and required maintenance costs. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. The amounts you pay are typically non-refundable.

8. Utility Deposits. If you are a new customer of your local utilities and are leasing space for the Franchised Business, you will generally have to pay deposits to obtain services, including electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information. The low figure is based on your operating the Franchised Business in your home office and will thus not incur any utility deposits. The high cost is based on your leasing a commercial space.

9. Local Marketing (including Online). Beginning on the Start Date, you are required to invest the greater of \$1,000 or 2% of your monthly Gross Sales to a maximum requirement of \$2,000, towards online and/or local marketing initiatives. Such marketing will not include costs associated with your motor vehicle which has been wrapped with the NURSE NEXT DOOR® brand, nor will it include costs relating to the wages or commissions of salespeople. The amount represented is the minimum online marketing payment for the initial 3 months of operation.

10. **Insurance.** You are required to obtain insurance in such minimum amounts and for such coverages as we may require. Though the insurance requirements may change, we currently require you to obtain, in addition to other coverage mandated in our Manuals, the following minimum coverage amounts (or higher limits as required by the State in which your Franchised Business will operate):

| General Liability Insurance Minimums | |
|---|---|
| Professional Liability (per occurrence) | \$1,000,000 |
| Professional Liability (aggregate) | \$3,000,000 |
| Commercial General Liability (per occurrence) | \$1,000,000 |
| Commercial General Liability (aggregated) | \$3,000,000 |
| Cyber Liability | \$250,000 |
| Sexual Misconduct and Physical Abuse Liability | \$1,000,000 |
| Tenant Legal Liability (if applicable) | \$50,000 |
| Employee Benefits Liability | \$1,000,000 |
| Non-owned Auto Liability | \$1,000,000 |
| Medical Expenses | \$5,000 |
| Additional Insured for Mortgagees, Lenders, clients (when applicable or required) | Include in General Liability |
| Crime (employee theft with first and third party coverage) | \$50,000 \$2,500 max deductible |
| State Bonds (if applicable) | Per State, City and/or County requirement |

You also must purchase and maintain worker's compensation, employer's liability and automobile insurance (third party liability) with a reputable insurer or with a state agency. The amount of third party liability insurance for your vehicle must be at least \$1 million (or higher if required by your state) and an umbrella policy may be purchased to augment state minimums up to the required amount. These minimum amounts and coverage specifications may be revised periodically in the Manuals to reflect inflation, general industry standards or our future experience with claims. You must provide us with certificates of insurance evidencing the prescribed coverage, naming us and Nurse Next Door Corporate as additional insureds, and containing a cross-liability clause showing entitlement to indemnity from the insurer. The certificates of insurance must also provide that the coverage under the respective policy may not be modified (except to increase coverage) or canceled until at least 30 days after we have received written notice of the cancellation or modification and that the coverage is primary and non-contributory. The price of insurance coverage has varied widely in recent years, but we estimate the annual premium cost to be between a low of approximately \$1,900 and a high of approximately \$6,000 for commercial general liability insurance and crime coverage insurance. Employer's liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker for these. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the leasehold improvements, equipment, number of employees and other factors. We require you to use our approved insurance brokers and those

insurance companies we designate. The amounts you pay for insurance are typically not refundable and paid annually.

11. Worker's Compensation Insurance. Worker's compensation insurance will vary per state and the amount of your payroll. The amounts represented are estimates for the initial 3 months of operation and are expected to increase with the growth of the Franchised Business.

12. Vehicle. You are required to have a vehicle and to wrap the vehicle with the Nurse Next Door® brand. The cost to wrap the vehicle is estimated to be between \$2,500 and \$5,000 which is included in the Pre-opening Branding and Promotion costs mentioned above. Your vehicle must meet the specifications in our Manual, which includes that the vehicle be no older than 5 years at the time the vehicle is wrapped. You may use a vehicle that you already own provided that it meets our specifications. In this case, your vehicle acquisition cost may be zero. If you lease the vehicle, your vehicle acquisition cost may be as high as indicated in the chart. The amounts you pay for a vehicle are typically non-refundable. Lease terms are provided, on approved credit terms, directly by the vehicle dealer or leasing company.

13. Computers and Related Peripherals. You must purchase the computers and related peripherals necessary for operating the Franchised Business. Our specifications for computers and related peripherals are described in Item 11. The amounts you pay for computers and related peripherals are typically non-refundable. The cost of the computers and related peripherals will vary depending on the computers and related peripherals that you already own. We estimate the cost of the computers and related peripherals to be between \$500 and \$3,000.

14. Licenses and Permits. You will acquire a Home Health Agency licensure to provide the full scope of services, including without limitation, skilled nursing, personal support and companionship. State rules vary on non-medical and skilled nursing licensure. Licensing fees are paid with the submission of an application or upon renewal and are non-refundable. Licenses must be renewed annually. State and local government agencies typically charge fees for operating licenses, registration and certification. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

15. Consultant and/or Director of Nursing. Depending on local laws, statutes or ordinances, you may be required to hire a full-time Registered Nurse as your Director of Nursing. The Director of Nursing handles client assessments, nursing supervisory visits and clinical staff interviews among other tasks. The amount represented at the high end is an estimate of the cost of a Registered Nurse for the initial 3 months of operations. It will vary depending on where your Franchised Business is located.

16. Accreditation. Some states require that you obtain accreditation prior to licensure. This may extend the amount of time it takes you to open the Franchised Business.

17. Additional Funds – 3 to 6 Months / Working Capital. You are required to have working capital in the form of cash or other liquid assets to begin operations which should be approximately \$20,000 to \$50,000 (of which at least 75% should consist of cash with no more than 25% being other liquid assets) for operating expenses, including initial salaries. We estimate the start-up phase to be 3 to 6 months from the date you open your business. This is our best estimate of the working capital necessary to

open your business and includes money required to pay suppliers and employees, which may include the hiring of a full or part-time sales employee, in the event that you are not meeting minimum performance requirements and are doing less than the minimum number of sales calls per week. This estimate is based upon Nurse Next Door Canada's experience offering franchises throughout Canada since 2007, our experience offering franchises in the United States since 2010. Additional funds may be required to finance operations until a positive cash flow is produced. We cannot guarantee that our recommendation will be sufficient. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill; experience and business acumen; local economic conditions; the local market for this industry; the prevailing wage rate in your area; the degree and quality of competition; and, the sales level you reach during the initial period. This category does not include royalties or other fees you pay to us, nor does it include your salary or living expenses.

18. Total. In compiling this chart, we relied on our and our affiliates' industry knowledge and experience, which has been in both Canada and the U.S. The amounts shown are estimates only and may vary for many reasons, including the capabilities of your management team, the demographics of your territory and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a Franchised Business. These figures are estimates of your initial start-up expenses and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Your purchase and sale of certain goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manuals and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise Agreement.

In the event you wish to purchase any unapproved product or service or acquire approved products or services from an unapproved supplier, you must first obtain our prior written approval. We are not required to approve any particular supplier. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate suppliers on a variety of criteria, including the quality of their products or services, price, responsiveness, ability to service the System as a whole, reputation, timeliness, and experience, scalability and alignment with our purpose and core values among others. If we create any specific policies for approving suppliers, we will communicate them to franchisees. We will consider in good faith and in a reasonable time any supplier that you would like to propose who is capable of providing goods or services meeting our requested specifications. If our evaluation of your proposed supplier would require us to incur any non-trivial cost (such as to examine a sample of that supplier's products), we will ask you to pay such costs to such supplier. We will make a reasonable effort to approve or disapprove any proposed supplier within 30 days. If approval of a supplier is later revoked, we will notify you by email or such other method we determine in our discretion.

We have preferred suppliers for state homecare licensing services but we do not require that you purchase from them. If you wish to use a non-preferred supplier for state homecare licensing services, you must obtain our approval. We require you to purchase marketing collateral (including a vehicle wrap) from our approved supplier(s). You must carry insurance covering the risks and meeting the minimum coverage conditions that we prescribe in the Manuals protecting you and naming us as an additional insured. You must

obtain the insurance coverage in the Item 7, Note 10 chart only from those insurance companies we designate using an insurance broker approved by us. You must use the accounting software that we designate, except if you use different accounting software for your existing business and we approve it for use by the Franchised Business. You must use the scheduling software that we designate.

Nurse Next Door Corporate, our affiliate, will provide you with start-up and ongoing technology services and you must use the Care Services Center that it operates. The fees for these services are described in Items 5 and 6. You must attend franchisee conventions that may be organized by us or Nurse Next Door Corporate and pay us a registration fee. The convention registration fee is described in Item 6.

We do not currently receive rebates, promotional allowances, discounts or other payments or benefits as a result of the purchases made by our franchisees from our designated suppliers. However, we reserve the right to do so, and if we do so, such rebates, promotional allowances, discounts or other payments will not be shared with the franchisees directly but may be used in order to promote the expansion of the franchise system, which may benefit the franchisee indirectly. Any rebates, promotional allowances, discounts or other payments will be used at our discretion. Should we or an affiliate receive such payments in the future, we anticipate that any such payments will be based on either a percentage or flat amount.

In the fiscal year ending September 30, 2021, we received revenues of \$1,507,624 from franchisees for services or leases provided by us, which represents approximately 29.95% of our total revenues of \$2,620,749. We estimate that, in establishing your Franchised Business, your purchases or leases of goods and services made in accordance with our specifications will represent approximately 50% of all of your total purchases or leases of goods and services. Once your business is established, we estimate that, on an ongoing basis, your purchases or leases of goods and services made in accordance with our specifications will represent approximately 35% of all of your purchases or leases of goods and services. There currently are not any purchasing or distribution cooperatives in place for the purchase or lease of goods or services. We currently do not negotiate purchase arrangements with suppliers for the benefit of franchisees, but we may do so in the future.

Nurse Next Door Corporate, our affiliate, owns and operates the Care Services Center, which is the sole supplier of the required scheduling services. It also provides start-up and ongoing technical support and may organize franchisee conventions. Our officer, Ken Sim, a Founder of Nurse Next Door Corporate, owns an interest in Nurse Next Door Corporate.

We do not provide any material benefits to you if you buy from sources we approve.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Franchise | Disclosure Document Item |
|--|---|---------------------------------|
| a. Site selection and acquisition / lease | Section 7(b) | 7; 12 |
| b. Pre-opening purchases / leases | Section 7(a) | 7; 12 |
| c. Site development and other pre-opening requirements | Sections 2(f); 2(g); 3(a); 3(c); 7(a); 9(d); 11; 12 | 7; 12 |
| d. Initial and ongoing training | Sections 2(f); 5(a); 5(e); 5(g); 5(i); 7(a) | 11 |
| e. Opening | Sections 2(f); 7(a); 9(d); 11; 12 | 7; 11; 12 |
| f. Fees | Sections 3; 4; 9; 14(a)(iii)(9), 14(d)(vi), 14(e)(iv) | 5, 6; 7; 9 |
| g. Compliance with standards and policies / operating manual | Sections 6(b); 7; 8 | 11 |
| h. Trademarks and proprietary information | Sections 2(d); 8; 10; 13 | 13; 14 |
| i. Restrictions on products / services offered | Sections 2; 7; 13 | 8 |
| j. Warranty and customer service requirements | Sections 7; 8 | n/a |
| k. Territorial development and sales quotas | Sections 2(b); 2(c); 2(e); 6 | 12 |
| l. Ongoing product / service purchases | Sections 7; 8; 11; 12 | 16 |
| m. Maintenance, appearance and remodeling requirements | Sections 7; 8 | 7 |
| n. Insurance | Section 12 | 7; 8 |
| o. Advertising | Section 9 | 6; 7; 11 |
| p. Indemnification | Sections 3(c)(v); 7(m); 19(a), (b) and (l) | 7 |
| q. Owner's participation / management / staffing | Sections 7; 14; 15 | 15 |
| r. Records and reports | Section 11 | 11 |
| s. Inspections and audits | Sections 11; 12 | 6 |
| t. Transfer | Section 14 | 17 |
| u. Renewal | Section 4 | 17 |
| v. Post-termination obligations | Section 4; 8; 11; 13; 14; 16; 19 | 17 |
| w. Non-competition covenants | Section 13 | n/a |

| Obligation | Section in Franchise | Disclosure Document Item |
|-----------------------|----------------------|--------------------------|
| x. Dispute resolution | Section 19(t) | 17 |

ITEM 10. FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours, except that under limited circumstances and at our sole discretion, except that we may finance your Initial Franchise Fee and Technology Start-up Fee for (1) the purchase of additional territories, and (2) the purchase of an initial territory by frontline nurses and caregivers under our Frontline to Franchisee program. To be eligible for financing of additional territories, you must be an existing franchise partner who is in compliance with your Franchise Agreement and performing well. In determining whether to make a loan to you, we will, among other factors, give consideration to opportunities for market penetration. To be eligible for financing under our Frontline to Franchise program, you must be a frontline healthcare worker, make a down payment of up to \$10,000 and otherwise meet our requirements for new franchisees.

SUMMARY OF FINANCING OFFERED

| Item Financed | Source of Financing | Down Payment | Amount Financed | Term (Mths) | Interest Rate | Monthly Payment | Prepay Penalty | Security Required | Liability Upon Default | Loss of Legal Rights on Default |
|--|---------------------|---|-----------------|-------------|---|--|----------------|-------------------|------------------------|--|
| Additional Territories: Initial Franchise Fee Technology and Start-up Fee | Us | \$0 - \$10,000 | Up to \$66,000 | 12 - 24 | 4%, increasing to 10% upon default (see Note 1) | Up to \$9,000 starting after 1 month | None | Yes (see Note 2) | Note 3 | We may terminate the Franchise Agreement |
| Frontline to Franchisee: Initial Franchise Fee Technology and Start-up Fee | Us | A minimum of \$10,000 (paid as set out in Item 5) | \$66,000 | 21 | 6%, increasing to 10% upon default (see Note 1) | \$3,111.11, plus accrued interest, starting after 3 months (18 payments), based on the minimum down payment. | None | Yes (see Note 2) | Note 3 | We may terminate the Franchise Agreement |

Notes:

1. **Interest Rate.** Interest accrues on the unpaid principal loan amount at 4% until the repayment of the loan in full. Default interest accrues on the unpaid principal loan amount at 10% from the date of a default until repayment of the loan in full or the default is cured. Each interest rate is per annum and is calculated on the basis of a 365-day year. Interest is due on the same dates that principal is due.

2. **Security Interest and Guarantee.** We are granted a security interest in your receivables under the Loan, Security and Guarantee Agreement. Your obligations under the Loan, Security and Guarantee Agreement must be personally guaranteed by your principals and/or other related parties. The guarantee is absolute and unconditional. The guarantors may not pursue any remedies against you until your obligations to us are satisfied in full. The guarantors waive, to the extent permitted by applicable law, all notices or demands of any kind to which they may otherwise be entitled, consent to any extension or modification granted by us to you and to any settlement we reach with you, without changing their obligations under the guarantee

3. **Liabilities Upon Default.** We may pursue all remedies available under the law against you. We may also declare the principal loan amount to be immediately due and payable. A default includes any default under a material term of the Franchise Agreement, a sale or other transfer relating to the Franchised Business, and bankruptcy and insolvency related events. If we prevail against you or any guarantor in any dispute under the Loan, Security and Guarantee Agreement you must pay our reasonable attorney's fees. A default under the Loan, Security and Guarantee Agreement is a default under the Franchise Agreement and we may terminate the Franchise Agreement.

A copy of the Loan, Security and Guarantee Agreement is attached in Exhibit A to this Disclosure Document. It is governed by the laws of the State of Washington. Any disputes under it will be resolved under the dispute resolution provisions in the Franchise Agreement. In certain circumstances for additional territories and at our sole discretion, we may defer your initial loan payments or offer escalating payments.

If you are a business entity, our loan to you must be guaranteed by those individuals who, directly or indirectly, own your equity interests. Guarantors become primary obligors under the Loan, Security and Guarantee Agreement and we may pursue payment from them without having to pursue payment from you. The Guarantee continues until all obligations under the Loan, Security and Guarantee Agreement have been satisfied. It will not be affected by your reorganization or any change in your financial condition you or that of the guarantors (including by way of insolvency, bankruptcy or receivership).

A charge of \$500.00 will be payable to us if you renegotiate any term of the loan agreement.

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

Except as listed below, Nurse Next Door Home Healthcare Services (USA) Inc. is not required to provide any assistance to you.

Franchisor's Assistance

Before the Franchised Business opens, we will:

- Designate a protected territory as defined in Item 12 (see Franchise Agreement Section 2(b), 2(e) and Schedule A);
- Provide you electronic access to our Manuals, as revised periodically, a copy of the table of contents of the Manuals is attached as Exhibit D to this disclosure document. Our Manuals have 984 pages, including attachments, and the Manuals are regularly updated. We continually update the Manuals to reflect revisions to our system, new products or services, and changes in our prescribed methods of operation. Under the terms of the Franchise Agreement, we are entitled to revise the Manuals at any time, and you will be obligated to adhere to those revised specifications and requirements (see Franchise Agreement Section 5(a) and Section 8); and
- Provide a Franchise Opener "Countdown to Launch" and a Foundations Training Program for you (or, if you are not an individual, your owner). The Foundations Training Program covers all aspects of the System and consists primarily of in-class training (see Franchise Agreement Section 2(f) and 5(a) and 5(e)).
- We will support you in determining state licensing requirements to the best of our ability, but this remains your responsibility and we do not assume any liability.

During the operation of the Franchised Business, we will:

- Provide you with electronic access to our Manuals (see Franchise Agreement Section 8);
- Operate the Care Services Center (see Franchise Agreement Section 3(c));
- Provide access to the Care Services Center (see Franchise Agreement Section 3(c));
- Administer and maintain the Fund (see Franchise Agreement Section 9(b));
- Provide you with general advice and guidance as we deem necessary (see Franchise Agreement Section 5(d));
- Coordinate and conduct periodic training programs for you as we in our sole discretion deem necessary (see Franchise Agreement Section 5(g));
- On a periodic basis, conduct mystery shopper inspections or anonymous evaluations of the Franchised Business and its operations and provide feedback on compliance with our System standards (see Franchise Agreement Section 7(l)); and
- Update the Manuals in our discretion (see Franchise Agreement Section 5(a)).

Advertising

Local Branding

You are required to conduct a minimum number of sales calls per week and spend a minimum dollar amount per month as required by the Manuals as revised from time-to-time. (Franchise Agreement Section

9(a)(v)) You have the right to conduct branding and promotions in respect of the Franchised Business using reasonable discretion and provided that:

- You brand and promote only in a manner that will reflect favorably on us, you, the Services and their good name, goodwill and reputation;
- You may advertise the Franchised Business on the Internet, provided, however, you must provide us access to any Internet promotion, including social media, and permanently transfer such promotion to us upon termination of the Franchise Agreement;
- You may use your own branding and promotional material, however, you must submit it to us for its approval, which approval will not be unreasonably withheld or unduly delayed, and you do not use this branding and promotional material until such time as we give our prior written approval to the use of such branding and promotional material;
- You hereby acknowledge that we are the sole and exclusive owner of all copyrights and any and all branding and promotional material prepared by or on behalf of us or you and such materials will at all times remain our property; and
- You will invest the greater of \$1,000 or 2% of your monthly Gross Sales to a maximum requirement of \$2,000 into local marketing (including online).

General Branding Fund

You are required to contribute to our branding and promotion fund (the “**Fund**”) in an amount of 1% of your Gross Sales (the “**Branding Fee**”) (Franchise Agreement Section 9(c)). The purpose of the brand fund is to promote and enhance the brand across the system. The Fund is administered by us and will be used and spent on, without limitation, media costs, commissions, market research costs, creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by us. We may administer programs of a local, regional or national nature. We are not required to spend any amount from the Fund, or any other source, on advertising in your Territory. You may not receive a proportionate benefit from our branding or promotion programs. We reserve the right to place and develop such branding and promotions and to market them as agent for and on your behalf, either directly in-house or through a branding agency retained or formed for such purpose. The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as we may incur in activities reasonably related to the administration or direction of the Fund and its branding programs (including, without limitation, conducting market research). Any corporately-owned franchise will have to contribute to the Fund in the same manner as other franchises. An unaudited statement of the operations of the Fund will be prepared annually and will be made available to you upon your request, the cost of such statement to be paid by the Fund. Funds not used in a particular year will be carried forward to future years. The Fund will not be used for advertising or marketing activities whose principal purpose is to solicit new franchises, but we reserve the right to include a notation in any advertisement or website indicating that franchises are available or a link to our franchising webpage. During the fiscal year ending September 30, 2021, the Fund was expended as follows:

| | |
|----------------------------|------|
| Brand Development | 64% |
| Online Strategies | 15% |
| Administrative/Salaries | 7% |
| R&D (e.g. market research) | 14% |
| Total | 100% |

Regional Branding Cooperative

We, you or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and the amount to be spent (a “**Branding Cooperative**”). The Branding Cooperative will be mandatory for all franchises in the region, if 75% of the franchises in the region consent to it. We will administer the Branding Cooperative. We may dissolve the Branding Cooperative at any time. Each franchise will contribute their pro rata share (based on the number of franchises in the region) of actual costs. The number of franchisees in the region may change at any time; therefore, the amount you are required to contribute to the Branding Cooperative may change at any time. Any corporately-owned franchise within a Branding Cooperative region will be required to contribute in the same manner as other franchises in the region. The terms of a Branding Cooperative may or may not be in writing and we may or may not require annual financials for a particular Branding Cooperative. Any payments into a Branding Cooperative are in addition to payments you are required to make on account of local advertising and the General Branding Fund. In the event that one franchisee in the region represents more than 50% of all franchisees that region, we will facilitate and approve an agreement that, at our discretion, is in the best interest of the region and each individual franchisee within that region. (Franchise Agreement Section 9(c)).

Pre-opening Branding and Promotion

You are required to spend \$7,000 on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least 1 week immediately preceding the opening of the Franchised Business and until 3 weeks after the opening of the Franchised Business. These funds are paid to third party suppliers from whom you will purchase branding and promotion products and services and are typically not refundable. (Franchise Agreement Section 9(d)).

Franchise Advisory Council

Together with our affiliate Nurse Next Door Canada, there is a franchise advisory council (“**FAC**”) composed of franchisees in both Canada and the United States and members of the Nurse Next Door leadership team. The purpose of the FAC is to discuss matters of importance to the future and growth of Nurse Next Door’s franchise system. We have the authority to change or dissolve the FAC. The FAC serves in an advisory capacity only. To be part of the FAC, Franchise Partners must meet requirements and qualifications contained within the operations manuals which may change from time to time.

Hardware, Software and Internet Connectivity

You must install and maintain a computer system that meets the functional requirements for utilizing the software we require, which currently is AlayaCare scheduling and attendance monitoring software and

QuickBooks accounting software. There are no substitutes for AlayaCare. There are no substitutes for QuickBooks, except if you use different accounting software for your existing business, you may also use it for the Franchised Business, subject to our approval. If you use different accounting software, we will have no obligation to support you in the implementation, use, or compatibility of such alternate software, and you will bear all costs associated with the implementation, use or customization of the alternate software to ensure compatibility with our existing systems. We regularly evaluate our software functionality and may upgrade software and other technology to support efficiency within the system. We expect to transition to a new scheduling software, AlayaCare, in the coming months. You may incur costs associated with this move. We recommend you purchase a tablet laptop, printer, fax or scanner and a smartphone (i.e. iPhone, Android powered device) as well as any other computer supplies you may need. We also require that you have a designated business administration phone line. We estimate the cost of the required computers and peripherals to be between \$500 and \$3,000. The cost for use of the AlayaCare software license is included in the \$8,000 Technology Fee (Franchise Agreement, Section 3(c)(vi)) and its annual maintenance is covered by the \$500 monthly maintenance fee (Franchise Agreement, Section 3(c)(i)(1)).

You are wholly responsible for all hardware and computer network maintenance and maintenance and upgrades of other software, other than AlayaCare, which must be done in a timely manner. The cost for such periodic computer maintenance and upgrades will depend on the type of systems and software you purchase, other than AlayaCare, as well as any maintenance contracts you choose to enter into. We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Franchised Business. Except for annual maintenance to the AlayaCare software, we are not responsible for any maintenance or upgrades to your computer hardware, network connectivity, or software. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade and update the computer hardware and software in conformance with our directives.

We will have independent access to the information and data that you enter into the AlayaCare software. There are no contractual limits to this right of access. At this time we have no other independent access to the information and data that you store or collect electronically, but reserve the right of access in the future.

FOUNDATIONS TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|------------------------------------|-------------------------------------|---|
| Culture, Brand, Painted Picture | 3 | 0 | Vancouver, British Columbia, Canada or Remote |
| Customer Experience (Net Promoter Scores) | 1 | 0 | Vancouver, British Columbia, Canada or Remote |
| Sales, Marketing and Brand System | 4 | 0 | Vancouver, British Columbia, Canada or Remote |
| Nurse Next Door Way | 1.5 | 0 | Vancouver, British Columbia, Canada or Remote |
| People Recruitment, Selection, and Onboarding | 4 | 2 | Vancouver, British Columbia, Canada or Remote |

| | | | |
|---|---|---|---|
| Happier Aging - Intakes | 2 | 1 | Vancouver, British Columbia, Canada or Remote |
| Happier Aging - Consults | 3 | 2 | Vancouver, British Columbia, Canada or Remote |
| Care Management | 3 | 0 | Vancouver, British Columbia, Canada or Remote |
| Care Services Center | 2 | 1 | Vancouver, British Columbia, Canada or Remote |
| Strategic Planning and Performance Management | 2 | 0 | Vancouver, British Columbia, Canada or Remote |
| Financial Planning and Management | 2 | 0 | Vancouver, British Columbia, Canada or Remote |
| Referral Source Sales System | 3 | 0 | Vancouver, British Columbia, Canada or Remote |
| Launch Strategy (One Page Plan) | 2 | 0 | Vancouver, British Columbia, Canada or Remote |

Foundations Training Program

Prior to the opening of the Franchised Business, we will provide you with a Foundations Training Program, components of which may be conducted online and consists of a training course of up to 5 days duration at our corporate office, HeartQuarters, in Vancouver, British Columbia, Canada, or another location designated by us, covering all aspects of the Franchised Business. Marika Svac, Operations Specialist, is in charge of the Foundations Training Program. Marika has significant experience assisting franchisees and others to maximize business performance (See Item 2). Our training staff will include coaches and members of our leadership team under the direction of Marika. The training materials that we use consists of Google Sheets presentations and handouts corresponding to the various topics covered in the presentations

Attendance is mandatory at the Foundations Training Program and it must be completed within 12 weeks of signing the Franchise Agreement. There is currently no charge for attendance at the Foundations Training Program by you. You are responsible for all travel and living expenses for your principal owner and any additional trainees and all wages payable to any trainee; no wages will be payable by us to any such trainee for any service rendered during the course of such training. We generally offer training every 8 to 12 weeks. Following the completion of our Franchise Opener “Countdown to Launch” (see below) and the Foundations Training Program to our satisfaction, you must commence operations of the Franchised Business within 30 days, unless otherwise agreed to in writing by us. If, in our opinion, you demonstrate an inability to effectively manage a Nurse Next Door® franchise, then we may terminate the Franchise Agreement.

Franchise Opener “Countdown to Launch”

Commencing immediately upon signing the Franchise Agreement, our team will guide you through our Franchise Opener “Countdown to Launch”, which will help you get your business ready for launch and prepare you for your Foundations Training Program. During the Franchise Opener you will have access to all materials relevant to operating your business. You will cover various pre-opening activities including

acquiring appropriate insurance, setting up required technology, ordering marketing materials, getting your car wrapped, methods for determining billing and pay rates, recruiting, reviewing all manuals and more. The purpose of the Foundations Training Program is to reinforce the concepts outlined in the manuals and introduced during the Franchise Opener. The Franchise Opener typically lasts 4 to 10 weeks and can overlap with the Foundations Training Program. It must be completed within 12 weeks of signing the Franchise Agreement. (Franchise Agreement Section 5(d)).

Additional Assistance and Training

We may provide additional start-up assistance or retraining or refresher courses, at our discretion. We do not charge a fee for the Foundations Training Program or Franchise Opener “Countdown to Launch”, but may charge a fee for additional training. You must pay for reasonable expenses, including all travel, meal and accommodation expenses (Franchise Agreement Section 5(g)).

We may require you or your employees to attend at your own expense and successfully complete retraining, refresher or continuing educational seminar programs or courses (Franchise Agreement Section 5(g)).

You may receive additional training at our annual convention, if we hold one. The fee you must pay us to attend the annual convention is set out in Item 6.

We may require you to attend additional training as a condition to renewal of the Franchise Agreement.

Fees for additional training will depend on the scope of the particular training required, but will not exceed \$1,500.

Continuing Assistance through the Owner Operator Program

We will provide via access to a business coach, continuing advice and guidance to you in all aspects of the use of the System and the operation of a Franchised Business with respect to the planning, opening and operation of the Franchised Business, including consultation and advice regarding marketing, training and general business operations (Franchise Agreement Section 5(d)).

Site Selection

You may start your Franchised Business from your home, subject to applicable bylaws. If you choose to secure office space, you will need sufficient space to operate computer and telephone equipment and maintain records. We estimate that you will need a minimum of 500 square feet. In addition to the rent you will be required to pay, the cost of office space will depend upon the amount of any deposit you must pay in connection with the rental, build-out costs or pre-paid rent that the landlord may require. Should you choose to run your Franchised Business from an office space, our prior approval is required before your acquisition by lease or purchase of an office space. We do not assist you in finding a location for your Franchised Business but we consider the following general criteria in approving an office space request: (i) proximity to geographical center of the Territory; (ii) proximity to the largest hospital in the Territory; (iii) population concentration; (iv) accessibility of the proposed office space to public transportation; (v) access to viable

workers; (vi) amount and quality of competition; (vii) proximity to schools that offer nursing programs; (viii) appearance of office space location; (ix) total square footage, (x) other amenities including Internet access; (xi) interior space plan and floor layout; and (xii) building, sign and other applicable codes, ordinances, regulations and restrictions (Franchise Agreement Section 7(b)).

Prior to your acquisition by lease or purchase of an office space, you must submit a written office space location review document and such other information or materials as we may reasonably require, and a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed office space. The office space location review document must set out how the office space adheres to each of the above-mentioned criteria. Recognizing that time is of the essence, we will have 15 days after receipt of all information and materials we deem necessary to approve or disapprove the office space location. We will not, however, provide on-site evaluation for any proposed office space location prior to our receipt of the aforementioned information and materials. If we deem on-site evaluation necessary and appropriate, we will conduct one on-site evaluation at our own cost. For each additional on-site evaluation (if any), you will reimburse us for our reasonable expenses including, without limitation, the costs of travel, lodging, and meals. If we cannot agree on a site, you will be required to operate your Franchised Business from your home.

Opening of Franchised Business

The typical length of time between the signing of the Franchise Agreement and the operation of the Franchised Business is 3 to 12 months, but may take significantly longer in certain states due to length of time it takes to obtain licensure. You should investigate the length of time required for licensure in your state before signing the Franchise Agreement. Factors affecting the length of time between signing and operating include how quickly you become accredited (where applicable) and acquire the certificates or licenses required to operate the Franchised Business. If your state allows you to begin operations without a license, or the time it takes to obtain a license is short, you may begin operations sooner than others who are required to wait to obtain state licenses. You are required to commence our Franchise Opener “Countdown to Launch” immediately upon signing the Franchise Agreement and complete it and the Foundations Training Program within 12 weeks of signing the Franchise Agreement, or at such other date that we and you may agree in writing, and provided you have obtained all certificates or licenses required to operate the Franchised Business, you must open your Franchised Business within 30 days of completing our Franchise Opener “Countdown to Launch” and the Foundations Training Program, or by the Start Date, if applicable.

ITEM 12. TERRITORY

You are granted a protected Territory as set forth in Schedule “A” of the Franchise Agreement, subject only to the exceptions described below. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We will grant you a Territory that will have at least 10,000 resident senior citizens as determined by the most current United States census data available, compiled in software provided to us by Tetrad Computer Applications Inc., unless we mutually agree otherwise (i.e. a territory has approximately 9,000 resident senior citizens but a franchisee wants to purchase such territory despite the lower number). Because our Territory grants are based on information provided by the U.S. census data, we cannot guarantee or promise that there will be 10,000 senior citizens in your Territory. We will not grant another franchisee a territory within your Territory based on an increase of the resident senior citizens

population. We may grant you additional territories or additional Franchised Businesses in our absolute discretion upon terms acceptable to us but you do not have the right to acquire additional territories or Franchised Businesses.

You are not allowed to accept Clients outside your Territory, subject to the following exceptions:

- You may accept Clients from outside your Territory if they are not within the territory of another franchisee in the System at the time;
- You may also service a Client in the territory of another franchisee in the System if you had serviced that Client within the 90 days before that territory was granted to another franchisee, or you had serviced that Client within the 90 days before you became our franchisee, and only so long as you continue to consistently provide services to that Client (as determined by us); or
- As directed by us.

Conversely, other franchisees in the System may service Clients in your territory if they serviced those Clients within the 90 days prior to you becoming a franchisee in the System, or they serviced those Clients within 90 days prior to their becoming our franchisee, and only for so long as they continue to consistently provide services to that Client (as determined by us). You are free to market within or outside your Territory, including use of direct marketing, internet or telemarketing, provided you perform such marketing in accordance with the standards set by us. A client is deemed to be within the territory where his or her permanent home address is located, subject to certain exceptions as outlined in the Manuals. See Sections 2(b) and 2(e) of the Franchise Agreement.

Other franchisees may also service clients in your territory if you do not wish to service the client, you are unable to service the client due to pending licensure application or do not have adequate staff at the time of the clients' inquiry.

We will settle all territorial disputes between franchisees, in our sole discretion, in accordance with our policies and procedures.

If you fail to meet the minimum performance requirements set out in Section 6 of the Franchise Agreement or are not otherwise operating in full compliance with the Franchise Agreement, we have the right, in our sole discretion, in addition to or in substitution of any other rights under the Franchise Agreement, to reduce or eliminate the protected Territory or to operate or grant to others the right to operate a Franchised Business within the former Territory. See Sections 2(c) and 6 of the Franchise Agreement.

Provided you are in complete compliance with the terms and conditions of your Franchise Agreement, including achieving the minimum performance requirements, we will not establish, either as a company or as an affiliate owned business, another Franchised Business within your Territory. We may not offer our Services through any other channel of distribution.

We have no proximity policy. We may establish franchisor-owned locations, other franchises or sub-franchises outside your Territory, regardless of proximity to the boundaries of your Territory. We may also establish other franchises or company-owned outlets or other channels of distribution offering similar services under names and trademarks other than the Marks, within your territory, provided they are not in direct competition with you.

We may enter into and service national or regional account contracts with businesses that have locations within your Territory upon providing you with written notice, regardless of whether you have previously serviced such a customer in the past. You will be given the option to service the national account clients located within your Territory and under the terms and conditions of our agreement with the national account. We are not otherwise required to compensate you for any sales we make within that Territory.

If you operate the Franchised Business from your primary residence, you are not required to obtain our prior approval to move the Franchised Business if such move is a result of a relocation of your primary residence. If you operate from your primary residence and want to move to commercial office space or you want to change your existing commercial office space, you will need to obtain our prior written approval. Such approval will be based on the same criteria we require for obtaining the original location as more particularly described in Item 11.

ITEM 13. TRADEMARKS

You receive the right to operate your business under the name, Nurse Next Door®, which is the primary Mark used to identify our System. You may also use any other current or future Marks that we designate to operate your Franchised Business, including the logo on the front of this Disclosure Document and the Marks listed below. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. Nurse Next Door Corporate registered the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

| Mark | Registration Date | Registration Number | Status |
|--|--------------------|---------------------|------------|
|  Nurse Next Door® <i>home care services</i> | November 13, 2007 | 3,334,997 | Registered |
| Making Lives Better | January 12, 2010 | 3,735,778 | Registered |
| Nurse Next Door | September 22, 2009 | 3,685,092 | Registered |
| It’s About Caring, Not Just Health Care | December 16, 2014 | 4,656,624 | Registered |
| Our Talent is Caring | April 14, 2015 | 4,720,523 | Registered |
| Happier Aging | November 21, 2017 | 5,337,810 | Registered |

All required affidavits have been filed and applicable registrations have been renewed.

These Marks do not necessarily include every trademark that is part of the System and the Franchise Agreement gives us the right to add, modify or remove marks from those that we license to you. Certain common law rights have been established with respect to the marks by virtue of their continuous, exclusive and extensive use and advertising. We have the unlimited right to modify or change the Marks we use.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or in any state or federal court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks. There are no agreements

currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise, except for the License and Services Agreement between Nurse Next Door Corporate and us dated as of October 1, 2014, which grants us the exclusive right to use and sublicense the use of the Marks in the United States. The License and Service Agreement is for an initial term of five years and will automatically renew every five years indefinitely unless terminated by mutual consent of the parties, or by Nurse Next Door Corporate for cause. If the License and Service Agreement is terminated, you may be required to stop using the Marks, or your Franchise Agreement may be assigned to Nurse Next Door Corporate, at its option.

Nurse Next Door Corporate has an agreement with Diversified Royalty Corp. (“DRC”), a Canadian public company listed on the Toronto Stock Exchange, whereby Nurse Next Door Corporate sold all of the trademarks and certain other intellectual property owned by Nurse Next Door Corporate (the “IP”) to DRC. The IP sold to DRC included the Marks that we will license to you under the Franchise Agreement. Nurse Next Door Corporate has received cash and convertible securities as payment for the sale of the IP to DRC. Nurse Next Door Corporate is required to make a significant monthly payment to DRC for continued use of the IP. The IP license is for 99 years. The agreement between Nurse Next Door Corporate and DRC does not significantly limit our rights to use or license the Marks in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state in which the Franchised Businesses are to be located. You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

While we are not required to defend you against a claim arising from your use of the Marks, we will reimburse you for all of your expenses reasonably incurred in defending any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. You do not have to spend an amount unreasonably disproportionate to your initial investment during the initial term of the Franchise Agreement to conform your Franchised Business to changes to the Marks and

other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must obtain our consent to apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of our Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using, any domain name containing, the words “Nurse Next Door” or any variation of “Nurse Next Door” without our prior written consent.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the Franchised Business and Nurse Next Door Corporate has no pending patent applications that are material to the Franchised Business. Nurse Next Door Corporate owns copyrights in the Manuals, our website, our marketing materials and holds sufficient rights in other items that are part of the System. While Nurse Next Door Corporate claims copyrights in these and similar items, it has not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use, except that we license certain copyrights and proprietary information from Nurse Next Door Corporate for use in the United States under the terms of the License and Services Agreement referenced in Item 13. If the License and Services Agreement is terminated, you may be required to stop using the copyrights and other proprietary information, or your Franchise Agreement may be assigned to Nurse Next Door Corporate, at its option.

Nurse Next Door Corporate also intends to sell to, and license back from, DRC certain copyrights and proprietary information under the terms of the agreement between Nurse Next Door Corporate and DRC referenced in Item 13.

Nurse Next Door Corporate has developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques and know-how, knowledge of, and experience in, operating a Franchised Business. These trade secrets and other confidential information will be provided to you during our Franchise Opener “Countdown to Launch” and the Foundations Training Program, in the Manuals and as a result of the assistance furnished to you during the term of the Franchise Agreement. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your owners (and members of their immediate families and households), corporate, limited liability company and limited partnership directors, managers, general partners, officers and your operations managers and other

employees may be required to sign a non-disclosure, non-solicitation and non-competition agreement in a form the same as or similar to the Non-Disclosure Agreement in Exhibit A to this Disclosure Document. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the franchised business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed without any compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that are made part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manuals, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

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

Your principal owner must participate personally in the direct operation of the Franchised Business. In limited circumstances, we may allow you to hire a general manager who has successfully completed the Foundations Training Program and who meets our approval to run the Franchised Business. A general manager who meets our approval is not required to own an equity interest in the Franchised Business. Each of your owners must sign the Franchise Agreement and be personally liable for performance of your obligations under the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell those products and services that we have approved. You must offer all products and services that we designate as required for all franchisees. We have the unlimited right to change the types of authorized products or services offered by your franchise.

You may not participate in Medicare or other federal governmental payor programs, except for programs funded by the United States Department of Veterans Affairs, Department of Veterans Health Administration (VA). You may participate in State Medicaid and Medicaid Waiver programs, except for Medicaid programs that require a Medicare number or require billing through Medicare.

Periodically, we may allow certain products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications and regional or local differences. We can suggest retail prices for products and services, which may vary from region to region; however, such recommended prices are not binding upon you and you will at all times be free to charge prices of your own choosing.

With the exception of the territorial restrictions described in Item 12, and the restrictions noted above, we do not place any restrictions upon you that limit the clients to whom you may sell goods or services.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

| Provision | Section in Franchise | Summary |
|---|----------------------|--|
| a. Length of the franchise term | Section 4(a) | The Initial Term is 5 years after the Start Date. |
| b. Renewal or extension of the term | Sections 4(b), (c) | One additional 5 year term. If you fail to meet any one of the conditions in (17c.) below, we may refuse to renew or extend the term of your Franchise Agreement. |
| c. Requirements for franchisee to renew or extend | Section 4(b) | You may renew for an additional 5 year term if you: (i) give us timely notification; (ii) are not in default of any provision of any license for the Franchised Business; (iii) have not committed 2 or more defaults in the past 24 months whether or not timely cured; (iv) timely execute our then-current Franchise Agreement and an addendum to our-then current Franchise Agreement in a form the same or similar to the Addendum (To Franchise Agreement Upon Renewal) attached in Exhibit A of this Disclosure Document, which may contain materially different terms and identifying those provisions of the Franchise Agreement that are not applicable upon renewal; (v) pay a renewal fee; and (vi) sign a general release in a form the same as or similar to the General Release in Exhibit A to this Disclosure Document; and (vii) at our discretion attend additional training. |
| d. Termination by franchisee | Not applicable | Subject to state law. |
| e. Termination by franchisor without cause | Not applicable | If you don't renew, the Franchise Agreement will terminate at expiration of Term. |
| f. Termination by franchisor with cause | Section 16 | We may terminate the Franchise Agreement only upon the happening of an event of termination or upon the default under the terms of another franchise agreement within our System. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate. |
| g. "Cause" defined – curable defaults | Sections 1, 16 | Cause for termination that may be cured is violation of any provision of the Franchise Agreement, except for those that are non-curable or that are not reasonably susceptible to cure. Under the cross-default provision, cause to terminate the Franchise Agreement also includes any circumstance that would give rise to a terminable default under any other franchise agreement between us or our affiliate and you or an entity that is majority-owned by one or more of your owners if you are an entity. |

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| h. "Cause" defined – non-curable defaults | Sections 16(a)(ii)(1) | Non-curable defaults: (i) failure to timely commence or satisfactorily complete our Franchise Opener "Countdown to Launch" or the Foundations Training Program; (ii) Franchised Business is not open 30 days after completion of our Franchise Opener "Countdown to Launch" and the Foundations Training Program or by the Start Date, as applicable; (iii) failure to either obtain all permits, certificates or licenses by the first day of the sixth calendar month following the Effective Date or diligently pursue licenses as reasonably determined by us; or fail to properly maintain such permits, certificates or licenses; (iv) dishonest, criminal or unethical behavior; (v) failure to operate the Franchised Business continuously during the Term during normal hours of operation or cease communications with us; (vi) if you cease or threaten to cease to carry on business or take or threaten to take any action to liquidate assets or stop making payments in the ordinary course; (vii) make a general assignment for the benefit of creditors of the Franchised Business; (viii) a bulk sale of assets; (ix) initiate a proceeding relating to insolvency or bankruptcy; (x) a custodian, receiver, or manager is appointed to take charge of the business, property or assets; (xi) if any lessor or encumbrancer or any other person, corporation or entity lawfully entitled takes possession of any of the business, property or assets of you or any Principal; (xii) a default under any contract of conditional sale, mortgage or other security instrument related to the Franchised Business; (xiii) winding up, dissolution, or liquidation; (xiv) receipt from us, during any consecutive 12 month period, 3 or more notices relating to a default; (xv) material misstatement of any other material information pertaining to the Franchised Business; (xvi) subject to Section 15 of the Franchise Agreement, if you or your controlling shareholder dies or becomes permanently disabled and you or any Principal's spouse or adult child does not desire or is not capable to continue to operate the Franchised Business or the executor, administrator or personal representative has failed to transfer your interest to a third party, approved by us within 6 months after the death or permanent disability; (xvii) if we terminate any other Franchise Agreement between us and you; (xviii) make unauthorized use of, or allow improper access to, the Manuals or any other confidential information; (xix) submit, on 3 or more occasions, reports or other data that understates royalties or other payments by 3% or more, and you cannot demonstrate that it resulted from inadvertent error; (xx) the sale of clients, client service contracts, or the identity of clients, without our consent; and (xxi) failure to cure a breach of any health, safety or other law, the failure of which presents a hazard to a client or other member of the public. |
| i. Franchisee's obligations on | Section 16(c) and (g) | If the Franchise Agreement is terminated or not renewed, you must: (i) immediately upon our request, permit us or our representatives to enter any commercial premises used in |

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| <p>termination / non-renewal</p> | | <p>connection with the Franchised Business and, at our option, to cure any default by you, to operate the Franchised Business for account; (ii) immediately discontinue the operation of the Franchised Business, and the use of the Marks and other proprietary rights licensed under the Franchise Agreement, and similar names and marks; (iii) cease displaying and using all signs, stationery, letterheads, packaging, forms, marks, manuals, bulletins, instruction sheets, printed matter, branding and other physical objects used in connection with the System or containing or bearing any of the Marks or other names, marks or designations, and will not thereafter operate or do business under any name or in any manner in violation of the franchise agreement or that might tend to give the general public the impression that you are associated with us or the System or that it is operating a business similar to a Franchised Business; (iv) notify the telephone company and all listing agencies of the termination or expiration of the Franchise Agreement and your right to use any telephone number or directory listings associated with the Marks, and at our option either cancel or transfer to us or a replacement franchisee all telephone and directory listings associated with the Marks; promptly execute such documents or take such actions as may be necessary to abandon your use of any fictitious business name containing any of the Marks adopted by you; (v) within 7 days after expiration or termination, return to us at your own expense, all copies of the Manuals, and all other confidential material provided to you, and all other materials you are required to return in accordance with the Franchise Agreement or the Manuals, and transfer to us, in a manner we designate, all client lists and client records; and (vi) within 7 days after expiration or termination, will assign all Client contracts to us or our designee and support and assist us or our designee with the client transition.</p> <p>If we terminate the Franchised Business with cause or you terminate the franchise agreement without cause, you must pay us liquidated damages equal to the lesser of the projected Royalty for three years and the projected Royalty for the balance of the term. The projected Royalty will be calculated using the average monthly Royalty during the last six (6) months that business was conducted, or if the business was conducted for less than six (6) months, then the average monthly Royalty over the actual operating period. The minimum value calculated will be based off of the minimum performance requirements as set out by section 6(a) of the Franchise Agreement. We may also pursue all other available remedies.</p> |
| <p>j. Assignment of contract by franchisor</p> | <p>Section 14(e)</p> | <p>There are no restrictions on our right to assign our interest in the Franchise Agreement.</p> |
| <p>k. "Transfer" by franchisee-defined</p> | <p>Section 14</p> | <p>"Transfer" includes transfer of an interest or assets in the franchise, the Franchise Agreement, the franchise location, the</p> |

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| | | assets of the Franchised Business, or change in the voting shares or membership interest (as applicable) of the franchisee. |
| l. Franchisor's approval of transfer by franchisee | Section 14(a) | You may not transfer your interest in any of the items listed in (17k.) above without our prior written consent. |
| m. Conditions for franchisor approval of transfer | Section 14(a) | We will consent to a transfer if: (i) you have provided us with 3 months advanced written notice; (ii) we have not exercised our right of first refusal; (iii) we have approved the transferee; (iv) you are not in default under the Franchise Agreement; (v) all obligations owed to us are paid; (vi) you have delivered to us a release; (vii) you have delivered a written Assignment of Franchise Agreement in a form the same as or similar to the form attached in Exhibit A of this Disclosure Document and an Addendum (To Franchise Agreement Upon Assignment) in a form the same as or similar to the form attached in Exhibit A of this Disclosure Document, or, at our option, the transferee has entered into our then-current franchise agreement and such other documents required to be executed in the granting of a franchise; (viii) the transferee will have provided us such guarantees as we may request; (ix) the transferee will have completed training to our satisfaction; (x) we have the right to disclose to the transferee revenue reports and other financial information concerning the Franchised Business; (xi) the transferee will have submitted to us a business plan satisfactory to us; (xii) the purchase price to be paid by the transferee is reasonable in the circumstances; and (xiii) you pay a transfer fee of \$7,500 if selling to an existing franchise partner or \$15,000 if selling to a purchaser outside of the Nurse Next Door system, of which \$7,500 will be payable upon your declaration of an intent to sell the Franchised Business. We also permit assignments by an individual franchisees to a company controlled by them, assignments between existing owners of franchisees that are companies, and transfers from one controlled company to another controlled company, all subject to certain conditions set out in the Franchise Agreement. |
| | Section 8 of Assignment of Franchise Agreement | We may arbitrarily withhold consent. |
| | Section 4 of Addendum (To Franchise Agreement Upon Assignment) | We will also adjust the minimum performance requirements under the Franchise Agreement to reflect your past performance. |
| n. Franchisor's right of first refusal to | Section 14(b) | We may match an offer for your Franchised Business or an ownership interest you propose to sell. |

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| acquire franchisee's business | | |
| o. Franchisor's option to purchase franchisee's business | Section 14(b) | Except as described in (17n.) above, we do not have the right to purchase your Franchised Business. |
| p. Death or disability of franchisee | Section 15 | After the death or incapacity of an owner of the franchise, the spouse or adult child may operate the Franchised Business if they otherwise qualify to be a franchisee of the System. The representative of the deceased or disabled franchisee must transfer, subject to the terms of the Franchise Agreement, such person's interest in the Franchise Agreement within 180 days of death or incapacity or we may terminate the Franchise Agreement. |
| q. Non-competition covenants during the term of the franchise | Section 13 | You are prohibited from competing with the Franchised Business during the term of the Franchise Agreement. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 13 | You are prohibited from competing with the Franchised Business for 2 years after the termination or expiration of the Franchise Agreement within a 20 mile radius of your Territory or the territory of any other franchisee. |
| s. Modification of the agreement | Sections 5(a), 19(s) | The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manuals without your consent. |
| t. Integration / merger clause | Section 19(s) | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. |
| u. Dispute resolution by arbitration or mediation | Section 19(t) | Subject to certain exceptions and state law, claims must be presented and negotiated for a period of 30 days before mandatory mediation to be held at our Vancouver, British Columbia, Canada offices or such other site as we may designate. If a claim is not resolved by negotiation or mediation, it must be arbitrated. |
| v. Choice of forum | Section 19(h) | Subject to potential limitations of your state's law, arbitration must be in Seattle, Washington, except we may take action in other jurisdictions as may be necessary to obtain declaratory, injunctive, or other relief, subject to state law. |
| w. Choice of law | Section 19(h) | Subject to potential limitations of your state's law, Washington law applies for construction and interpretation of the Franchise Agreement but does not give rise to statutory or regulatory claims that would not otherwise apply. |

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We make the following historic financial performance representations about subsets of our existing franchised territories:

GROSS SALES BY TERRITORY

Gross Sales For Months 1 – 12

Chart 1 below illustrates Gross Sales for the twelve (12) month period from month one (1) to month twelve (12) for territories that were in operation twelve (12) months or longer on September 30, 2021.

Chart 1

| Number of Franchised Territories | Highest Gross Sales for Months 1-12 | Avg. Gross Sales for Months 1-12 | Median Gross Sales for Months 1-12 | Lowest Gross Sales for Months 1-12 | % of Franchised Territories Meeting or Exceeding Average | Number of Franchised Territories Meeting or Exceeding Average |
|---|--|---|---|---|---|--|
| 13 | \$337,380 | \$158,850 | \$154,650 | \$52,230 | 46% | 6 |
| | Highest Gross Sales for Month 12 | Avg. Gross Sales for Month 12 | Median Gross Sales for Month 12 | Lowest Gross Sales for Month 12 | | |
| 13 | \$57,740 | \$19,700 | \$18,640 | \$2,110 | 38% | 5 |

As of September 30, 2021, we had a total of thirty-two (32) territories operating. Chart 1 does not include information for eleven (11) territories that had not been in business for twelve (12) months or longer. In order to reflect changes in the industry, such as the impact of COVID-19, as well as changes in the Nurse Next Door system, Chart 1 also does not include eight (8) territories that began operations prior to June 1, 2018. It does not include data from territories that ceased operations during the relevant period.

Gross Sales for Months 13 - 24

Chart 2 below illustrates Gross Sales for the twelve (12) month period from month thirteen (13) to month twenty-four (24) for territories that were in operation twenty-four (24) months or longer on September 30, 2021.

Chart 2

| Number of Franchised Territories | Highest Gross Sales for Months 13-24 | Avg. Gross Sales for Months 13-24 | Median Gross Sales for Months 13-24 | Lowest Gross Sales For Months 13-24 | % of Franchised Territories Attaining Over Average | Number of Franchised Territories Meeting or Exceeding Average |
|---|---|--|--|--|---|--|
| 8 | \$434,520 | \$292,320 | \$265,460 | \$144,310 | 38% | 3 |
| | Highest Gross Sales for Month 24 | Avg. Gross Sales for Month 24 | Median Gross Sales for Month 24 | Lowest Gross Sales for Month 24 | | |
| 8 | \$40,160 | \$19,210 | \$13,030 | \$6,360 | 38% | 3 |

As of September 30, 2021, we had a total of thirty-two (32) territories operating. Chart 2 does not include information for sixteen (16) territories that had not been in business for twenty-four (24) months or longer. In order to reflect changes in the industry, such as the impact of COVID-19, as well as changes in the Nurse Next Door system, Chart 2 also does not include eight (8) territories that began operations prior to June 1, 2018. It does not include data from territories that ceased operations during the relevant period.

Gross Sales For Months 1 – 12 for Franchised Businesses

Chart 3 below illustrates Gross Sales for the first twelve (12) month period for the territories of franchised businesses from month one (1) to month twelve (12) and had at least one territory in operation for twelve (12) months or longer on September 30, 2021.

Chart 3

| Number of Franchised Businesses | Highest Gross Sales for Months 1-12 | Avg. Gross Sales for Months 1-12 | Median Gross Sales for Months 1-12 | Lowest Gross Sales for Months 1-12 | % of Franchised Territories Meeting or Exceeding Average | Number of Franchised Territories Meeting or Exceeding Average |
|--|--|---|---|---|---|--|
| 12 | \$337,380 | \$178,420 | \$177,940 | \$3,640 | 50% | 6 |
| | Highest Gross Sales for Month 12 | Avg. Gross Sales for Month 12 | Median Gross Sales for Month 12 | Lowest Gross Sales for Month 12 | | |
| 12 | \$60,200 | \$28,650 | \$26,470 | \$6,340 | 50% | 6 |

As of September 30th, 2021, we had total of twenty (20) franchised businesses operating. A franchised business means a franchisee who has one or more locations. Chart 3 does not include eight (8) franchised businesses that had not been in business for twelve (12) months or longer. On average the franchised business in Chart 3 are operating 1.3 territories.. It does not include data from franchised businesses that ceased operations during the relevant period.

Gross Sales Per Client Per Twelve Month

As of September 30, 2021, the “average Gross Sales per client per month” for franchise businesses during their twelve month of operation was \$2,216.

Gross Sales Per Client Per Twelve Month

As of November 30, 2020, the “average Gross Sales per client per month” for franchise businesses during their twelve month of operation was \$2,622.

There has been no material change to the information provided in this Item 19 due to COVID-19.

Admonitions And Other Information

The data above has not been prepared in accordance with generally accepted accounting principles. The figures were compiled from data received from the franchisees using a centralized scheduling system of reporting and may vary month to month.

These figures do not include the financial results of our Health System Franchisees. Health System Franchisees have a built-in referral system, and may have a pre-existing clientele, which may allow them to generate revenue quicker and greater than a non-Health System Franchisee.

Some franchise partners have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Written substantiation for the financial performance representations will be made available to you upon reasonable request.

Gross Sales means all sales generated through the Franchised Business and includes fees for any services sold by you, and all other income related to the Franchised Business. Gross Sales does not include any sales tax that you collect from customers and pay to any taxing authority. Gross Sales also does not include the amount of any refund or credit given in good faith by you in respect of any services, or products returned or exchanged by a customer, provided that the original selling price was included in Gross Sales.

These figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Nurse Next Door business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

You are responsible for developing your own business plan for your business and determining the costs associated with running the franchised business. We recommend you contact a professional or professionals of your choosing to help you understand this Item and this document.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our President and Chief Executive

Officer, Cathy Thorpe, at Suite 300 – 1788 West 5th Avenue, Vancouver, British Columbia V6J 1P2, 604-228-4357; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Unless otherwise indicated, all numbers are as of September 30 each year.

Table No. 1
System-wide Outlet Summary
For Years 2019 to 2021 and Period Ending September 30, 2021

| Outlet Type | Year | Outlets Open at Start of Year | Outlets Open at End of Year/Period | Net Change |
|--------------------|-------------|--------------------------------------|---|-------------------|
| Franchised | 2019 | 89 | 106 | +17 |
| | 2020 | 106 | 30 | -76* |
| | 2021 | 30 | 33 | +3 |
| Company Owned | 2019 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 |
| Total | 2019 | 89 | 106 | +17 |
| | 2020 | 106 | 30 | -76 |
| | 2021 | 30 | 33 | +3 |

*Note: As of August 14th, 2020, St. Joseph Health, a large California-based health care system, began transitioning its 42 franchised units out of the Nurse Next Door system.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021 and Period Ended September 30th, 2021

| State | Year | Number of Transfers |
|------------|------|---------------------|
| California | 2019 | 0 |
| | 2020 | 2 |
| | 2021 | 0 |
| Wisconsin | 2019 | 0 |
| | 2020 | 0 |
| | 2021 | 0 |
| Georgia | 2019 | 0 |
| | 2020 | 2 |
| | 2021 | 0 |
| Total | 2019 | 0 |
| | 2020 | 4 |
| | 2021 | 0 |

Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021 and Period Ending September 30, 2021

| State | Year | Outlets Open at Start of Year | Outlets Opened | Terminations | Non-Renewals | Re-acquired by Franchisor | Ceased Operations – Other Reasons | Outlets Open at End of Year/Period |
|-------------|------|-------------------------------|----------------|--------------|--------------|---------------------------|-----------------------------------|------------------------------------|
| Alabama | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Arizona | 2019 | 2 | 3 | 0 | 0 | 0 | 0 | 5 |
| | 2020 | 5 | 1 | 0 | 0 | 0 | 6 | 0 |
| | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| California | 2019 | 55 | 6 | 0 | 0 | 0 | 0 | 61 |
| | 2020 | 61 | 1 | 10 | 0 | 0 | 43* | 9 |
| | 2021 | 9 | 5 | 2 | 0 | 0 | 0 | 12 |
| Colorado | 2019 | 1 | 1 | 0 | 1 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Connecticut | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Delaware | 2019 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 3 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Florida | 2019 | 5 | 4 | 2 | 0 | 0 | 0 | 7 |
| | 2020 | 7 | 0 | 6 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| Georgia | 2019 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 0 | 0 | 0 | 0 | 3 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Idaho | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets Open at Start of Year | Outlets Opened | Terminations | Non-Renewals | Re-acquired by Franchisor | Ceased Operations – Other Reasons | Outlets Open at End of Year/Period |
|----------------|------|-------------------------------|----------------|--------------|--------------|---------------------------|-----------------------------------|------------------------------------|
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Indiana | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Iowa | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Massachusetts | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Michigan | 2019 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 1 | 0 | 0 | 0 | 2 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Jersey | 2019 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Missouri | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nebraska | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Nevada | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| North Carolina | 2019 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2020 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2021 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| Oklahoma | 2019 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets Open at Start of Year | Outlets Opened | Terminations | Non-Renewals | Re-acquired by Franchisor | Ceased Operations – Other Reasons | Outlets Open at End of Year/Period |
|----------------|------|-------------------------------|----------------|--------------|--------------|---------------------------|-----------------------------------|------------------------------------|
| | 2020 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Carolina | 2019 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Tennessee | 2019 | 3 | 0 | 0 | 0 | 0 | 2 | 1 |
| | 2020 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2021 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Texas | 2019 | 8 | 4 | 0 | 0 | 0 | 2 | 10 |
| | 2020 | 10 | 2 | 6 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| Virginia | 2019 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2020 | 3 | 3 | 0 | 0 | 0 | 0 | 6 |
| | 2021 | 6 | 0 | 4 | 0 | 0 | 0 | 2 |
| Washington | 2019 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wisconsin | 2019 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2020 | 2 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 2021 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Total | 2019 | 89 | 27 | 3 | 1 | 0 | 6 | 106 |
| | 2020 | 106 | 10 | 24 | 1 | 0 | 61 | 30 |
| | 2021 | 30 | 15 | 12 | 0 | 0 | 0 | 33 |

*Note: As of August 14th, 2020, St. Joseph Health, a large California-based health care system, began transitioning its 42 franchised units out of the Nurse Next Door system. St. Joseph Health terminated its master license agreement with us because it felt that our for profit model did not meet its charitable mandate. It will continue to independently operate all of its existing units.

Table No. 4
Status of Company-Owned Outlets
For Years 2019 to 2021 and Period Ending September 30th, 2021

| State | Year | Outlets Open at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets Open at End of Year/Period |
|--------------|-------------|--------------------------------------|-----------------------|--|-----------------------|------------------------------------|---|
| All States | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2019 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 5
Projected Openings as of December 7, 2021

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets In the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|----------------|--|---|--|
| Arizona | 0 | 1 | 0 |
| California | 3 | 5 | 0 |
| Colorado | 1 | 0 | 0 |
| Illinois | 2 | 1 | 0 |
| Indiana | 1 | 0 | 0 |
| Louisiana | 2 | 0 | 0 |
| Florida | 7 | 2 | 0 |
| Massachusetts | 1 | 1 | 0 |
| Michigan | 1 | 1 | 0 |
| Nevada | 4 | 1 | 0 |
| North Carolina | 5 | 1 | 0 |
| Texas | 3 | 2 | 0 |
| Virginia | 1 | 1 | 0 |
| Pennsylvania | 3 | 0 | 0 |
| Oregon | 4 | 0 | 0 |
| Utah | 1 | 0 | 0 |
| Washington | 4 | 1 | 0 |
| Other States | 0 | 5 | 0 |
| Total: | 43* | 22 | 0 |

* Of the 43 Franchise Agreements Signed But Outlet Not Opened, we anticipate that 10 of these outlets will be opened by March 31, 2022.

The name of each of our current franchisees, including those who have signed Franchise Agreements but are not yet open, and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is attached as Exhibit C to this Disclosure Document. The name and last known city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee within the most recently completed fiscal year who has transferred an outlet or had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document is attached as Exhibit C to this Disclosure Document.

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We are not currently aware of any trademark-specific franchisee organization associated with our franchise system.

ITEM 21. FINANCIAL STATEMENTS

Our fiscal year end is September 30. Exhibit B to this disclosure document contains our audited financial statements for our fiscal years ended September 30, 2019, September 30, 2020, September 30, 2021.

ITEM 22. CONTRACTS

Exhibit A to this Disclosure Document contains all proposed agreements regarding this franchise offering. Those agreements are as follows:

FRANCHISE AGREEMENT WITH PERSONAL GUARANTY
CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS
STATE SPECIFIC ADDENDA/AMENDMENTS
FINAL DISCLOSURE QUESTIONNAIRE
GENERAL RELEASE
NON-DISCLOSURE AGREEMENT
TERMINATION AGREEMENT AND RELEASE OF CLAIMS
DEPOSIT AGREEMENT
LOAN, SECURITY AND GUARANTEE AGREEMENT
ASSIGNMENT OF FRANCHISE AGREEMENT
ADDENDUM (TO FRANCHISE AGREEMENT UPON ASSIGNMENT)
ADDENDUM (TO FRANCHISE AGREEMENT UPON RENEWAL)
BUSINESS ASSOCIATE AGREEMENT
ACH FORM
PERFORMANCE DELAY ADDENDUM

We urge you to read carefully all agreements before signing them. This Disclosure Document cannot possibly contain or describe every term of the various agreements and the agreements impose legal duties and obligations that you will be required to fulfill.

ITEM 23. RECEIPTS

Please see Exhibit F to this disclosure document for receipt pages for confirming your receipt of this disclosure document. Please sign and date both, return one to us and retain one for your records.

Exhibit A
Franchise Agreement

**NURSE NEXT DOOR HOME
HEALTHCARE SERVICES
(USA) INC.**

FRANCHISE AGREEMENT

AREA:

[LOCATION]

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FRANCHISE AGREEMENT

This franchise agreement (the “**Agreement**”) made this [Day] day of [Month] [Year]

BETWEEN:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC., a corporation incorporated under the laws of Washington, with an office located at Suite 300 – 1788 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2

(the “**Franchisor**”)

AND:

[NAME OF FRANCHISEE]
[123 Main Street
Anytown, State, USA
12345]

(the “**Franchisee**”)

AND:

[NAME OF INDIVIDUAL]
[123 Main Street
Anytown, State, USA
12345]

(the “**Principal**”)

WHEREAS:

- A. The Franchisor has developed a system identified and distinguished by valuable formats, formulas, procedures, information, knowledge and practices used to provide non-medical care and skilled nursing services to clients with varying needs within their home and supplemental healthcare staffing to institutional clients, such as hospitals, retirement facilities and clinics, as well as providing ancillary and related services using the Nurse Next Door ® business system (the “**System**”);
- B. The Franchisor has the right to use certain proprietary interests, trademarks, trade names and logos to identify for the public the source of goods and services marketed thereunder and to represent to the public high and uniform standards of quality, appearance and service;

- C. The Franchisor has established business reputation, demand for its Services (as defined below) and built up valuable goodwill by reason of a uniform business format and system and high standards of quality and service;
- D. The Franchisee wishes to acquire from the Franchisor the right and license to operate a Franchised Business (as defined below) utilizing the System and Marks (as defined below) within the Territory (as defined below) upon the terms and conditions contained in this Agreement; and
- E. Prior to the Franchisee executing this or any other binding agreement or paying any non-refundable consideration, the Franchisee acknowledges that it has had adequate opportunity to review this Agreement (with all blank spaces completed) with legal and accounting professionals of their own choosing and that it is aware of the business risks involved in entering into this Agreement (as defined below) and operating the Franchised Business (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties agree as follows:

1. DEFINITIONS

Where used in this Agreement or in any of the attached schedules or amendments, the following terms shall have the following meanings:

- (a) “**Affiliate**” or “**Affiliates**” means, with respect to any specified person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the specified person or entity (with the terms “controls”, “controlled by” and “under common control with” having the meanings used in the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder); and “**Related Person**” or “**Related Persons**” means with respect to any specified person any other person known by the specified person to be related to the specified person by blood or marriage.
- (b) “**Agreement**” means this Agreement and any schedules and exhibits attached to this Agreement, as amended by the parties hereto;
- (c) “**Branding Cooperative**” has the meaning set out in Section 9(c);
- (d) “**Care Services Center**” has the meaning set out in Section 3(c);
- (e) “**Cause**” means a material default of this Agreement, including any provision of the Manual;

- (f) “**Client**” or “**Clients,**” collectively, means all individuals, firms, companies or other entities that:
 - (i) Pay for or receive the Services; and
 - (ii) Refer the individuals, firms, companies and other entities described in (i) to the Franchisee;
- (g) “**Competitive Business**” means any business that is engaged principally in providing the same or similar services offered by the Franchisor’s franchisees, and includes the business that is operated by the Franchisee as part of the Franchised Business. Competitive Business includes a business that offers services similar to the Franchisor’s palliative care services, back-up or emergency care services, its concierge services, corporate home health care services or long-distance services but does not include any nursing services that the Franchisee’s Principal(s) may provide as an employee of a hospital or not-for-profit organization or any nursing services substantially identical to the services provided by the Franchisee’s Principal(s) before entering into this Agreement.
- (h) “**Default**” means the failure of a party to perform under the terms of this Agreement;
- (i) “**Effective Date**” means the date that the Franchisor signed this Agreement;
- (j) “**Franchised Business**” or “**Franchised Businesses,**” has the meaning set out in Section 2(a) hereof;
- (k) “**Fund**” has the meaning set out in Section 9(b);
- (l) “**Gross Sales**” means the entire amount of all sales of Services and all other fees, charges, revenues, incomes, commissions and other consideration received or receivable by the Franchisee, directly or indirectly, in connection with the Franchised Business or otherwise and whether for check, cash, credit, charge accounts, exchange or otherwise. There shall be no deductions allowed for uncollected or uncollectible credit accounts and no allowances shall be made for bad debts. Gross Sales shall include the amount of all sales assumed to have been lost by the interruption of business, which the Franchisor may determine on the basis upon which proceeds of any business interruption insurance are paid or are payable to the Franchisee. Gross Sales shall not include:
 - (i) The amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by the Franchisee to such governmental authority; and

- (ii) The amount of the refund or credit given in good faith by the Franchisee in respect of any products returned or exchanged by a customer for which a refund of the whole or a part of the purchase price is made or for which a credit is given, provided that the selling price thereof was included in Gross Sales;
- (m) “**including**” means including, without limitation, and “**includes**” means includes, without limitation;
- (n) “**Initial Franchise Fee**” has the meaning set out in Section 3(a);
- (o) “**Initial Term**” has the meaning set out in Section 4(a);
- (p) “**Initial Training Program**” has the meaning set out in Section 5(a);
- (q) “**Interest Rate**” means a rate of interest equal to the lesser of two (2%) percent per month compounded (twenty-six point eighty-two (26.82%) percent per annum) or the maximum rate of interest permitted by law;
- (r) “**Manual**” or “**Manuals**” means, all training manuals, books, pamphlets, bulletins, memoranda, letters, notices or other publications or documents prepared by or on behalf of the Franchisor for use by franchisees generally or for the Franchisee in particular, setting forth information, advice, standards, requirements, operating procedures, instructions or policies relating to the operation of a Franchised Business, as the same may be amended;
- (s) “**Marks**” means the trademark Nurse Next Door® together with such other trade names, trademarks, symbols, logos, distinctive names, certification marks, logo designs, insignia or otherwise which may be designated by the Franchisor as part of the System, and not thereafter withdrawn;
- (t) “**Non-Medical Services**” means a service that helps those in need by assisting with activities of daily living in order to continue living life from the comfort of one’s own home, including companionship services;
- (u) “**Notices**” has the meaning set out in Section 19(f);
- (v) “**Offer**” has the meaning set out in Section 14(b);
- (w) “**Principal**” means each individual owner (whether direct or indirect), director, manager, officer of the Franchisee.
- (x) “**Recipient Party**” has the meaning set out in Section 19(t);
- (y) “**Renewal Term**” has the meaning set out in Section 4(b);
- (z) “**Restricted Period**” has the meaning set out in Section 13(b);

- (aa) “**Services**” means all services performed and any related merchandise, supplies or accessories authorized by the Franchisor to be offered or sold through the Franchised Business;
- (bb) “**Skilled Nursing Services**” refers to a client’s need of care or treatment that can only be provided by a licensed nurse;
- (cc) “**Start Date**” means the first calendar day of the first calendar month immediately following the date on which:
 - (i) The Franchisee is granted the licenses required for Non-Medical Services and Skilled Nursing Services as a home health agency;
 - (ii) The Franchisee has obtained the required insurance coverage and provided a copy of the certificate of coverage to Franchisor; and
 - (iii) The required people from the Franchisee have completed the Initial Training Program;

however, the Start Date shall not occur any later than the first day of the sixth full calendar month following the Effective Date unless the parties to this Agreement agree to a different date in writing;

- (dd) “**Statement of Dispute**” has the meaning set out in Section 19(t);
- (ee) “**System**” has the meaning set out in Recital A above;
- (ff) “**Technology Start-up Fee**” has the meaning set out in Section 3(c);
- (gg) “**Territory**” means the area described in the attached Schedule “A”; and
- (hh) “**Transfer**” has the meaning set out in Section 14(a).

2. GRANT

- (a) Grant. Subject to the provisions of this Agreement and for the Initial Term and any Renewal Term, if applicable, the Franchisor hereby grants to the Franchisee a non-exclusive right to:
 - (i) use, operate and participate in the System; and
 - (ii) use and display the Marks;

solely in connection with the operation of a business under the name Nurse Next Door®, or such other name as may be designated by the Franchisor, as provided in the Manuals (the “**Franchised Business**”). In all other respects, the Franchisor reserves all rights under the Marks. Termination or expiration of this Agreement shall constitute a termination or expiration of the rights and license granted herein.

- (b) Territorial Restrictions. The Franchisee shall not accept Clients from outside of its Territory unless such Clients are not within the territory of another franchisee. The Franchisee may provide service to Clients within another franchisee's territory provided that:
- (i) the Franchisee provided Services to such Client on a consistent basis within ninety (90) days immediately preceding (A) the acquisition of such territory by another franchisee, or (B) the Effective Date;
 - (ii) the Franchisee continues to provide Services to such Client on a consistent basis, all as determined by the Franchisor in its sole discretion; and
 - (iii) For the purposes of this Agreement, a Client is inside a Territory where his or her permanent physical address is located, subject to certain exceptions as outlined in the Manuals.

Should any dispute arise between franchisees regarding the servicing of Clients, the Franchisor will settle it, in its sole discretion, in accordance with its policies and procedures. Nothing in this Section 2(b) shall prevent the Franchisee from marketing outside of its Territory, including marketing within the territory of other franchisees in the System; and provided further that any such provision of Services or marketing outside the Territory is performed strictly in compliance with the policies and procedures established by the Franchisor in the Manuals and in accordance with applicable laws, and is directed only to Clients within the United States.

- (c) Minimum Performance Requirements. The Franchisees' rights to operate within the granted Territory and under this Agreement are subject to its full compliance with all of the terms, conditions and provisions of this Agreement, including the minimum performance requirements set out in Section 6 of this Agreement. In the event the Franchisee fails to meet such minimum performance requirements or is not otherwise operating in full compliance with this Agreement, the Franchisor shall have the right, in addition to or in substitution of any other rights under this Agreement, to reduce or eliminate the Territory, operate or grant to others the right to operate a Franchised Business within the former Territory or to terminate this Agreement, at the Franchisor's sole discretion.
- (d) Title, Ownership Rights and Intellectual Property Rights. Subject to the non-exclusive right granted in Section 2(a) hereof, all rights, title, ownership rights and intellectual property rights in and to the System, including without limitation the rights to any goodwill, copyrights, patents, patentable subject-matter, proprietary software, the Marks, other business names, trade names and trademarks, trade secrets including customer lists, customer prospect lists, former customer lists, marketing methods and data and confidential information including such intellectual property developed by the Franchisee, the Franchisor or third licensor for use in the System, is the exclusive property of the Franchisor and its licensor and will remain the exclusive property of the Franchisor and its

licensor. The Franchisee hereby transfers and assigns to the Franchisor and its licensor all right, title and interest to any intellectual property developed by, or that may be developed by, the Franchisee, or any third party on behalf of the Franchisee, and will take all other steps necessary to transfer and assign all right, title and interest to the Franchisor and its licensor. No proprietary right, title or interest in or to the System is granted under this Agreement, nor will such right, title or interest transfer at any time to the Franchisee.

- (e) Protected Territory. The Franchisor grants the Franchisee a protected but non-exclusive Territory in which the Franchisor shall refrain from operating or granting to anyone else a franchise to operate a Franchised Business subject to the following:
- (i) The Franchisee has not breached any of the terms and conditions of this Agreement;
 - (ii) The Franchisor or the Franchisor's designee may enter into and service national or regional account contracts with businesses that have locations within the Territory, upon providing the Franchisee with written notice, regardless of whether the Franchisee previously serviced such a customer in the past. The Franchisee will be given the option to service the national account locations in the Territory by agreeing to participate in the Franchisor's national account program provided that the Franchisee agrees to do so, and continues to do so, under the terms and conditions of the Franchisor's agreement with the national account;
 - (iii) Other franchisees in the System may accept orders for Services from Clients within the Territory, provided that:
 - (1) Such other franchisee provided Services to such Client on a consistent basis within ninety (90) days immediately preceding, (A) the acquisition of such Territory by the Franchisee, or (B) the acquisition of a franchise by such other franchisee;
 - (2) Such other franchisee continues to provide Services to such Client on a consistent basis, all as determined by the Franchisor in its sole discretion; and
 - (3) Provided further that any such provision of Services described in (1) or (2) above is performed strictly in compliance with the policies and procedures established by the Franchisor in the Manuals.
 - (iv) In addition, other franchisees in the System may accept orders for Services from Clients within the Territory, if the Franchisee does not wish, is unable because of licensure issues, or does not have adequate staff, to provide Services to the Client.

- (f) Opening of Franchised Business.
- (i) The Franchisee shall commence the Franchisor's franchise opener program, "Countdown to Launch", immediately upon signing this Agreement and shall complete the franchise opener program and its Initial Training Program no later than twelve (12) weeks following the Effective Date, or at such other date that the Franchisor and the Franchisee may agree in writing.
 - (ii) Provided the Franchisee has obtained all certificates or licenses required to operate the Franchised Business, the Franchisee shall open its Franchised Business no later than thirty (30) days following the completion of the franchise opener program and its Initial Training Program, otherwise the Franchisee shall open on the Start Date. Failure to open as required by this Agreement shall be grounds for termination pursuant to Section 16.
 - (iii) In the event that the Franchisor elects to exercise its option to terminate this Agreement pursuant to this Section 2(f), the Franchisor will not refund any portion of the Initial Franchise Fee.
- (g) Licensing Requirements. The Franchisee may be required to obtain certain state or local licenses, permits, certificates and registrations to operate the Franchised Business (collectively, "licenses"). It is the Franchisee's sole responsibility to investigate which licenses are necessary to the Franchised Business within the Franchisee's Territory. If the Franchisee is not properly licensed to provide Non-Medical Services as of the Effective Date, the Franchisee will diligently pursue proper licensure upon executing this Agreement. If properly licensed, the Franchisee may commence offering Non-Medical Services for a period of up to two years. Prior to the expiry of the two years while the Franchisee is providing Non-Medical Services, the Franchisee must apply and diligently attempt to obtain a Skilled Nursing Services license. While awaiting the approval of a Skilled Nursing Services license, the Franchisee must continue to adhere with all state licensing requirements and regulations pertaining to Non-Medical Services. The Franchisee's failure to either (i) obtain all permits, certifications or licenses necessary to open and operate the Franchised Business by the first day of the sixth full calendar month following the Effective Date, or (ii) diligently pursue licensure, as reasonably determined by the Franchisor, shall be deemed a Default and the Franchisor may terminate this Agreement. In the event the Franchisor elects to exercise its option to terminate this Agreement pursuant to this Section 2(h), the Franchisor will not refund any portion of the Initial Franchise Fee. The Franchisor may require that the Franchisee list the Franchisor or its Affiliate as a co-applicant.

3. INITIAL FEE AND ROYALTIES

- (a) Initial Fee. In consideration of the Franchisee receiving the grant to operate the Franchised Business, the Franchisee shall pay to the Franchisor, upon the execution of this Agreement, an initial, non-recurring, non-refundable franchise fee in the amount of fifty-eight thousand (\$58,000) dollars (the “**Initial Franchise Fee**”). The Initial Franchise Fee shall be deemed to be fully earned by the Franchisor upon its execution of this Agreement. The Franchisee shall not be entitled to a refund of any part of the Initial Franchise Fee, regardless of the date of expiration or termination of this Agreement, except as specifically provided in this Agreement.
- (b) Continuing Royalty. In return for the on-going rights and privileges granted to the Franchisee hereunder, the Franchisee shall pay to the Franchisor:
- (i) if the Franchisee operates the Franchised Business between the Effective Date and the Start Date, a royalty equal to five (5%) percent of monthly Gross Sales following the Effective Date; and
 - (ii) following the Start Date, a royalty equal to the greater of:
 - (1) five (5%) percent of Gross Sales; or
 - (2) during:
 - (A) the first twelve (12) month period following the Start Date of the Franchised Business, six thousand two hundred fifty (\$6,250) dollars;
 - (B) the second twelve (12) month period following the Start Date of the Franchised Business, eleven thousand two hundred fifty (\$11,250) dollars;
 - (C) the third twelve (12) month period following the Start Date of the Franchised Business, sixteen thousand two hundred fifty (\$16,250) dollars;
 - (D) the fourth twelve (12) month period following the Start Date of the Franchised Business, twenty-one thousand two hundred fifty (\$21,250) dollars;
 - (E) the fifth twelve (12) month period following the Start Date of the Franchised Business, twenty-six thousand two hundred fifty (\$26,250) dollars;
 - (F) each twelve (12) month period thereafter (including such periods during any Renewal Term, if any), twenty-six thousand two hundred fifty (\$26,250) dollars plus a compound annual increase of ten (10%) percent per

twelve (12) month period, until and including year twelve (12); and

- (G) for each year commencing from year thirteen (13) until year fifteen (15) the greater of five (5%) percent of Gross Sales for such year or five (5%) percent of the Minimum Gross Sales under Section 6(a)(vii);

with all such payments to be payable in accordance with Section 3(i), hereof.

(c) Technology Support and Managed Services Fee

- (i) The Franchisee is required to use the technology platform offered by the Franchisor as detailed in the Manuals.
- (ii) The Franchisee is required to pay the Franchisor a mandatory monthly technology maintenance fee of five hundred (\$500) dollars. The Franchisor reserves the right to increase the infrastructure territory fees to such levels as the Franchisor deems reasonable effective upon any renewal of the Franchise Agreement to be disclosed to the Franchisee prior to the Franchisee's renewal of the Franchise Agreement.
- (iii) Franchisee is required to pay a mandatory monthly G-Suite Fee user fee of \$12.00 per named Business User (Franchisee / Care Designer) and \$2.75 per named Business Lite User (Caregiver). The first two Franchisee / Care Designer licenses are included in the aforesaid monthly five hundred (\$500) dollar fee. The Franchisor reserves the right to increase G-Suite named user fees to such levels as the Franchisor deems reasonable effective upon any renewal of the Franchise Agreement to be disclosed to the Franchisee prior to the Franchisee's renewal of the Franchise Agreement.
- (iv) Should the Franchisee unbundle services as per Section 3(e) hereof, the Franchisee is required to pay the Franchisor an additional monthly technology platform fee of seven dollars and seventy cents (\$7.70) per user will apply for each franchisee, care designer and caregiver license. This additional monthly fee will be waived by the Franchisor should any unbundled service be selected by the Franchisee under Section 3(e) hereof.
- (v) The Franchisor reserves the right to increase the platform user fees to such levels as the Franchisor deems reasonable effective upon any renewal of the Franchise Agreement to be disclosed to the Franchisee prior to the Franchisee's renewal of the Franchise Agreement.
- (vi) Information Technology Requirements. If required by the Franchisor, the Franchisee shall acquire, license, use and maintain, as the case may be, a computer system, software and other information technology systems and services, including Internet service, meeting the Franchisor's standards and specifications. The Franchisee's use of such

information technology meeting the Franchisor's standards and specifications is necessary for the Franchisee to fully utilize the System, obtain certain services from the Franchisor and communicate with the Franchisor, Clients and others.

- (vii) All fees under this Section 3(c) to be payable in accordance with Section 3(i), hereof.

(d) Care Services Center – Bundled Services

- (i) The Franchisor shall maintain and administer a care services center for the System (the “**Care Services Center**”). The Franchisee is required to utilize the Care Service Center and use the Care Services Center for the Bundled Services or, subject to Section 3(e)(i), use the Care Services Center for one or more of the Unbundled Services. If the Franchisee uses the Care Services Center for the Bundled Services the Franchisee will contribute to the Franchisor a fee in each month after the Effective Date an amount equal to the sum of:

- (1) the greater of:
 - (A) seven (7%) percent of the Franchisee's Gross Sales; or
 - (B) three hundred (\$300) dollars; plus
- (2) any third party licensing fees assessed, at a commercially reasonable amount, against or payable by the Franchisor in connection with the Franchisee's participation in the Care Services Center. Such fees shall include, but are not limited to:
 - (A) the purchase of additional user licenses for third party scheduling software;
 - (B) any applicable ongoing maintenance fees associated with the purchase of additional user licenses; and
 - (C) the purchase of additional operating system licenses to access the scheduling system;

with all such payments to be payable in accordance with Section 3(i) hereof.

- (ii) The services provided by the Care Services Center are determined by the Franchisor and any changes to the services of the Care Services Center will be communicated to the Franchisee. The Franchisor reserves the right to increase such fees to such levels as the Franchisor deems reasonable effective upon any renewal of the Franchise Agreement to be disclosed to the Franchisee prior to the Franchisee's renewal of the Franchise Agreement.

- (iii) The Franchisee acknowledges and agrees that the Care Services Center is to be used for the placement of orders for Services and handling of customers throughout the System, and to maintain the Client database. The Franchisee acknowledges and agrees that the Client database and the Intellectual Property is owned by the Franchisor and the Franchisee will keep current all client data and provide same to the Care Services Center and will not alter such client data within its knowledge for competitive purposes. The Franchisor undertakes no obligation to ensure that any particular franchisee (including the Franchisee) benefits on a pro-rata basis from the Care Services Center. The Franchisee agrees to be respectful towards and interact with the Care Services Center in accordance with the Manuals and the purpose and core values of the System.
- (iv) The Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Care Services Center. The Franchisor shall be under no obligation to account for or provide statements with respect to the Care Services Center. The Franchisee is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or the administration of the Care Services Center. Any obligation of the Franchisor with respect to the Care Services Center shall be contractual in nature and the Franchisee shall have no proprietary right in the Care Services Center and the payments made by franchisees with respect to and it shall not constitute a trust fund.
- (v) As the owner of the franchised business, regardless of the service(s) provided by the Care Services Center, the Franchisee will at all times be responsible for all employment decisions of the franchised business including but not limited to hiring, firing, training, promotion, remuneration, compliance with wage and hour requirements, recordkeeping, supervision and discipline of employees. The Franchisee must comply with all employment related laws. The Franchisee may never contend that Nurse Next Door's authority under this Agreement to provide Care Services Center services to the Franchised Business directly or indirectly vests in Nurse Next Door the power to hire, fire or control in any manner whatsoever the employees of the Franchised Business. Further, the Franchisee will indemnify Nurse Next Door for any action or settlement related to the Franchisee's employment practices.
- (vi) Upon execution of this Agreement, the Franchisee will pay to the Franchisor an initial start-up technology fee of eight thousand (\$8,000) dollars (the "**Technology Start-up Fee**") to pay the initial software license fees and other costs relevant to start-up. All licenses (including, inter alia, software and end user licenses) are owned by the Franchisor and the Franchisee is granted use of said licenses for the term of this Agreement. Accordingly, the Franchisee shall have no right to sell,

assign, transfer, share or encumber said licenses, in whole or in part, during or after the term of this Agreement in any manner whatsoever. The Technology Start-up Fee shall be deemed to be fully earned by the Franchisor upon the execution of this Agreement by the Franchisee and in consideration of the grant by it to the Franchisee of the opportunity to establish a Franchised Business as herein provided and the Franchisee shall not be entitled to a refund of any part thereof, regardless of the date of expiration or termination of this Agreement, except as otherwise specifically provided for herein.

(e) Unbundled Services

- (i) Once the Franchisee reaches \$40,000 in monthly Gross Sales for three (3) consecutive months, the Franchisee may complete an Unbundled Declaration Form indicating that the Franchisee wishes to end its receipt of the Bundled Services and the Franchisee may choose to receive any of the following unbundled services (the “**Unbundled Services**”) subject to making the following contributions to the Franchisor in lieu of the care services fee and associated licensing fees under Section 3(d)(i), payable in accordance with Section 3(i) hereof:
- (A) Intakes calls at three (3%) percent of Gross Sales;
 - (B) Virtual consultations at two (2%) percent of Gross Sales;
 - (C) 7-day overnight live support (from 19:00 hours to 07:00 hours in local time) for attendance monitoring services, intake calls and call answer (in accordance with the workflows as published in the Operations Manual) at two (2%) of Gross Sales.
 - (D) Attendance monitoring services at two (2%) percent of Gross Sales;
 - (E) Scheduling to fill visits with available caregivers at two (2%) percent of Gross Sales; and/or
 - (F) Leverage the Care Services Platform for services 24 hours/day, 7 days/week, 365 days/year for intake calls, virtual consultations, overnight live support coverage, attendance monitoring, schedule filling are provided by the local team at the Franchise location at five (5%) percent of Gross Sales.

The Franchisee agrees to refrain from providing Unbundled Services to any other franchisee of the Franchisor or of its Affiliates. The Franchisee agrees to refrain from obtaining Unbundled Services from any other franchisee of the Franchisor or of its Affiliates, whether through subcontract or otherwise.

The Franchisor and the Franchisee agree that if the Franchisee elects to select one or more of the Unbundled Services, the Franchisee may terminate the election after a trial period of six months following the commencement of the Unbundled Services and revert

to receiving the Bundled Services. The Franchisee may choose elect to add additional Unbundled Services. The Franchisee has thirty (30) days prior to the end of the six-month period to exercise this option after which the option expires.

If the Franchisee elects to receive the Unbundled Services, it will be required to pay the fees set out in Section 4(e)(i) and such fees shall be paid in accordance with Section 4(i) of this Agreement.

- (f) Volume Discount. The care services fees under section 3(d) are subject to a volume discount at the following Gross Sales targets and corresponding reduction percentages:
- (i) A 10% reduction in care services fees when annual Gross Sales are between \$3M to 4M;
 - (ii) A 15% reduction in care services fees when annual Gross Sales are between \$4M to 5M;
 - (iii) A 20% reduction in care services fees when annual Gross Sales between \$5M to 6M;
 - (iv) A 30% reduction in care services fees when annual Gross Sales between \$6M to 8M; or
 - (v) A 50% reduction in care services fees when annual Gross Sales are \$8M+.

The volume discount will be based on the franchisee's prior year Gross Sales, from October 1st until September 30th. The volume discount will apply to the cumulative Gross Sales of the Franchisee regardless of the number of territories it operates or franchise agreements to which it is a party.

The volume incentive does not apply to Section 3(c).

- (g) Volume Incentive. Five (5%) percent of all amounts contributed by the Franchisee to the Franchisor for the Care Services Center will be earned back by the Franchisee as Nurse Next Door dollars. These dollars may be used by the Franchisee to purchase "enhanced services" offered at Nurse Next Door's discretion and as set out in the Manuals. This incentive will be calculated on a monthly basis.
- (h) Local and Online Marketing. Beginning on the Start Date and continuing for each month thereafter, the Franchisee shall spend the greater of:
- (i) \$1,000; or
 - (ii) 2% of monthly Gross Sales with a cap at \$2,000.00;

to be spent on local marketing initiatives. Such local marketing initiatives will not include costs associated with the Franchisee's motor vehicle which has been

wrapped with the NURSE NEXT DOOR® brand, nor will it include costs relating to the wages or commissions of salespeople.

- (i) Payments. Where any periodic payment is to be made by the Franchisee to the Franchisor under this Agreement, such payments shall be payable in arrears, unless otherwise indicated, on or before the fifteenth (15th) day of the month immediately following the month for which payment is being made using electronic funds transfer. Amounts payable under Section 3(b)(ii)(2), if any, shall be payable on or before the fifteenth (15th) day of the month immediately following the anniversary of the Start Date using electronic funds transfer. Any late payments shall bear interest at the Interest Rate. Electronic funds transfer are currently completed by automatic clearing house (ACH) payments. After signing this Agreement, the Franchisee shall immediately complete the Franchisor's ACH form and return it to the Franchisor.

4. **TERM**

- (a) Initial Term. This Agreement shall commence on the Effective Date. The initial term shall commence on the Start Date and shall expire on the fifth anniversary of the Start Date (the "**Initial Term**"), unless terminated sooner in accordance with the provisions of this Agreement.
- (b) Renewal. If the Franchisee has duly complied with all of the terms and conditions of this Agreement and all ancillary agreements and related agreements, the Franchisee shall have the right to renew this Agreement for an additional term of five (5) years (the "**Renewal Term**"), upon the following terms and conditions
 - (i) the Franchisee shall notify the Franchisor in writing, not more than twelve (12) months nor less than nine (9) months prior to the expiration of the Initial Term, of its desire to exercise the Franchisee's right of renewal;
 - (ii) the Franchisee is not in default of any provision of any license for the Franchised Business and is able to renew such license as necessary;
 - (iii) the Franchisee has not committed two (2) or more defaults under this Agreement in the proceeding twenty-four (24) months prior to expiration, regardless of whether or not such defaults were cured in a timely manner;
 - (iv) prior to the commencement of the Renewal Term, the Franchisee shall, at the option of the Franchisor and no less than two (2) months prior to the expiration of the Initial Term, execute Franchisor's then-current form of franchise agreement which may contain new terms and conditions which may be materially different from this Agreement. The Franchisee shall also execute such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises and licenses, provided however, that the Franchisee will not be obligated to

pay the Initial Franchise Fee or the Technology Start-up Fee then in effect;

- (v) the Franchisee shall have delivered to the Franchisor, to the extent permitted by applicable law, a complete release of the Franchisor, its directors and officers, its Affiliates and the directors and officers thereof from all obligations under this Agreement of any such persons, in a form satisfactory to the Franchisor;
 - (vi) the Franchisee shall pay to the Franchisor a non-refundable renewal fee of 10% of the Franchisor's then current initial franchise fee; and
 - (vii) the Franchisee shall, in the Franchisor's sole discretion, attend additional training at the Franchisor's principal place of business at the Franchisee's sole expense, including payment of a reasonable training fee to the Franchisor.
- (c) Holdover. If the Franchisee, without any further agreement in writing signed by the Franchisor, continues to operate the Franchised Business after the expiry of the Initial Term or any Renewal Term and the Franchisor has not notified the Franchisee that it does not intend to renew this Agreement, this Agreement shall operate on a month-to-month basis. No deemed renewal may be imputed from the conduct of the parties in support of the month-to-month operation of the Franchised Business and the Franchisor may terminate this Agreement effective at the end of any month upon at least 10 days advance written notice to the Franchisee.

5. THE FRANCHISOR'S OBLIGATIONS

- (a) Training by the Franchisor and Manuals. The Franchisor shall provide to the Franchisee, prior to the commencement of the Franchised Business, a training course of up to five (5) days duration at the Franchisor's principal business address or at the discretion of the Franchisor in a virtual environment, covering all aspects of the Franchised Business (the "**Initial Training Program**"). The Franchisee shall be responsible for all travel and living expenses and all wages payable to any trainees; no wages shall be payable by the Franchisor to any trainee for any service rendered during the course of training. The Franchisee is responsible for obtaining a valid passport and any other documents for itself and any trainees attending the Initial Training Program as required for travel to the Franchisor's principal place of business. Prior to or at the conclusion of the Initial Training Program, the Franchisor shall provide to the Franchisee one copy of the Manuals or shall otherwise make the Manuals available to the Franchisee. The Franchisor may provide the Manuals to the Franchisee by way of any paper or electronic media it selects. The Manuals may be amended by the Franchisor from time to time in its sole discretion.
- (i) If, in the Franchisor's reasonable opinion, the Franchisee's participation in the franchise opener program or the Initial Training Program demonstrates the Franchisee's inability to adequately manage and

operate the Franchised Business, the Franchisor may, in its sole discretion, terminate this Agreement. In the event of such termination, the Franchisor shall refund the Initial Franchise Fee, the Technology Start-up Fee, within seven (7) days after the effective date of termination less reasonable costs, including without limitation, costs for expenses reasonably incurred by the Franchisor in connection with the granting of the franchise under this Agreement, the negotiation and execution of this Agreement and any other agreement between the parties, license fees and other costs incurred in relation to the technology start-up, and the cost of the franchise opener program and the Initial Training Program.

- (b) Lead Referrals. The Franchisor shall promptly refer to the Franchisee any leads for Clients in the Territory that are directed to the Franchisor by third parties; however, the Franchisor is not responsible for generating leads for the Franchised Business, nor is the Franchisor responsible to refer to the Franchisee leads that the Franchisor attempts to solicit as national accounts.
- (c) Sales Brochures and Literature. The Franchisor shall provide the Franchisee, at the Franchisee's expense and at prices to be determined by the Franchisor, such sales brochures and other literature at such times and in such quantities as may be mutually agreed upon.
- (d) Operating Assistance. During the term of this Agreement, the Franchisor may furnish to the Franchisee such continuing advice and guidance with respect to the operation of the Franchised Business as the Franchisor determines is necessary in its sole judgement of the Franchisor.
- (e) Delegation of Services by the Franchisor. The Franchisor may delegate responsibility to deliver any part of the training and support the Franchisor is required to deliver to the Franchisee to a third party appointed by the Franchisor for such purpose.
- (f) Other Programs and Business Models. The Franchisor may develop other programs or business models and will have no obligation to offer any of such programs or models to the Franchisee unless they are developed on or for the System. Any programs or business models that are developed on or for the System will be operated, administered and offered to the Franchisee on terms as determined by the Franchisor in its sole discretion. The Franchisor may make such programs or business models mandatory or optional for the Franchisee. The specifics for such programs or business models, and the terms on which they will be offered to the Franchisee, will be detailed in the Manuals, which will be revised to reflect any programs or business models that the Franchisor may develop on or for the System.
- (g) Additional Training Programs. The Franchisor may provide mandatory and optional training programs covering such subjects as new policies and procedures, marketing and other aspects of business operations. These programs may be conducted for various lengths of time and at various locations selected by the Franchisor, or may be provided by way of on-line presentations or in any

other reasonable manner. The Franchisor may charge a fee for additional training programs.

- (h) Supply of Items. The Franchisor will use reasonable efforts to ensure timely availability of items which the Franchisor elects to provide. The Franchisor shall not, however, be liable for any losses or damages suffered by the Franchisee as a direct or indirect result of late delivery or non-delivery of such items, regardless of the reason for late delivery or non-delivery. During a period of late or non-delivery, the Franchisee may purchase the affected items from another vendor approved in advance in writing by the Franchisor, such approval not to be unreasonably withheld.
- (i) Marketing Growth Plan. The Franchisor shall provide, and the Franchisee shall participate fully in, a marketing growth plan to be executed by the Franchisee with the assistance of the Franchisor during the first 16 weeks of Franchise Business' operations.

6. MINIMUM PERFORMANCE REQUIREMENTS

- (a) Minimum Gross Sales. The Franchised Business(es) operated by the Franchisee must generate an aggregate, as a minimum, the annual levels of performance as set out below:
 - (i) one hundred and twenty-five thousand (\$125,000) dollars of Gross Sales in the first twelve (12) month period following the Start Date;
 - (ii) two hundred and twenty-five thousand (\$225,000) dollars of Gross Sales in the second twelve (12) month period following the Start Date;
 - (iii) three hundred and twenty-five thousand (\$325,000) dollars of Gross Sales in the third twelve (12) month period following the Start Date;
 - (iv) four hundred and twenty-five thousand (\$425,000) dollars of Gross Sales in the fourth twelve (12) month period following the Start Date;
 - (v) five hundred and twenty-five thousand (\$525,000) dollars of Gross Sales in the fifth twelve (12) month period following Start Date;
 - (vi) five hundred and twenty-five thousand (\$525,000) dollars of Gross Sales in each twelve (12) month period thereafter (including such periods during any Renewal Term) plus a compound annual increase in Gross Sales of ten (10%) percent per twelve (12) month period until year twelve (12) at which point the minimum gross sales will be one million twenty-three thousand and seventy-six dollars and forty-eight cents (\$1,023,076.48); and
 - (vii) one million twenty-three thousand and seventy-six dollars and forty-eight cents (\$1,053,468.77) dollars of Gross Sales in each twelve (12) month

period after year twelve (12) (if this Agreement is renewed) until year fifteen (15).

- (b) Marketing Tests and Metrics. The Franchisee and the Franchised Business shall submit to such quality or performance tests and metrics as may be prescribed by the Franchisor in the Manuals. It shall be a material breach of this Agreement if the Franchisee and the Franchised Business perform unsatisfactorily on such quality or performance tests, as prescribed in the Manuals, in any two (2) consecutive quarters or more than three (3) times in eight (8) consecutive quarters.
- (c) Acknowledgment of the Franchisee. The Franchisee acknowledges that prior to executing this Agreement and paying the Initial Franchise Fee, it has reviewed the minimum performance requirements provided for in this Agreement and agrees that they are reasonable and necessary for the development and protection of the Franchised Business and the System for the benefit of the Franchisor and all of its franchisees and that the Franchisor shall have the right to terminate this Agreement, reduce the size of the Territory or make the Territory non-exclusive in the event such performance standards are not met, as contemplated in Section 2(c) hereof.

7. OPERATION OF FRANCHISED BUSINESS

- (a) Duties and Obligations. The Franchisee is responsible for operating the Franchised Business strictly in accordance with the System, whether contained in the Manual, or as otherwise directed by the Franchisor. Without limiting the generality of the foregoing, the Franchisee shall:
 - (i) devote its best and full-time efforts in directing the day-to-day operations and development of the Franchised Business, which shall not be less than forty (40) hours per week; if the Franchisee elects to delegate the day-to-day operation of its Franchised Business to a manager, the manager must be approved by the Franchisor, upon such terms as the Franchisor may deem appropriate and the cost of which must be paid by the Franchisee, and must successfully complete the Initial Training Program;
 - (ii) maintain the quality of service in its Franchised Business in accordance with the standards set forth in the Manuals, to comply with all applicable federal, state and local laws, ordinances and regulations;
 - (iii) only sell those Services which have been expressly approved in writing by the Franchisor and in the manner and method specified by the Franchisor. The Franchisor will not unreasonably withhold its consent for the Franchisee to engage in offering additional services to its Clients, which may complement the Franchised Business;
 - (iv) maintain office space suitable to operating the Franchised Business in the event the Franchisee elects to secure office space outside the Franchisee's residence;

- (v) purchase all equipment, supplies and other items as required by the Franchisor as provided in the Manuals; the prices for such items and applicable taxes shall be paid solely by the Franchisee;
- (vi) make all payments to the Franchisor, third-party suppliers and taxing authorities promptly when due and will provide proof of such payments to the Franchisor upon request; and the Franchisor shall have the right (but not the obligation) to pay all or any portion of amounts owed to third parties on behalf of the Franchisee if the Franchisee fails to make such payments, and if the Franchisor makes such payment, the Franchisor will invoice the Franchisee for payments made on its behalf and the Franchisee shall reimburse the Franchisor immediately upon receipt of the invoice;
- (vii) provide both Non-Medical Services and Skilled Nursing Services and obtain and at all times maintain any and all licenses, permits, registrations and certificates necessary for the proper conduct of the Franchised Business pursuant to the terms of this Agreement and applicable laws, which is the Franchisee's sole responsibility;
- (viii) ensure that all nursing staff employed by the Franchisee are fully qualified professionally licensed practical nurses or registered nurses in good standing with their respective professional organizations in the State in which they provide services.
- (ix) hire and supervise efficient, competent and courteous employees who are legally entitled to work in the United States and to set and pay their wages, employment taxes, commissions, benefits and incentives without any liability or obligation to the Franchisor and in all respects manage their employment in accordance with applicable employment laws;
- (x) conduct tuberculosis screening, criminal background checks, finger print and drug screening (if required per state regulation) on each licensed and unlicensed caregiver and ensure that the results for all caregivers (and nursing staff if applicable) meet the Franchisor's standards prior to entering into employment agreements with, or offering employment to, such caregivers;
- (xi) ensure that all employees hired by the Franchisee shall dress in accordance with specifications set forth in the Manuals;
- (xii) provide adequate telephone service for use in the Franchised Business and ensure that no business other than the Franchised Business is conducted utilizing the telephone number assigned to the Franchisee for use in its Franchised Business;
- (xiii) provide and equip at its cost and expense a motor vehicle which shall conform to the standards and specifications set forth in the Manuals,

which includes a requirement to wrap the motor vehicle with the NURSE NEXT DOOR® brand (which artwork, lettering, color scheme, size and overall appearance is to be approved in writing in advance by the Franchisor); such vehicle may be one that is already owned by the Franchisee provided that it is no older than five years and otherwise meets the specifications contained in the Manuals;

- (xiv) install and maintain at the premises from which it operates the Franchised Business, all dedicated telephone lines, modems, computers, operating software, printers and other computer accessories and peripherals as may be necessary for the operation of the Franchised Business and secure an Internet account with a reliable provider in accordance with this Agreement and the Manuals;
 - (xv) fully participate in all branding programs as the Franchisor may require;
 - (xvi) hire a full- or part-time sales employee, if the Franchisee is not meeting minimum performance requirements under Section 6 and is doing less than the minimum number of sales calls per week as per the best practice sales system outlined in the Manuals pursuant to section 9(a)(v);
 - (xvii) utilize the forms and documents provided by the Franchisor for use in the operation of the Franchised Business and maintain on such forms any copyright or trademark notices appearing on the originals of such forms;
 - (xviii) maintain statistics on the Franchised Business in accordance with the format prescribed by the Franchisor and provide such statistics to the Franchisor upon request, which the Franchisor may disclose to other franchisees in the System, including to those franchisees in the System in its affiliate company, Nurse Next Door Home Healthcare Services, Canada Inc., subject to applicable law; and
 - (xix) maintain the brand image and standards of the System and not do anything that would negatively affect the image or reputation of the Franchisor and the System.
- (b) Medicare and Medicaid. The Franchisee may not participate in Medicare or other federal governmental payor programs, except for programs funded by the United States Department of Veterans Affairs, Department of Veterans Health Administration (VA). The Franchisee may participate in State Medicaid and Medicaid Waiver programs, except for Medicaid programs that require a Medicare number or require billing through Medicare. The Franchisee will be fully responsible for complying with the State Medicaid and Medicaid Waiver requirements, which may include compliance with CMS policies and procedures and stand-alone technology required by the state or to meet the state's requirements. The Franchisor will not provide any assistance in this area.
- (c) Site Selection. The Franchisee may run the business from a home office, provided local laws and regulations allow, or from a leased or owned commercial

space. If the business can be conducted in a residential setting, the Franchisee must ensure there is a formal office space with a separate entrance. The office must be HIPAA compliant as it relates to the confidentiality of clients and staff. If the Franchisee chooses to lease office space, the Franchisor has the right, in its sole discretion, to pre-approve the site selection using criteria that includes, but is not limited to, proximity to geographical center of the Territory, proximity to the largest hospital in the Territory, population concentration, accessibility of the proposed office space to public transportation, access to viable workers, amount and quality of competition, proximity to schools that offer nursing programs, appearance of office space location, total square footage, other amenities, interior space plan and floor layout and building, sign and other applicable codes, ordinances, regulations and restrictions. There must be clear signage displaying the Nurse Next Door ® logo, or other signage approved by the Franchisor. If the Franchisor deems on-site evaluation necessary and appropriate, the Franchisee will conduct one on-site evaluation at the Franchisor's own cost. For each additional on-site evaluation (if any), the Franchisee shall reimburse the Franchisor for the Franchisor's reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

- (d) System Modifications. The Franchisor may add to, subtract from, modify or otherwise change the System, including, without limitation, the adoption and use of new or modified trademarks or trade names, new services or products and new techniques, and the Franchisee agrees, at its own cost, to promptly accept, implement, use and display all such alterations, modifications and changes.
- (e) Internet. The Franchisor has established and shall maintain ownership of and control over the Internet domain names www.nursenextdoor.ca and www.nursenextdoor.com and the Internet website connected to them.
 - (i) The Franchisor reserves the right at any time to prescribe by written notice that the Franchisee shall be connected to, and shall make use of the Franchisor's Internet domain names and Internet website, including for all of the Franchisee's Internet branding associated with the Franchised Business, in the manner and form designated or reasonably approved in advance by the Franchisor.
 - (ii) The Franchisee has no right and may not establish, register, maintain or use any website, domain name or other Internet presence that incorporates or is identified by any of the Marks. The Franchisor reserves to itself the exclusive right to establish and maintain an Internet website identified by or using the Marks or any derivative thereof in a domain name or otherwise. Should the Franchisor permit the Franchisee or another party to maintain an Internet website identified by the Marks, the Franchisor may withdraw its permission at any time and shall retain the right to approve or disapprove of the contents of any such Internet website associated with the Marks in its sole discretion. Without limiting the foregoing, the Franchisee shall not engage in any use, such as linking or framing, of any Internet website associated with the Marks or the Franchised Business in association with any other Internet website or in

association with any other name or trade mark or Internet domain name not owned by the Franchisor, or in association with any other business.

- (iii) The Franchisor has the right to claim the ownership of, and the right to use and to license the use of, any or all of the information collected on or in connection with any Internet website associated with the Marks.
- (f) Conventions. The Franchisor may hold annual conventions for all franchisees of the System. Attendance at such conventions, by such individuals designated by the Franchisor, will be mandatory and at the Franchisee's sole cost and expense. The Franchisee will pay the Franchisor's then-current convention fee for each of the Franchisee's attendees. The Franchisee acknowledges that it is in its best interests to attend such conventions. Whether or not it attends a particular convention, the Franchisee will pay to the Franchisor, at a minimum, the then-current convention fee multiplied by the number of franchise agreements the Franchisee has in effect with the Franchisor.
- (g) Discounts, Rebates and Bonuses. In the event that any volume discounts, rebate fees or discount bonuses (whether by way of cash, kind or credit) are received by the Franchisor from any manufacturer or supplier designated by the Franchisor, whether or not on account of purchases made by the Franchisor for its own account or for the account of the Franchisee or by the Franchisee directly for its own account, the Franchisor shall be entitled to retain the whole of the amount or any part of such volume discounts, rebate fees or discount bonuses.
- (h) Transfer of Funds. The Franchisee shall co-operate fully and comply with any system implemented by the Franchisor for the transfer of funds due to the Franchisor pursuant to this Agreement directly from the bank account of the Franchisee to the bank account of the Franchisor.
- (i) Information Technology Requirements. If required by the Franchisor, the Franchisee shall at its sole expense acquire, license, use and maintain, as the case may be, any computer system, software or other information technology systems and services, including Internet service, meeting the Franchisor's standards and specifications. The Franchisee's use of such information technology meeting the Franchisor's standards and specifications may be required and may be necessary to permit the Franchisee to fully utilize the System, obtain certain services from the Franchisor and communicate with the Franchisor, Clients and others.
- (j) Central Telephone Number. If required by the Franchisor, the Franchisee will utilize a central telephone number operated by the Franchisor which will provide each franchisee with support and leads generated from branding using a single central telephone number or address maintained by the Franchisor and the Franchisor will forward any leads to the appropriate franchisee by geographic area.
- (k) Pricing. Wherever reasonably possible, the Franchisee shall sell the Services at such prices as the Franchisor may reasonably suggest, which may vary from area to area. Notwithstanding the foregoing, the Franchisee is under no obligation to

accept such suggested resale price and the Franchisee may sell the Services at any reasonable price it chooses, having regard to its concern to develop and continually increase sales and to make a profit. If the Franchisee does not sell or dispose of the Services at the prices suggested by the Franchisor, the Franchisee will not suffer in any way in its business relations with the Franchisor or any other person whom the Franchisor can otherwise influence or control.

- (l) Employees. All persons providing care to Clients of the Franchisee must be employed by the Franchisee pursuant to written employment agreements or written offers of employment and the Franchisee may not engage contractors or consultants to perform such work without the prior written consent of the Franchisor. The Franchisee is permitted to hire persons on a contract basis provided such individuals do not provide Services to Clients; for the avoidance of doubt, such persons may perform non-care functions for the Franchisee such as generating sales or administrative and accounting functions. The Franchisee has the sole right to hire, terminate, discipline, train and determine working schedules for its employees and contractors and the Franchisee sets wage rates for its employees and contractors without input or guidance from the Franchisor.

- (m) Contact with Clients; Mystery Shopper; Franchisee Evaluation. To assure that the standards set forth in the Manuals are followed and to gather information about Client satisfaction, the Franchisor has the right to contact Clients to conduct customer satisfaction surveys. The Franchisee shall make every effort to satisfy any Client complaints or problems as the Franchisor requests or that may otherwise be brought to the Franchisor's attention. The Franchisor may, directly or indirectly, contact the Franchisee anonymously to evaluate the Franchisee's compliance with this Agreement, the System and the standards set forth in the Manuals.

- (n) Taxes. The Franchisee shall promptly pay when due all taxes, or other governmental assessments, levied or assessed by reason of the Franchisee's operations and its performance under this Agreement. As such, the Franchisee must pay any tax including, but not limited to, sales, use, value added, occupation, gross receipts, registration, ad valorem, excise, taxes (including any interest charge or penalty that may result therefrom), duty, fee or other governmental charge, or any other public or private fee, charge or assessment now or hereafter levied based on the Franchisee's operations of the Franchised Business. Upon the Franchisor's request, the Franchisee shall provide the Franchisor proof of proper reporting and payment of all taxes for which the Franchisee is responsible under this Agreement. The Franchisee shall not permit or allow any tax or governmental lien, tax sale or seizure by levy or execution of similar writ or warrant to occur against the Franchised Business and agrees to fully indemnify and defend the Franchisor from any cost, expense or obligation it may incur (including its costs of defense and attorneys' fees) as a result of any claim asserted by any governmental agency for any tax or assessment (including interest and penalties) alleged to be due by reason of the Franchisee's operations or its performance of this Agreement.

8. MANUALS AND CONFIDENTIALITY

- (a) Compliance with Manuals. The Franchisee shall conduct the Franchised Business strictly in accordance with all of the provisions set out in the Manuals as may be amended from time to time by the Franchisor. It shall be the Franchisee's obligation to ensure that all employees comply with the provisions as set out in the Manuals or as otherwise directed by the Franchisor and that all employees are properly trained and knowledgeable of the Franchisor's policies as in effect from time-to-time.
- (b) Non-Disclosure. The Franchisee maintains no property or other rights or claims of any kind in or to any element of the System, the Marks, the Intellectual Property or any matters dealt with in the Manuals and that all disclosures made to the Franchisee relating to the System and including, without limitation, the specifications, standards and procedures. The Manuals are provided to the Franchisee solely on a confidential basis and as protected trade secrets in which the Franchisor has a substantial investment and a legitimate right to protect against unlawful disclosure. The Franchisee shall maintain the confidentiality of all such information during the Term of this Agreement and at any time thereafter and shall not disclose any of the contents of the Manuals, or any information whatsoever with respect to the Franchisee's or the Franchisor's business affairs or the System other than as may be required to enable the Franchisee to conduct its Franchised Business and strictly on a "need to know" basis. The Franchisee shall not use any such confidential information, techniques, systems or client lists in any other business or in any manner not specifically approved in writing by the Franchisor. The Franchisee shall have its employees, sub-licensees and agents execute the Franchisor's standard form of non-disclosure agreement. The Franchisee shall take all reasonable steps necessary to ensure that the Franchisee's employees, sub-licensees and agents maintain the confidentiality of the Franchisor's Confidential Information. The Franchisee shall notify the Franchisor immediately if it knows or has reason to know that one of its employees, sub-licensees or agents is in breach of the confidentiality agreement. This section shall survive the termination of this Agreement for any reason whatsoever.
- (c) Manuals are Property of the Franchisor. The Manuals are loaned to the Franchisee for the purpose of operating the Franchised Business and shall at all times remain the sole and exclusive property of the Franchisor, and upon the expiration or termination of this Agreement for any reason whatsoever, the Franchisee shall immediately return the Manuals together with all copies of any portion of the Manuals which the Franchisee may have been permitted to make to the Franchisor. The Franchisee shall not, without the prior written consent of the Franchisor, make any copies of the Manuals or store the Manuals at any location other than the Franchisee's primary place of business.

9. BRANDING

- (a) The Franchisee shall have the right to conduct such branding and promotions in respect of the Franchised Business as the Franchisee shall, in its reasonable discretion, desire provided that:
 - (i) the Franchisee shall advertise and promote only in a manner that will reflect favourably on the Franchisor, the Franchisee, the Services and the good name, goodwill and reputation thereof;
 - (ii) the Franchisee shall submit to the Franchisor for its approval, which approval shall not be unreasonably withheld or unduly delayed, all branding and promotions to be utilized by the Franchisee and until such time as the Franchisor shall give its prior written approval to the use of such branding and promotions, the Franchisee shall not utilize same in any branding or promotion;
 - (iii) the Franchisee hereby acknowledges that the Franchisor is the sole and exclusive owner of all copyrights and any and all branding and promotional material prepared by or on behalf of the Franchisor or the Franchisee and shall at all times remain the property of the Franchisor;
 - (iv) any commentary on the Internet or other mass communications network by the Franchisee regarding the Franchised Business or the Marks, including the use of social media by the Franchisee for the purpose of promoting the Franchised Business, shall be done strictly in accordance with the policies set out in the Manuals. The Franchisee shall provide the Franchisor with full access at all times to any social media account that is used for promoting the Franchised Business including the provision of passwords, and upon termination of this Agreement for any reason, the Franchisee shall transfer such accounts to the Franchisor; and
 - (v) the Franchisee acknowledges the importance of sales calls to referral sources in building a successful Franchised Business and shall conduct the minimum number of sales calls per week and spend a minimum dollar amount per month as per the best practice sales system outlined in the Manuals. The minimum dollar amount is currently \$1,000 per month.

(b) General Branding Fund.

- (i) Franchisor maintains a branding and promotion fund (the “**Fund**”) to help cover the cost of branding and promotions for the benefit of the System. The Franchisee shall contribute to the Fund in an amount of one (1%) percent of Gross Sales. Any amounts payable to the Fund shall be paid together with the royalty fees and shall be based upon Gross Sales for the month.
- (ii) The Franchisor shall direct all such branding programs in its sole discretion with respect to the creative concepts, materials, endorsements and media used therein and the placement and allocation thereof.
- (iii) The Fund shall be used and expended for branding activities, media costs, commissions, market research costs and creative and production costs, including, without limitation, the costs of creating promotions and artwork, printing costs and other costs relating to branding and promotional programs undertaken by the Franchisor. The Franchisor reserves the right to place and develop such branding and promotions and to market them as agent for and on behalf of the Franchisee, either directly or through an advertising agency retained or formed for such purpose. The Fund shall be accounted for separately from the other funds of the Franchisor and shall not be used to defray any of the Franchisor’s general operating expenses, except for such reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as the Franchisor may incur in activities reasonably related to the administration or direction of the Fund and its branding programs (including, without limitation, conducting market research). A statement of the operations of the Fund shall be prepared annually and shall be made available to the Franchisee upon request, the cost of such statement to be paid by the Fund.
- (iv) The Fund is intended to maximize general public recognition and patronage of all franchisees in the System and the Franchisor undertakes no obligation in administering the Fund to ensure that any particular franchisee, including the Franchisee, benefits directly or pro rata from the placement or conduct of such branding and promotion.
- (v) The Fund may not be used to advertise for new franchisees, however, promotional material may include reference to franchising opportunities and may result in franchise sales.
- (vi) Except as expressly provided in this section, the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Fund. The Franchisee is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or the administration of the Fund. Any obligation of the Franchisor with respect to the Fund shall be

contractual in nature and the Franchisee shall have no proprietary right in the Fund. The Fund shall not constitute a trust fund.

- (vii) The Franchisor undertakes no obligation to ensure that any particular franchisee, including the Franchisee, benefits directly or pro-rata from the placement or conduct of any branding and promotion. The Franchisor will use its reasonable efforts to place or conduct branding and promotion in the general geographic area of the Franchisee in the manner and to the extent deemed reasonable by the Franchisor.
 - (viii) The Franchisee shall fully participate in all branding and promotional activities, including the introduction of new products, vendor relationships, grand opening or other branding programs directed and approved by the Franchisor, as the Franchisor may require.
- (c) Regional Branding Cooperative. The Franchisor, the Franchisee or other franchisees may recommend the establishment of a regional branding cooperative for the purpose of branding and promotion, including the size of the region and the amount to be spent (the “**Branding Cooperative**”). The Branding Cooperative will be mandatory for the Franchisee, if 75% of the franchises in the region consent to it. Each franchise in the proposed region will have one vote without regard to ownership. The Franchisee will contribute its pro rata share (based on the number of franchises in the region) of the costs of the Branding Cooperative. The number of franchises in the region may change at any time; therefore, the amount that the Franchisee may have to contribute to the Branding Cooperative may change at any time. These contributions will be paid to the Franchisor monthly. The Branding Cooperative will be in addition to all other branding and promotion expense obligations hereunder. The Branding Cooperative will be organized and governed in the form and manner that the Franchisor determines in its sole discretion, will be administered by the Franchisor, and all branding and promotional plans or materials will be subject to the Franchisor’s prior written approval. The Franchisor will use its reasonable efforts to place or conduct branding and promotion in the general geographic area subject to the Branding Cooperative in the manner and to the extent deemed reasonable by the Franchisor. If one franchisee ownership group represents more than 50% of all franchisees in a region, the Franchisor will facilitate the development of an agreement between the franchisees in the region that is in the best interest of each franchisee within that region. The agreement between franchisees will be subject to the written approval of the Franchisor, in its sole discretion.

- (d) Pre-opening Branding and Promotion. The Franchisee shall spend not less than seven thousand (\$7,000) dollars on a pre-opening and opening promotional campaign for the Franchised Business during the period from at least one (1) week immediately preceding the opening of the Franchised Business and until three (3) weeks after the opening of the Franchised Business in the manner prescribed by the Franchisor. The Franchisor shall assist the Franchisee to select media purchases for such branding and promotion and for its initial recruitment of caregiver staff and potential clients. The Franchisor shall provide the Franchisee with approved stock graphic designs, layouts and written copy for use in the Franchisee's advertisements and brochures.

10. MARKS

- (a) Ownership. The Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by the Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed by the Franchisor. Any unauthorized use of the Marks by the Franchisee is a breach of this Agreement and an infringement of the rights of the Franchisor and its licensor in and to the Marks. The Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of the Franchisor and its licensor. The Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to the Franchisee. The Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All goodwill created by the Franchisee or by the Franchisee's use of the Marks in operating the Franchised Business shall immediately vest to the Franchisor and its licensor.
- (b) Limitations on Use. Without in any way restricting or limiting Section 10(a) hereof, the Franchisee covenants and agrees as follows that the Franchisee shall:
- (i) not use any Mark or portion of any Mark as part of any business entity name;
 - (ii) not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by the Franchisor;
 - (iii) give such notices of trademark and service mark registrations as the Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business;

- (iv) not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to the Franchisee;
- (v) not use any Mark on any employment related document in a way that may imply that the Franchisor is the employer, including on pay checks or electronic payment notices; and
- (vi) include on its letterhead, forms, cards, stationery, commercial premises, and upon the request of the Franchisor, upon any vehicles used to conduct the Franchised Business, the following prominent and conspicuous notice or such other notice as may be designated by the Franchisor in the Manuals:

“This business is owned and operated independently by [proper legal name of the Franchisee] who is an authorized licensed user of the trademark Nurse Next Door®, which is a trademark of Nurse Next Door Professional Homecare Services Inc.”

- (c) Notification of Infringement or Claims. The Franchisee shall immediately notify the Franchisor if it becomes aware of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. The Franchisee shall not communicate with any person other than the Franchisor and the Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, the Franchisee may communicate with the Franchisee’s own counsel at the Franchisee’s expense. The Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, claim or otherwise relating to any of the Marks. The Franchisee shall execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Franchisor’s counsel, be necessary or advisable to protect and maintain the Franchisor’s or its licensor’s interests in any such litigation or other proceeding or to otherwise protect and maintain the Franchisor’s or its licensor’s interests in the Marks.
- (d) Indemnification for Use of Marks. The Franchisor shall reimburse the Franchisee for all expenses reasonably incurred by the Franchisee in defending any trademark or similar proceeding disputing the Franchisee’s authorized use of any Mark, provided that the Franchisee has complied with the provisions of Section 10(c) and has complied with this Agreement and the Franchisor’s directions in responding to such proceeding. At the Franchisor’s option, the Franchisor or its designee may defend and control the defense of any proceeding arising directly from the Franchisee’s use of any Mark. This indemnification shall not include the expense to the Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between the Franchisor and the Franchisee wherein the Franchisee’s use of the Marks is disputed or challenged by the Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by the

Franchisee in seeking independent counsel separate from the counsel representing the Franchisor and the Franchisee in the event of litigation disputing the Franchisor and the Franchisee's use of the Marks.

- (e) Discontinuance of Use. If the Franchisor deems it necessary for the Franchisee to modify or discontinue use of any of the Marks, or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, the Franchisee shall comply with the Franchisor's directions within ten (10) business days after notice to the Franchisee by the Franchisor and subject to the limitations in Section 10(b). The Franchisor shall not be required to reimburse the Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by the Franchisee to promote a modified or substitute Mark.
- (f) Franchisor's Sole Right to Domain Name. The Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Nurse Next Door" or any variation thereof without the Franchisor's written approval. The Franchisor or its licensor is the sole owner of all right, title and interest in and to such domain names as the Franchisor shall designate in the Manuals.

11. ACCOUNTING, RECORDS, REPORTS, AUDITS AND INSPECTIONS

- (a) Bookkeeping, Accounting and Records. The Franchisee shall establish a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by the Franchisor, including the use and retention of invoices, cash receipts, inventory records, estimating sheets, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, cash disbursement journals and general ledgers together with such further and other records and documents as may be required by the Franchisor, and including computerized bookkeeping and accounting systems. In the event that the Franchisor establishes computerized bookkeeping, accounting or record keeping systems for its franchisees, the Franchisee agrees to utilize such systems and pay all reasonable fees charged by the Franchisor or others for the use of such systems and to purchase or lease all necessary computer hardware and software. The Franchisee shall grant the Franchisor full access to these records at all times.
- (b) Reports and Financial Information.
 - (i) The Franchisee shall furnish to the Franchisor such reports, Client data and financial information in a format and using a chart of accounts as the Franchisor may require. Without limiting the generality of the foregoing, the Franchisee shall furnish to the Franchisor in the form prescribed by the Franchisor and together with such detail and breakdown and copies of supporting records as the Franchisor may require:

- (1) by 12:00 p.m. (where the Franchised Business is located) of the tenth (10th) day following the end of each month, a report of the Gross Sales for such month, signed and verified by the Franchisee; provided that if the tenth (10th) day following the end of a particular month is not a business day, then such report shall be due on the last business day immediately prior;
- (2) within sixty (60) days after the end of each three (3) consecutive months, a profit and loss statement for the Franchised Business for such months, signed and verified by the Franchisee;
- (3) within sixty (60) days after the end of each fiscal year of the Franchised Business, financial statements for the Franchised Business, including a balance sheet, profit and loss statement and a statement of retained earnings for such period, which statements shall be signed and verified by the Franchisee;
- (4) within sixty (60) days of the end of each fiscal year of the Franchised Business, a statement of Gross Sales for such fiscal year determined in accordance with generally accepted accounting principles applied on a consistent basis;
- (5) within thirty (30) days of filing, a true copy of all returns, schedules and reports filed by the Franchisee, for income, corporate or sales tax purposes; and
- (6) within ten (10) days of Franchisor's request, a true copy of all returns, schedules and reports filed by the Franchisee shareholders, partners, members and managing members.

If the reports and financial information available through the system, furnished under 11(b)(i)(1) through (6) of the Franchise Agreement or otherwise made available to the Franchisor, reveal inconsistencies, including underreporting of Gross Sales, the Franchisor may require the Franchisee to provide audited financial statements of the Franchised Business at the franchisee's sole expense, prepared by a nationally-recognized certified public accounting firm capable of performing such engagement in the reasonable opinion of the Franchisor.

- (ii) The Franchisee hereby authorizes the Franchisor to make inquiry of the Franchisee's bankers, suppliers and other trade creditors as to their dealings with the Franchisee in relation to the Franchised Business, to discuss the affairs, finances and accounts of the Franchised Business (and by its execution hereof the Franchisee authorizes and directs such bankers, suppliers and other trade creditors to discuss with the Franchisor the affairs, finances and accounts of the Franchised Business) and to obtain information and copies of invoices relating to sales or other dealings with all such persons and the Franchisee in any way relating to the Franchised Business. If requested, the Franchisee agrees to execute

and deliver such directions and other documents as the Franchisor may require permitting such bankers, suppliers or other trade creditors to release or disclose any such information and documents to the Franchisor.

(c) Inspection and Audit of Books and Records.

- (i) The Franchisor, or an authorized person or entity on behalf of the Franchisor, shall have the right, during normal business hours and with reasonable prior notice to the Franchisee, to inspect or audit, or cause to be inspected or audited, the financial books, records, bookkeeping and accounting records, documents or other materials in respect of the Franchised Business, including the right, without limitation, to have a person check, verify and tabulate Gross Sales or to examine and make copies of all accounting and business records and procedures.
- (ii) In the event that any such audit or inspection shall disclose an understatement of Gross Sales, the Franchisee shall pay to the Franchisor, within two (2) days after receipt by the Franchisee of the inspection or audit report, the royalty and other sums due on account of such understatement. Further, (1) if such audit or inspection is made necessary by the failure of the Franchisee to furnish reports, financial statements or any other documentation as herein required, (2) if it is determined by any such audit or inspection that the Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales for any year or part thereof to be made, (3) that Gross Sales for the period in question were understated by three (3%) percent or more of the Gross Sales actually received, (4) that Gross Sales were deliberately misstated in any way, or (5) that the Franchisee was not complying with each of the provisions of Section 11 hereof, the Franchisee shall immediately take such steps as may be necessary to remedy such Default in accordance with the recommendations of such auditor and the Franchisee shall promptly pay to the Franchisor all costs incurred in connection with such audit or inspection, including, without limitation, charges of an accountant and the travel expenses, room, board and compensation of employees of the Franchisor. In addition, the Franchisor may impose a fine of up to \$10,000, if (3) or (4) directly above occur. Any remedies hereunder are in addition to any other remedies available to the Franchisor under this Agreement or at law.
- (iii) If the Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales, the Franchisor shall have the right to deliver to the Franchisee an estimate, made by the Franchisor, of Gross Sales for the period under consideration and the Franchisee shall immediately pay to the Franchisor any amount shown thereby to be owing on account of the royalty fees and other sums due on account of any understatement.

- (d) Auditor's Report to be Final. Any report of the Franchisor's auditor rendered pursuant to this section shall be final and binding upon all of the parties hereto; provided that, in making any such report, the Franchisor's auditor shall make such report pursuant to generally accepted accounting principles.

12. INSURANCE AND BONDING

- (a) Comprehensive General Liability. The Franchisee shall, at its own expense and without limiting its liabilities herein, take out such policies of insurance in respect of the Franchised Business for such amounts and covering such risks as the Franchisor may prescribe. The Franchisee must obtain insurance coverage only from the insurance broker and those insurance companies that the Franchisor designates.
- (b) Bonding. Employees of the Franchisee must be bonded for both first and third party losses with a limit of no less than \$50,000 or higher limit as required by the State in which the Franchised Business will operate. Proof of such bonding insurance shall be provided to the Franchisor upon commencement of this Agreement, and upon request.
- (c) Evidence of Insurance. Before beginning operation of the Franchised Business, the Franchisee shall provide the Franchisor with one or more certificates of insurance evidencing:
- (i) the prescribed coverage (see chart below);
 - (ii) Nurse Next Door Home Healthcare Services (USA) Inc. and Nurse Next Door Healthcare Services, Canada Inc. and the directors, officers and employees of both entities and/or such other parties as Franchisor may prescribe, as additional insureds;
 - (iii) a cross-liability clause showing that each of the named insureds and additional insureds shall be entitled to indemnity from the insurer in respect of liability to any one or more of the insureds or additional insureds;
 - (iv) that the coverage is primary and non-contributory; and
 - (v) that the coverage under the respective policy may not be modified (except to increase coverage) or canceled until at least 30 days after Franchisor has received written notice of the cancellation or modification.

The Franchisee shall similarly provide the Franchisor evidence of each renewal of insurance coverage at least ten (10) days before the expiry of any insurance coverage required by this Agreement and shall immediately notify the Franchisor of any actual, threatened, or possible early termination of any of the Franchisee's insurance policies. The Franchisee will provide all necessary consents to permit the Franchisor to communicate directly with the Franchisee's insurers regarding any policies of insurance held by the Franchisee, provided, however, that such consent shall only apply to policies owned by the Franchisee as they relate to the Franchised Business.

| General Liability Insurance Minimums | |
|---|---|
| Professional Liability (per occurrence) | \$1,000,000 |
| Professional Liability (aggregate) | \$3,000,000 |
| Commercial General Liability (per occurrence) | \$1,000,000 |
| Commercial General Liability (aggregated) | \$3,000,000 |
| Cyber Liability | \$250,000 |
| Sexual Misconduct and Physical Abuse Liability | \$1,000,000 |
| Tenant Legal Liability (if applicable) | \$50,000 |
| Employee Benefits Liability | \$1,000,000 |
| Non-owned Auto Liability | \$1,000,000 |
| Medical Expenses | \$5,000 |
| Additional Insured for Mortgagees, Lenders, clients (when applicable or required) | Include in General Liability |
| Crime (employee theft with first and third party coverage) | \$50,000 \$2,500 max deductible |
| State Bonds (if applicable) | Per State, City and/or County requirement |

- (d) Workers' Compensation, Employer's Liability and Automobile (Third Party Liability) Insurance. The Franchisee must also purchase and maintain workers' compensation, employer's liability and automobile (third party liability) insurance in the amounts required in the Franchisee's Territory with a reputable insurer or with a state agency. The amount of third party liability insurance for the Franchisee's automobile must be at least \$1 million (or higher if required by the applicable state) and an umbrella policy may be purchased by the Franchisee to augment state minimums up to the required amount.
- (e) Copies. Copies of all policies or certificates of insurance mentioned herein and any renewals thereof shall be delivered promptly to the Franchisor by the Franchisee, or its insurance agent at the request of the Franchisor throughout the term of this Agreement and any renewal thereof.
- (f) Placement of Insurance by the Franchisor. If the Franchisee fails to take out or keep in force any insurance referred to in this Section 12, or should any such insurance not be as provided in this Section 12 above, the Franchisor has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost of the Franchisee and all outlays by the Franchisor shall be immediately paid by the Franchisee to the Franchisor on the first day of the next month following such payment without prejudice to any other rights and remedies of the Franchisor under this Agreement.
- (g) Revisions. The minimum coverage amounts and coverage specifications may be revised in the Manuals to reflect inflation, general industry standards or the Franchisor's future experience with claims and the Franchisee shall update its coverage immediately.

13. RESTRICTIVE COVENANTS AND TRADE SECRETS

- (a) Competition During Term of Agreement. During the Term of this Agreement, neither the Franchisee nor any Principal, nor any of their Affiliates or Related Persons, shall, without the prior written consent of the Franchisor, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating in competition with or similar to the Franchised Business or businesses similar to the Franchised Business. Without limiting the generality of the foregoing, neither the Franchisee nor any employee or consultant of the Franchisee shall offer, directly or indirectly, any of the Services outside of the Franchised Business.
- (b) Competition after Termination. In the event of the expiration or termination of this Agreement for any reason whatsoever, neither the Franchisee nor any Principal, nor any of their Affiliates or Related Persons, shall, without the prior written consent of the Franchisor, at any time during the period of two (2) years from the date of such expiration or termination (the “**Restricted Period**”) either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, franchisor or syndication as principal, agent, shareholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any person or persons, firm, association, syndicate, franchisor or corporation engaged in or concerned with or interested in any Competitive Business within the Territory or within a twenty (20) mile radius of:
- (i) the perimeter of the Territory; or
 - (ii) the perimeter of the territory of any other franchisee of the System or the system of any Affiliate of the Franchisor during the Restricted Period.
- (c) Acknowledgement of Corporate Franchisee. In the event the Franchisee is an entity, the Franchisee covenants and agrees to deliver to the Franchisor at any time the Franchisor may request, the written acknowledgement of such directors, officers, managers, shareholders, members or employees of the Franchisee (as applicable), as the Franchisor shall in its reasonable discretion determine, acknowledging that they have reviewed the provisions of this Section 13 and that they agree to abide by and be bound by all such provisions.

14. SALE, ASSIGNMENT OR TRANSFER

(a) Assignment by the Franchisee.

- (i) the Franchisee acknowledges that the Franchisor, in granting this franchise and the rights and interests under this Agreement, has relied upon, among other things, the character, background, qualifications and financial ability of the Franchisee and, where applicable, its Principals. Accordingly, this Agreement, the Franchisee's rights and interests hereunder and the property and assets owned and used by the Franchisee in connection with the Franchised Business (including, for certainty, any and all Client information, referral sources and employee lists) shall not be sold, assigned, transferred, shared or encumbered in whole or in part in any manner whatsoever (collectively, a “**Transfer**”) without the prior written consent of the Franchisor after having given three (3) months’ notice to the Franchisor of such a Transfer. Any change in the voting shares or membership interest (as applicable) of the Franchisee shall constitute a Transfer hereunder.
- (ii) prior to seeking such consent, the Franchisee shall provide the Franchisor with a right of first refusal as described below. Any actual or purported assignment occurring by operation of law or otherwise without the Franchisor’s prior written consent shall be a Default of this Agreement and shall be null and void. The Franchisor shall not unreasonably withhold or delay its consent to a Transfer.
- (iii) in considering the request for sale, assignment, transfer or encumbrance pursuant to Section 14(a), the Franchisor may consider, among other things, the information set out in the Franchisee's application, the qualifications, good character, requisite general business experience, apparent ability to operate the Franchised Business and credit standing of the proposed transferee and its partners, managers, principal shareholders, directors and officers, as appropriate. In addition, the Franchisor shall be entitled to require as a condition precedent to the granting of its consent that:
 - (1) as of the date of the Franchisee's request for consent and as of the effective date of a Transfer, there shall be no Default in the performance or observance of any of the Franchisee's obligations under this Agreement or any other agreement between the Franchisee and the Franchisor or any Affiliate or supplier thereof including, without limitation, the requirement to give advanced notice of any Transfer;
 - (2) the Franchisee shall have settled all outstanding accounts with the Franchisor, its Affiliates and all other trade creditors of the Franchised Business up to the date of closing of the proposed Transfer;

- (3) the Franchisee shall have delivered to the Franchisor a complete release of the Franchisor, its directors and officers, its Affiliates and the directors and officers thereof from all obligations under this Agreement of any such persons, in a form satisfactory to the Franchisor;
- (4) the proposed transferee shall have entered into a written assignment, in a form prescribed by the Franchisor or, at the Franchisor's option, executed a new franchise agreement in the then-current form being used by the Franchisor, which may provide for, among other changes, a higher royalty and for greater expenditures for branding and promotion than are provided in this Agreement, a general release in favor of the Franchisor and its Affiliates and shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises;
- (5) the proposed transferee shall have provided guarantees, in a form acceptable to the Franchisor, from anyone whom the Franchisor may request, guaranteeing the proposed transferee's performance of the transferee's obligations under the agreements to be entered into;
- (6) the proposed transferee completing, to the satisfaction of the Franchisor, such training in the operations of the Franchised Business, at the proposed transferee's or the Franchisee's sole expense, as the Franchisor may require;
- (7) the proposed transferee providing, to the satisfaction of the Franchisor, a business plan indicating that the proposed transferee possesses the required level of business experience and acumen necessary in the operation of the Franchised Business;
- (8) the purchase price to be paid to the Franchisee by the proposed transferee is reasonable in the circumstances; and
- (9) the Franchisee paying to the Franchisor any fees or expenses which may be incurred by the Franchisor in dealing with the Franchisee's said application for approval and the Franchisor's then existing Transfer fee, whether or not such approval is given or the Transfer is completed, which is currently seven thousand five hundred (\$7,500) dollars for a transfer to an existing system franchisee and fifteen thousand (\$15,000) dollars for a transfer to a purchaser from outside the system, of which seven thousand five hundred (\$7,500) dollars shall be payable upon the Franchisee's written notification to Franchisor of the Franchisee's intent to sell the Franchised Business and shall not

be refundable whether or not the Franchisee completes such Transfer of the Franchised Business.

- (iv) The refusal of the Franchisor to consent to the proposed Transfer based upon the non-compliance with any of the conditions in Section 14(a) shall not be deemed to be an unreasonable withholding of such consent. The Franchisor's consent to a Transfer shall not operate to release the Franchisee from any liability under this Agreement.

- (b) Right of First Refusal. Without in any way derogating from the Franchisor's right to reject a proposed Transfer pursuant to Section 14(a), if at any time or times during the term of this Agreement, including any renewal thereof, the Franchisee obtains a bona fide offer (the "**Offer**") to acquire the whole or any part of his interest in the Franchised Business, which the Franchisee wishes to accept, the Franchisee shall promptly give written notice to the Franchisor together with a true copy of the Offer. Upon receipt of such notice and Offer, the Franchisor shall have the option of purchasing the Franchised Business forming the subject matter thereof upon the same terms and conditions as those set out in the Offer except as otherwise described below.
 - (i) There shall be deducted from the purchase price the amount of any commissions or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the offer.
 - (ii) The Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and to pay in full the entire purchase price at the time of closing. The Franchisor may exercise its option at any time within twenty (20) days after receipt of the said notice by giving written notice to the Franchisee. If the Franchisor declines to exercise such option and if such transfer is approved by the Franchisor, the Franchisee shall be at liberty to complete the transfer to such third party transferee in accordance with the Offer, provided that, notwithstanding the terms of the Offer, such transaction must be completed within ninety (90) days of the date on which the Franchisor notifies the Franchisee of its approval of such transaction. If the transaction is not completed within ninety (90) days, the foregoing provisions of Section 14(a) hereof shall apply again in respect of the proposed Transfer and so on.
 - (iii) In addition to the Offer to be given by the Franchisee to the Franchisor together with the notice described in Section 14(a), the Franchisee shall provide the Franchisor with information relating to the business reputation and qualifications to carry on the Franchised Business of the proposed transferee and any credit information the Franchisee may have as to the financial ability and stability of the proposed transferee, including, if the proposed transferee is an individual, his personal net worth statement and if the proposed transferee is a corporation, partnership, or other entity, its latest financial statements.

- (c) Sale of Shares or Other Interest in the Franchisee. In the event the Franchisee is a corporation or partnership or other entity, any transfer or issuance of shares, partnership or other interests, or other transaction or series of transactions involving the same (whether by operation of law or otherwise), will be deemed to constitute a Transfer for the purposes of this Agreement and require adherence to the requirements of a Transfer under this Agreement as provided for in this Agreement, including the requirements under Section 14(a).
- (d) Assignment to a Controlled Corporation. An assignment of the Franchised Business by the Franchisee (if an individual or individuals) to a company which is entirely owned by the Franchisee and the effective control remains with the original persons involved in the Franchisee or a transfer of the Franchised Business from one shareholder or partner to the other shareholder or partner shall not be deemed to be a Transfer of the Franchised Business for the purposes of this section, provided that:
- (i) the Franchisee is possessed of and will retain at all times during the Initial Term and any exercised Renewal Term, indefeasibly vested legal and beneficial ownership of not less than seventy-five (75%) percent of the outstanding voting equity of the assignee entity;
 - (ii) the Franchisee is and will remain a Principal of the assignee entity;
 - (iii) at the Franchisor's option, each individual owner (whether direct or indirect) of the entity the Franchisee shall enter into a personal guaranty in the form prescribed by the Franchisor agreeing to personally guaranty the performance of the Franchisee's obligations under the Franchise Agreement and any other agreement between the Franchisee and the Franchisor;
 - (iv) notwithstanding the assignment, the assignor shall remain liable, jointly and severally with the assignee entity and guarantors, for all obligations of the Franchisee contained herein;
 - (v) the assignor assigns to the assignee all assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
 - (vi) the Franchisee paying to the Franchisor, the Franchisor's then existing Transfer fee, whether or not such approval is given or the Transfer is completed, which Transfer fee is currently no charge for an assignment of the Franchised Business by the Franchisee (if an individual or individuals) to a company entirely owned by the original persons involved in the Franchisee, \$500 for an assignment of the Franchised Business by the Franchisee (if an individual or individuals) to a company and the effective control remains with the original persons involved in the Franchisee with less than twenty-five (25%) percent of the

outstanding voting equity of the company being granted or sold to others, and five hundred (\$500) dollars for a transfer of the Franchised Business from one shareholder or partner to another shareholder or partner, in each case payable upon the Franchisee's written notification to Franchisor of the Franchisee's intent to make such Transfer and shall not be refundable whether or not the Franchisee completes such Transfer.

- (e) Assignment by a Controlled Corporation by another Controlled Corporation. An assignment of the Franchised Business by a company to another company with the same ownership of the outstanding voting equity of the company shall not be deemed to be a Transfer of the Franchised Business for the purposes of this section, provided that:
- (i) at the Franchisor's option, each individual owner (whether direct or indirect) of the assignor shall enter into a personal guaranty in the form prescribed by the Franchisor agreeing to personally guaranty the performance of the Franchisee's obligations under the Franchise Agreement and any other agreement between the Franchisee and the Franchisor and each individual owner who previously provided a personal guaranty with respect to the assignor will provide a personal guaranty with respect to the assignee;
 - (ii) notwithstanding the assignment, the assignor shall remain liable, jointly and severally with the assignee entity and guarantors, for all obligations of the Franchisee contained herein;
 - (iii) the assignor assigns to the assignee all assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
 - (iv) the Franchisee paying to the Franchisor, the Franchisor's then existing Transfer fee, whether or not such approval is given or the Transfer is completed, which Transfer fee is currently five hundred (\$500) dollars for a transfer of the Franchised Business from one company to another company with the same ownership of the outstanding voting equity of the company, payable upon the Franchisee's written notification to Franchisor of the Franchisee's intent to make such Transfer and shall not be refundable whether or not the Franchisee completes such Transfer.
- (f) Assignment by the Franchisor. In the event of a sale, transfer or assignment by the Franchisor of its interest in the System or the Marks or any parts thereof, or in the event of any sale, transfer or assignment by the Franchisor of this Agreement or any interest therein, to the extent that the purchaser or assignee shall assume the covenants and obligations of the Franchisor under this Agreement, the Franchisor shall thereupon and without further agreement be freed and relieved of all liability with respect to such covenants and obligations.

15. DEATH OR INCAPACITATION

- (a) Death or Incapacitation. Upon the death or permanent disability of an individual Franchisee, or the controlling shareholder or partner or partners of the Franchisee as the case may be, then the Franchisee shall have the right, within one hundred and eighty (180) days after the death or permanent disability, to assign this Agreement to a person who, in the reasonable opinion of the Franchisor, is financially and operationally capable of carrying on the Franchisee's obligations under this Agreement. The spouse and/or adult child of the Franchisee shall have the right to continue to operate the Franchised Business during the one hundred and eighty (180) days period after the death or permanent disability of the Franchisee provided that they are, in the reasonable opinion of the Franchisor, capable of carrying on the Franchised Business and they directly covenant and agree with the Franchisor to be bound by the terms and conditions of this Agreement and any other agreements made between the Franchisor and the Franchisee.
- (b) Deemed Permanently Disabled. For the purposes of this Section 15, the Franchisee or any controlling shareholder(s) or partner(s) shall be deemed to have a "permanent disability" if the usual participation of the Franchisee or any controlling shareholder(s) or partner(s) in the Franchised Business is for any reason curtailed for a cumulative period of ninety (90) days in any twelve (12) month period during the term of this Agreement, including renewals.

16. DEFAULTS & TERMINATION

- (a) Events of Termination. The Franchisor shall have the right to terminate this Agreement only for Cause or unless otherwise agreed to in writing by the Franchisor and the Franchisee. The Franchisor may exercise its right to terminate this Agreement upon notice to the Franchisee upon the following events of default:
- (i) If the Franchisee violates any provision of this Agreement and fails to fully cure such violation within five (5) days after notice of default if the default is a failure of the Franchisee to make a timely payment of sums due to the Franchisor and within a reasonable time (not to exceed thirty (30) days) after notice for any other default.
- (ii) Notwithstanding the foregoing Section 16(a)(i), and subject to applicable state law, the Franchisor may terminate this Agreement effective immediately upon written notice if the Franchisee or any Principal:
- (1) fails to timely commence or complete to the Franchisor's satisfaction the franchise opener program or the Initial Training Program, or if the Franchised Business is not opened before thirty (30) days after the completion of the franchise opener program and the Initial Training Program or by the Start Date, as applicable;

- (2) has misrepresented or omitted material facts in its application or other materials provided to the Franchisor prior to the parties entering into this Agreement;
- (3) fails to either obtain all permits, certifications or licenses necessary to open and operate the Franchised Business by the first day of the sixth full calendar month following the Effective Date or diligently pursue licensure as reasonably determined by the Franchisor; or the Franchisee fails to properly maintain such permits, certifications or licenses;
- (4) engages in any dishonest, criminal or unethical behavior or conduct in respect of the Franchised Business or in such dishonest, criminal or unethical behaviour or conduct not in respect of the Franchised Business but that could, in the opinion of the Franchisor, adversely affect the Franchisor, the Franchised Business or the goodwill associated with the System or the Marks, regardless of whether the Franchisee or Principal is ultimately charged or convicted of any such crime;
- (5) ceases, or threatens to cease, to carry on the Franchised Business or fails to operate the Franchised Business continuously during the term of this Agreement during normal hours of operation or ceases to communicate with the Franchisor;
- (6) makes or purports to make a general assignment for the benefit of creditors, has a receiver or similar custodian appointed or makes a disposition of substantially all of its assets, or any of the assets of the Franchised Business are seized, taken over or foreclosed upon;
- (7) institutes any proceeding, or becomes the subject of any proceeding, relating to insolvency or bankruptcy;
- (8) becomes administratively dissolved or otherwise, or takes steps to initiate the winding-up, dissolution, or liquidation of either the Franchisee or any Principal;
- (9) becomes insolvent or is unable to meet all of its obligations as they become due;
- (10) commits a violation for the third time of any provision of this Agreement (whether or not the same provision each time) within any twelve (12) month period, for which first two (2) violations the Franchisor has given the Franchisee written notices of default;

- (11) allows a judgment for the payment of money in any amount in excess of two thousand five hundred (\$2,500) dollars to remain unsatisfied for a period of more than twenty (20) days (unless an appeal has been filed and is in process);
- (12) defaults under any contract of conditional sale, mortgage or other security instrument related to the Franchised Business;
- (13) subject to the provisions of Section 15, if the Franchisee or the controlling shareholder or partner or partners of the Franchisee as the case may be, shall die or otherwise become permanently disabled and the Franchisee's or any Principal's spouse or an adult child does not desire or is not capable to continue to operate the Franchised Business as provided in accordance with the provisions of the said section 15 or the executor, administrator, or personal representative has failed to transfer the Franchisee's interest to a third party, approved by the Franchisor within six (6) months after the death or permanent disability;
- (14) makes any unauthorized use, disclosure or duplication of any portion of the Manual or the passwords, access codes or user names to access the Manual in electronic format or duplicates, discloses or makes any unauthorized use of any Confidential Information;
- (15) submits to the Franchisor on three (3) or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records which understate by more than three percent (3%) the Royalty Fees for any accounting periods, and the Franchisee is unable to satisfactorily demonstrate to the Franchisor that such understatements resulted from inadvertent error;
- (16) misuses or makes an unauthorized use of any Marks or commits any act which action can reasonably be expected to impair the goodwill associated with any Marks;
- (17) attempts to assign, transfer, or sell the clients or the client service contracts or the identity of clients of the Franchised Business without the Franchisor's written consent;
- (18) violates and fails to cure any health, safety or other local, state or federal laws, regulation or ordinances in a manner which presents a hazard to a client of the Franchised Business or other member of the public as required by applicable law; or
- (19) participates in the Initial Training Program and demonstrates, in the Franchisor's reasonable opinion, an inability to adequately manage and operate the Franchised Business.

- (b) Cross Default. If the Franchisee or its Principals is or has a controlling interest in another franchised business in the System, then a Default under this Agreement shall constitute a default under such other franchise agreement, and vice-versa, with the like remedies available to the Franchisor, and should such other franchise agreement for any reason therein be terminated, the Franchisor may, at its option, terminate this Agreement.
- (c) Effect of Expiration or Termination. Upon the expiration or termination of this Agreement for any reason whatsoever, the Franchisee shall observe the following post-termination obligations:
- (i) The Franchisee shall, immediately upon the Franchisor's request (in order that the Franchisor may protect the Marks and other proprietary rights and the Franchisor's other franchisees), permit the Franchisor or its representatives to enter any commercial premises used in connection with the Franchised Business and, at the Franchisor's option, to cure any Default by the Franchisee, to operate the Franchised Business for the Franchisor's account or to secure the Franchisee's complete and timely compliance with the other obligations set forth in this section.
 - (ii) The Franchisee shall immediately discontinue the operation of the Franchised Business, and the use of the Marks and other proprietary rights licensed under this Agreement, and similar names and marks, or any other designations or marks associating the Franchisee with the Franchisor or the System. The Franchisee shall cease displaying and using all signs, stationery, letterheads, packaging, forms, marks, manuals, bulletins, instruction sheets, printed matter, advertising and other physical objects used in connection with the System or containing or bearing any of the Marks or other names, marks or designations and shall not thereafter operate or do business under any name or in any manner in violation of Section 10(b) or that might tend to give the general public the impression that it is associated with the Franchisor or the System or that it is operating a business similar to a Franchised Business or that it previously conducted its business under the Marks.
 - (iii) The Franchisee shall notify the telephone company and all listing agencies of the termination of this Agreement and with it the Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with the Marks and to authorize the transfer of same to the Franchisor or its replacement franchisee. The Franchisee will cancel any telephone numbers and listings as the Franchisor may request. The Franchisee hereby irrevocably appoints any officer of the Franchisor as its attorney to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing.

- (iv) The Franchisee shall promptly execute such documents or take such actions as may be necessary to abandon the Franchisee's use of any fictitious business name containing any of the Marks adopted by the Franchisee and to remove or transfer (in respect of the next publication), at the Franchisor's request, the Franchisee's listing as a franchisee from the yellow pages, all other telephone directories and all other trade or business directories.
 - (v) Within seven (7) days after the effective date of termination, the Franchisee shall return to the Franchisor at the Franchisee's own cost, all copies of the Manuals and all other confidential material provided to the Franchisee by the Franchisor, and all other materials the Franchisee is required to be returned in accordance with this Agreement or the Manuals.
 - (vi) Within seven (7) days after the effective date of termination, the Franchisee shall transfer to the Franchisor at Franchisee's own costs, subject to any applicable state or federal laws, and in a manner the Franchisor designates, all client lists, including telephone numbers and email addresses of previous, current and prospective Clients (the "Client Lists") and all records regarding previous, current and prospective Clients (the "Client Records"). Franchisee acknowledges and agrees that the Franchisor is the sole owner of the Client Lists and Client Records and the Franchisee may not distribute the Client Lists and Client Records, in any form or manner, to any third party without the Franchisor's prior written consent.
 - (vii) Upon the effective date of termination, the Franchisee shall assign all Client contracts to the Franchisor or the Franchisor's designee and shall support and assist the Franchisor or the Franchisor's designee with the Client transition.
- (d) Additional Remedies. In addition to any other remedies the Franchisor may have, at law or under this Agreement, in the event of a Default by the Franchisee under this Agreement, the Franchisor may seek the following additional remedies without waiving any claim for Default:
- (i) The Franchisee agrees to pay as liquidated damages such amounts as set forth in the Operations Manual from time to time should the Franchisor discover that the Franchisee has breached any such Standard (such "Standard" hereinafter defined as the standards and obligations set out in this Agreement and the Operations Manual), which liquidated damages the Franchisee acknowledges are a reasonable pre-estimation of the internal and, or alternatively, external cost to Franchisor related to such breaches. Such liquidated damages will range from \$25 to \$500 for each violation, and may be assessed each week the Franchisee is found to be in violation. Any liquidated damages assessed shall be immediately due and payable by the Franchisee within ten (10) days of the Franchisor providing notice to the Franchisee of a violation. The Franchisee's

obligation to pay liquidated damages as provided for herein is not an exclusive remedy. The Franchisor may elect to pursue other remedies available to it, including without limitation, the right to enjoin continuing violations or termination of this Agreement.

- (ii) Obtain an injunction or appointment of a receiver which term includes a receiver and manager of the Franchised Business to terminate or prevent the continuation of any existing Default, or to prevent the occurrence of any threatened Default by the Franchisee of this Agreement. The Franchisee agrees that any breach of this Agreement would result in irreparable damage to the Franchisor that cannot be adequately compensated by monetary award. As such, the Franchisee agrees that the Franchisor may obtain such injunctive relief without the requirement to prove irreparable harm.
- (iii) Cure any Default by the Franchisee hereunder for the account of and on behalf of the Franchisee, and the Franchisee hereby irrevocably appoints Franchisor as its attorney to do so, and the expenses incurred by Franchisor shall be due and payable forthwith by the Franchisee upon demand and shall be deemed to be an amount owing to the Franchisor hereunder.
- (iv) Enter upon any commercial premises upon which the Franchised Business is conducted during regular business hours, without being liable to the Franchisee in any way for such entry, for the purposes of securing the return of any of the Franchisor's property, performing or compelling performance of the Franchisee's obligations to the Franchisor and protecting the Franchisor's rights upon expiration or termination of this Agreement.
- (v) Permanently or upon such conditions as the Franchisor may determine to:
 - (1) reduce the Territory;
 - (2) remove the exclusivity provided in the Territory (allowing the Franchisor to grant or operate other Franchised Businesses in the Territory);
 - (3) withhold, postpone, or forgo any services, payments, orders, access to any electronic systems or other materials, or any other obligations imposed on the Franchisor by this Agreement; or
 - (4) any combination of (1), (2) and (3).

- (e) Survival of Covenants. Notwithstanding the expiration or termination of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by the Franchisee or any Principal under this Agreement or which by their nature survive the expiration or termination of this Agreement, including without limitation, those set out in Sections 8, 13(b), 16(c), 16(d), 16(f) and 17, shall survive any such expiration or termination.
- (f) Failure to Act Not to Affect Rights. The failure of the Franchisor to exercise any rights or remedies available to it under this Agreement shall not be deemed to be a waiver of or otherwise affect, impair or prevent the Franchisor from exercising any such rights or remedies to which it may be entitled. The acceptance by the Franchisor of any amount payable by or for the account of the Franchisee under this Agreement shall not be deemed to be a waiver by the Franchisor of any rights and remedies to which it may otherwise be entitled. No waiver shall be effective unless such waiver shall be in writing.
- (g) Liquidated Damages. Upon termination of this Agreement due to any default by the Franchisee, or if the Franchisee wrongfully terminates this Agreement before its scheduled expiration date (which also will be considered a default by the Franchisee under this Agreement), the Franchisee shall pay the Franchisor as fair and reasonable liquidated damages (but not as a penalty) an amount equal to the greater of (i) the minimum royalty contemplated by Section 3(b)(ii)(2) of this Agreement, through the remaining unexpired term of this Agreement (where for any partial 12-month period the amount shall be reduced pro rata to reflect the number of actual days in such partial 12-month period), or (ii) a Projected Royalty for the next three (3) years. The “Projected Royalty” is calculated as 36 multiplied by 5% of (A) the average monthly Gross Sales during the last six (6) months that the Franchised Business was operated, or if the Franchised Business has been operated for less than six (6) months, then (B) the average monthly Gross Sales over the actual operating period. The Franchisee agrees that it would be difficult to calculate with certainty the actual amount of damages that the Franchisor will incur and that this amount is the best estimate of the Franchisor’s lost revenues. If a court determines that the liquidated damages payment is unenforceable, then the Franchisor may pursue all other available remedies, including recovery of consequential damages. Payment of liquidated damages will not in any way limit any other remedy the Franchisor may have at law or in equity resulting from the Franchisee’s failure to perform its obligations.

17. REPRESENTATIONS AND WARRANTIES

- (a) The Franchisee hereby represents, warrants and covenants to and with the Franchisor as follows, and acknowledges that the Franchisor is relying on such representations, warranties and covenants in entering into this Agreement, that:
 - (i) the Franchisee has all necessary power, capacity and authority to obtain the license herein granted by the Franchisor and to carry on the Franchised Business as contemplated in this Agreement;

- (ii) the execution by the Franchisee of this Agreement and the other Agreements referred to herein have been duly authorized and this Agreement constitutes a valid and binding obligation of the Franchisee and does not and will not violate or constitute a breach of or default under any other agreement to which the Franchisee is party or under which the Franchisee is otherwise in any way obliged or enjoys benefits of any kind;
- (iii) where the Franchisee is not a natural person, the Franchisee is duly formed, licensed and qualified to carry on the Franchised Business in the jurisdiction(s) in which the Franchised Business may be carried on pursuant to this Agreement;
- (iv) each of the Franchisee's employees and consultants has and has maintained in good standing all licenses and accreditations required by them to perform and carry out their employment and consulting obligations under the laws of the jurisdiction(s) in which the Franchised Business may be carried on pursuant to this Agreement;
- (v) the Franchisee has secured all rights and done all things necessary to perform the Franchisee's obligations under this Agreement and to carry on the Franchised Business, including obtaining appropriate business licenses and any other permits and regulatory approvals required by it and its officers, directors, employees and agents to carry on the Franchised Business, or is diligently pursuing licensure as required to engage in the Franchised Business;
- (vi) the Franchisee is not obtaining the franchise granted by the Franchisor hereunder for speculative purposes and has no present intention to sell or transfer such franchise;
- (vii) the names of all Principals of the Franchisee are completely and accurately set out in Schedule "B" attached hereto;
- (viii) the Franchisee has read this Agreement, understands the terms and conditions and is fully capable of performing or causing to be performed all of the obligations of the Franchisee hereunder; and
- (ix) neither the Franchisee nor the Principals have, as of the date hereof, entered into any agreement or arrangement inconsistent with or that would amount to a breach of or Default under this Agreement.

18. ACKNOWLEDGMENTS

(a) Independent Investigation.

(i) The Franchisee has conducted an independent investigation of the Franchised Business and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the skill and business ability of the Franchisee. The Franchisee acknowledges that it has received, and has had an ample time to read, and has read this Agreement and fully understand its provisions. The Franchisee further acknowledges it has had an adequate opportunity to be advised by legal counsel, accounting professionals and business advisors of its own choosing regarding all pertinent aspects of this franchise, the purchase of the Franchised Business and the franchise relationship.

(ii) The Franchisee confirms and acknowledges:

- (1) that the terms and provisions of this Agreement are reasonable and necessary for the Franchisor to maintain its high standards of quality and service and to preserve the goodwill of the Marks and the System;
- (2) the importance of operating the Franchised Business in strict conformity with the Franchisor's standards and guidelines; and
- (3) that the Franchisee is obtaining the right to use the System and the Marks as a licensee only, that nothing in this Agreement grants to the Franchisee any proprietary interest in or to the System or the Marks and that the Franchisor retains all right, title and interest in and to the System and the Marks, including the right to modify the System and the Marks as the Franchisor, in its sole discretion, considers appropriate.

19. GENERAL PROVISIONS

(a) Indemnification of the Franchisor. The Franchisee shall, during and after the term of this Agreement, indemnify and save the Franchisor and its directors, shareholders, officers, employees and agents harmless from any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature whatsoever to which they shall or may become liable for, or suffer by reason of any breach, violation or non-performance on the part of the Franchisee or any of its agents, sub-licensees, servants or employees of any representation, warranty, term or condition of this Agreement and from all claims, damages, suits, costs or rights of any persons, firms or corporations arising from the operation of the Franchised Business.

- (b) Legal Fees. In the event the Franchisor is made a party to any litigation commenced by or against the Franchisee (other than litigation commenced by the Franchisee against the Franchisor in connection with a breach of the Franchisor's obligations under this Agreement), the Franchisee shall indemnify and save the Franchisor harmless against any losses, damages or claims whatsoever arising therefrom and shall pay all costs and expenses including reasonable legal fees, accountants and expert witness fees, costs of investigation and travel and living expenses incurred or paid by the Franchisor in connection with such litigation. Further, if it is established that the Franchisee has breached any of the terms and conditions of this Agreement, the Franchisee hereby agrees to pay all costs and expenses including legal fees that may be incurred or paid by the Franchisor in enforcing the Franchisor's rights and remedies under this Agreement.
- (c) Legal Relationship. The parties hereby acknowledge and agree that the intended relationship is that of franchisor and franchisee and each is an independent contractor, that no party shall be considered to be the agent, representative, employer or employee, of the other party for any purpose whatsoever and that no party has any authority to enter into any contract, assume any obligations or to give any warranties or representations on behalf of the other party hereto. Nothing in this Agreement shall be construed to create a relationship of partners, joint venturers, fiduciaries or any other similar relationship among the parties. The parties also acknowledge and agree that the Franchisee has the sole right to hire, terminate, discipline, train and determine working schedules for its staff and that the Franchisee sets wage rates for its staff without input or guidance from the Franchisor.
- (d) Joint and Severable. If two or more individuals, corporations, partnerships or other entities (or any combination of two or more thereof) shall sign or be subject to the terms and conditions of this Agreement as the Franchisee, the liability of each of them under this Agreement shall be joint and several.
- (e) Severability. If for any reason whatsoever, any term or condition of this Agreement or the application thereof to any party or circumstance shall, to any extent be invalid or unenforceable, all other terms and conditions of this Agreement and/or the application of such terms and conditions to parties or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and condition of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.
- (f) Notices. All notices, consents, approvals, statements, authorizations, documents, or other communications (collectively, "**Notices**") required or permitted to be given hereunder shall be in writing, and shall be delivered either by a reputable delivery service that provides for package tracking and confirmation of deliveries made (i.e. Federal Express, United Parcel Service) or mailed by certified mail, return receipt requested, postage prepaid, to the said parties at their respective addresses first above written or at any such other address or addresses as may be given by any of them to the other in writing. Such Notices, if mailed, shall be deemed to have been given on the second business day (except Saturdays, Sundays and national holidays) following such mailing, or, if delivered

personally, shall be deemed to have been given on the day of delivery, if a business day, or if not a business day, on the business day next following the day of delivery; provided that if such notice shall have been mailed and if regular mail service shall be interrupted by strike or other irregularity before the deemed receipt of such Notices as aforesaid, then such Notices shall not be effective unless delivered.

- (g) Headings. The headings in this Agreement or any schedule hereto are inserted for convenience of reference only and shall not in any way affect the construction or interpretation of this Agreement.
- (h) Applicable Laws. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington without regard to principles of conflicts of law, except that no Washington statute or regulation shall apply or shall give rise to any right or claim unless the Franchised Business is in the State of Washington and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision. The King County Superior Court in Seattle, Washington or the U.S. District Court for the Western District of Washington in Seattle, Washington, as appropriate, shall have exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and the Franchisee and the Franchisor each attorn to the jurisdiction of such courts in all matters related to this Agreement; provided that the Franchisor may obtain relief in such other jurisdictions as may be necessary or desirable to obtain declaratory, injunctive or other relief to enforce the provisions of this Agreement.
- (i) Time of the Essence. Time shall be of the essence of this Agreement and of each and every part hereof.
- (j) Waiver of Obligations. The Franchisor may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement. No acceptance by the Franchisor of any payment by the Franchisee and no failure, refusal or neglect of the Franchisor to exercise any right under this Agreement or to insist upon full compliance by the Franchisee with his obligations hereunder, including without limitation, any mandatory specification or standard operating procedure shall constitute a waiver of any provision of this Agreement.
- (k) Interpretation. The use of the neuter or male or female pronoun to refer to the Franchisor or the Principal may be an individual (male or female), a partnership, a corporation or another entity or a group of two or more individuals, partnerships, corporations or other entities. The necessary grammatical changes required to make the provisions of this Agreement apply in the plural sense, where there is more than one Franchisee or Principal and to either individuals (male or female) partnerships, corporations or other entities, shall in all instances be assumed in each case. The words “hereof”, “herein”, “hereunder” and similar expressions used in any section or subsection of this Agreement relate to the whole of this Agreement (including any schedules attached hereto) and not to that section or subsection only, unless otherwise expressly provided for or the context clearly indicates to the contrary. The word “or” is not limiting.

- (l) Lawful Attorney. Notwithstanding anything herein contained, if the Franchisee does not execute and deliver to the Franchisor any documents or other instruments which it is so required to execute and deliver pursuant to this Agreement within the time period or periods so specified herein, the Franchisee does hereby irrevocably appoint the Franchisor as the Franchisee's lawful attorney with full power and authority to execute and deliver in the name of the Franchisee any such document or instruments and to do all things as may be required to comply with the provisions pursuant to which the power of attorney is being utilised, and the Franchisee hereby agrees to ratify and confirm all such acts of the Franchisor as its lawful attorney and to indemnify and save the Franchisor harmless from all claims, losses or damages in so doing. The Franchisee hereby declares that the powers of attorney hereby granted may be exercised during any subsequent legal incapacity on his part.
- (m) Further Assurances. Each of the parties hereto hereby covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgements or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof.
- (n) Binding Agreement. Subject to the restrictions on assignment herein contained, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.
- (o) When Agreement Binding on the Franchisee. This Agreement is not effective until signed by a corporate officer of the Franchisor. No field representative, employee, contractor or salesperson is authorized to execute this Agreement on behalf of the Franchisor. The Franchisee is advised not to incur any expense or obligation with respect to the proposed franchise business until the Franchisee has received a fully executed copy of this Agreement from the Franchisor.
- (p) Rights of the Franchisor are Cumulative. The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor of any other right or remedy hereunder or which the Franchisor is otherwise entitled by law to enforce.

- (q) Force Majeure. In the event that any party hereto is delayed or hindered in the performance of any act required herein by reason of strike, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reasons of a like nature not the fault of such party, then performance of such act shall be excused for the period of the delay and the period for performance of any such act shall be extended for a period equivalent to the period of such delay, up to a maximum of three (3) months. The provisions of this section shall not operate to excuse the Franchisee from the prompt payment of any fee or other payment due the Franchisor pursuant to the provisions of this Agreement.
- (r) The Franchisee May Not Withhold Payments Due. The Franchisee may not, on grounds of the alleged non-performance by the Franchisor of its obligations hereunder, withhold payment of any royalty or other amounts due to the Franchisor or its Affiliates, whether on account of goods purchased by the Franchisee or otherwise.
- (s) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. No prior representations, promises, agreements, commitments or assurances, whether oral or in writing, shall survive or have any effect after the execution of this Agreement and all are merged herein. Nothing in this, or in any related agreement, however, is intended to disclaim the representations that the Franchisor made in the franchise disclosure document that the Franchisor furnished to the Franchisee. This Agreement may not be modified except by a further written agreement signed by the parties.
- (t) Resolution of Disputes.
- (i) Statement of Dispute. Prior to initiating arbitration or mediation to resolve any dispute between the parties, each party agrees that it will notify the other party in writing of any dispute, claim or controversy arising out of or relating to this Agreement, the parties' relationship, or the Franchisee's Franchised Business, that the notifying party wishes to resolve. Such notice shall include a statement of the dispute, describing to the fullest extent possible the notifying party's version of the facts surrounding the dispute or claim together with an explanation of its position and all elements of any claim (the "Statement of Dispute"). The parties shall then use their best efforts to communicate with each other to try to resolve the dispute.

(ii) Mandatory Mediation. If the parties are unable to resolve their dispute within thirty (30) days after delivery of the Statement of Dispute, prior to initiating any arbitration or legal action to resolve the dispute, the parties agree to participate in non-binding mediation before a mutually agreeable mediator. Such mediation shall be held at the offices of the Franchisor, or such other site designated by the Franchisor, within a reasonable time after expiration of the thirty (30) day period following delivery of a Statement of Dispute. At least one principal of each party, with authority to settle the dispute, shall attend the mediation meeting. The Franchisor and the Franchisee shall share equally the cost of the mediator. Except as otherwise required by this Agreement, the mediation shall be conducted consistent with the requirements of Washington State's Uniform Mediation Act, RCW 7.07 et seq.

(iii) Court Action for Equitable or Injunctive Relief. Notwithstanding anything in this agreement to the contrary, any party may seek interlocutory injunctive relief to prevent it from incurring irreparable harm or injury pending the outcome of mediation and arbitration.

(iv) Mandatory Arbitration. All disputes, claims or controversies arising out of or relating to this Agreement, the parties' relationship, or the Franchisee's Franchised Business that are not resolved following the required negotiation and mediation in Sections 19(t)(i)-(ii), will be determined by binding arbitration in Seattle, Washington. The Parties agree that all issues of arbitrability, including the scope, validity, and enforceability of the arbitration clause, are delegated to the arbitrator and the arbitrator shall have full and complete authority to decide any such issues. The Federal Arbitration Act, not state law, governs the arbitration proceedings, as well as the scope, validity, and enforceability of the arbitration clause. Except as provided by this Agreement, the arbitration shall be conducted and administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. If JAMS is no longer in business at the time an arbitration demand is made, the parties agree to conduct their arbitration pursuant to the Commercial Rules of the American Arbitration Association. The parties will keep confidential all matters relating to or arising out of the arbitration and the arbitration award, except as necessary to comply with applicable law. The franchisor and the Franchisee both consent to the jurisdiction of the arbitrator to resolve all disputes arising out of or related to this Agreement. The parties agree that the arbitrator's award is conclusive, final, and binding, and that there will be no appeals of any awards even if allowed by the Comprehensive Arbitration Rules and Procedures. **THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY, EXCEPT WHERE WAIVER IS PROHIBITED BY APPLICABLE FEDERAL OR STATE LAW.**

(v) Venue for Litigation. The parties agree that any litigation initiated to seek relief as provided under Section 19(t)(iii), or any action commenced following a determination by the arbitrator that the requirement to arbitrate is unenforceable, shall be brought in a court of competent jurisdiction situated in Seattle, King County, Washington. All other matters must be arbitrated pursuant to Section 19(t)(iv). The arbitration provisions of this Agreement apply to claims by and against the Franchisee and the Franchisor and the Franchisor's respective

Affiliates, owners, guarantors, managers, directors, officers, employees, and representatives (collectively referred to in this article as “Parties” or “Party” subject to arbitration). The arbitration provisions shall survive the termination, expiration, or Transfer of this Agreement. To the extent litigation is necessary under this Section, the Franchisee and the Franchisor each consent to the jurisdiction of the courts situated in Seattle, King County, Washington.

(vi) Collective Action Waiver. The Franchisee will arbitrate or litigate each dispute with the Franchisor on an individual basis. The Franchisee will not consolidate its dispute in any arbitration or litigation with a claim by any other franchisee, or other individual, or entity. The Franchisee knowingly and voluntarily agrees to waive its right to participate in any class action or mass action proceedings.

- (u) Fair Dealing. The parties agree to act reasonably and in good faith in all matters concerning the performance and enforcement of this Agreement.
- (v) Electronic Signature; Counterparts. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement, or any other agreement or document signed in connection with this Agreement or the franchise relationship created by this Agreement, are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.
- (w) Limitation of Liability. The Franchisor will not be liable for penalties or damages for special, indirect, consequential, incidental, punitive or exemplary damages of any type or kinds (including, without limitation, lost profits) regardless of whether any such losses or damages are characterized as arising from breach of contract, breach of warranty, tort, strict liability or otherwise, even if the Franchisor is advised of the possibility of such losses or damages or if such losses or damages are foreseeable. The Franchisor’s liability under this Agreement, regardless of the form of action, shall be limited to actual damages and the total liability to the Franchisee for all damages shall not exceed amounts paid by the Franchisee to the Franchisor for the initial franchise fee and for continuing royalties in accordance with Section 3(b).
- (x) Currency. All references to dollars in this Agreement shall refer to United States dollars.

(signature page to follow)

As evidence of their intent to be legally bound, each party has signed this Agreement on the date indicated below its authorized signatory's signature.

FRANCHISEE:

[FRANCHISEE'S NAME]

By: _____

Name: _____

Title: _____

Date: _____

PRINCIPALS:

(signature)

Name: _____
(print)

Date: _____

(signature)

Name: _____
(print)

Date: _____

FRANCHISOR:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE “A” – TERRITORY

The territory shall consist of the following zip codes:

[Zip Codes]

(the “Territory”).

SCHEDULE “B” – FRANCHISEE INFORMATION

1. The names of all of the Franchisee’s shareholders and their shares held are as follows:

| Name | Number and Class of Shares Held |
|-------------|--|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

2. The names and positions of all of the Franchisee’s officers and directors are as follows:

| Name | Director (Y/N) | Office Held |
|-------------|---------------------------|--------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

SCHEDULE "C" – PERSONAL GUARANTY

See Attached

PERSONAL GUARANTEE

FOR VALUE RECEIVED, and in consideration of NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC., a Washington state (the “**Company**”), granting a franchise agreement for the operation of a franchise located in [TERRITORY] to [FRANCHISEE NAME], a [STATE] [Pick one: Corporation or Limited Liability] Company (the “**Franchisee**”), the undersigned, [Individuals Name] and [Individual name] ([jointly and severally,] the “**Guarantor**”), agree as follows:

1. Guarantee of Obligations.

1.1. Guarantor unconditionally, absolutely and irrevocably guarantees the full and prompt payment and performance when due, of all obligations of Franchisee to Company and its affiliates, however created, arising or evidenced, whether direct or indirect, absolute or contingent, now or in the future, existing or due or to become due, including, without limitation, under or in connection with the Franchise Agreement by and between Company and Franchisee dated [date of franchise agreement] in relation to the [TERRITORY] location (the “**Franchise Agreement**”) and each of the documents, instruments and agreements executed and delivered in connection with the Franchise Agreement or this personal guarantee, as each may be modified, amended, supplemented or replaced from time to time (all such obligations are referred to collectively as the “**Obligations**”), and all documents evidencing or securing any of the Obligations. This personal (this “**Personal Guarantee**”) is a guarantee of payment and performance when due and not of collection.

1.2. In the event of any default by Franchisee in making payment of, or default by Franchisee in performance of, any of the Obligations, Guarantor agrees on demand by Company to pay and perform all of the Obligations as are then or thereafter become due and owing or are to be performed under the terms of the Obligations. Guarantor further agrees to pay all expenses (including reasonable attorneys’ fees and expenses) paid or incurred by Company in endeavoring to collect the Obligations, or any part thereof, and in enforcing this Continuing Guarantee.

2. Continuing Nature Of Guarantee And Obligations. This Continuing Guarantee shall be continuing and shall not be discharged, impaired or affected by: (i) the insolvency of Franchisee or the payment in full of all of the Obligations at any time or from time to time; (ii) the power or authority or lack thereof of Franchisee to incur the Obligations; (iii) the validity or invalidity of any of the Obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Guarantor or the ability of Company to enforce this Continuing Guarantee, the Obligations or any provision of the Obligations; or (vi) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have been waived by Guarantor pursuant to Paragraph 4 of this Continuing Guarantee.

3. Permitted Actions of Company. Company may from time to time, in its sole discretion and without notice to Guarantor, take any or all of the following actions: (i) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to Guarantor, with respect to any of the Obligations; (ii) extend or renew for one or more periods (whether or not longer than the original period), alter, amend or exchange any of the Obligations; (iii) waive, ignore or forbear from taking action or otherwise exercising any of its default rights or remedies with respect to any default by Franchisee under the Obligations; (iv) release, waive or compromise any obligation of Guarantor under this Continuing Guarantee or any obligation of any nature of any other obligor primarily or secondarily obligated with respect to any of the Obligations; (v) demand payment or performance of any of the Obligations from Guarantor at any time or from time to time, whether or not Company shall have exercised any of its rights or remedies with respect to any property securing any of the Obligations or any obligation under this

Continuing Guarantee; or (vi) proceed against any other obligor primarily or secondarily liable for payment or performance of any of the Obligations.

4. Specific Waivers.

4.1. Without limiting the generality of any other provision of this Continuing Guarantee, Guarantor expressly waives: (i) notice of the acceptance by Company of this Continuing Guarantee; (ii) notice of the existence, creation, payment, nonpayment, performance or nonperformance of all or any of the Obligations; (iii) presentment, demand, notice of dishonor, protest, notice of protest and all other notices whatsoever with respect to the payment or performance of the Obligations or the amount thereof or any payment or performance by Guarantor under this Agreement; (iv) all diligence in collection or protection of or realization upon the Obligations or any thereof, any obligation under this Agreement or any security for or guarantee of any of the foregoing; (v) any right to direct or affect the manner or timing of Company's enforcement of its rights or remedies; (vi) any and all defenses which would otherwise arise upon the occurrence of any event or contingency described in Paragraph 1 hereof or upon the taking of any action by Company permitted under this Agreement; and (vii) all other principles or provisions of law, if any, that conflict with the terms of this Continuing Guarantee, including, without limitation, the effect of any circumstances that may or might constitute a legal or equitable discharge of a guarantor or surety.

4.2. Guarantor further waives all rights to revoke this Continuing Guarantee at any time, and all rights to revoke any agreement executed by Guarantor at any time to secure the payment and performance of Guarantor's obligations under this Continuing Guarantee.

5. Subordination; Subrogation. Guarantor subordinates any and all indebtedness of Franchisee to Guarantor to the full and prompt payment and performance of all of the Obligations. Company shall be entitled to receive payment of all Obligations prior to Guarantor's receipt of payment of any amount of any indebtedness of Franchisee to Guarantor. Guarantor will not exercise any rights which it may acquire by way of subrogation under this Continuing Guarantee, by any payment hereunder or otherwise, until all of the Obligations have been paid in full, in cash, and Company shall have no further obligations to Franchisee under the Obligations or otherwise.

6. Non-Competition, Trade Secrets, Interference with Employment Relations; etc. Sections 8(b) (Confidentiality), 13 (Non-Competition), and 19(t) (Resolution of Disputes) of the Franchise Agreement, are incorporated into this Continuing Guarantee by reference, and Guarantor agrees to comply with and perform each of such covenants as though fully set forth in this Continuing Guarantee as a direct and primary obligation of Guarantor.

7. Assignment Of Company's Rights. Company may, from time to time, without notice to Guarantor, assign or transfer any or all of the Obligations or any interest therein and, notwithstanding any assignment(s) or transfer(s), the Obligations shall be and remain Obligations for the purpose of this Continuing Guarantee. Each and every immediate and successive assignee or transferee of any of the Obligations or of any interest therein shall, to the extent of such party's interest in the Obligations, be entitled to the benefits of this Continuing Guarantee to the same extent as if such assignee or transferee were Company.

8. Indulgences Not Waivers. No delay in the exercise of any right or remedy shall operate as a waiver of the such right or remedy, and no single or partial exercise by Company of any right or remedy shall preclude other or further exercise of such right or remedy or the exercise of any other right or remedy; nor shall any modification or waiver of any of the provisions of this Continuing Guarantee be binding upon Company, except as expressly set forth in a writing signed by Company. No action of

Company permitted under this Continuing Guarantee shall in any way affect or impair the rights of Company or the obligations of Guarantor under this Continuing Guarantee.

9. Financial Condition Of Franchisee. Guarantor represents and warrants that it is fully aware of the financial condition of Franchisee, and Guarantor delivers this Continuing Guarantee based solely upon its own independent investigation of Franchisee's financial condition. Guarantor waives any duty on the part of Company to disclose to Guarantor any facts it may now or hereafter know about Franchisee, regardless of whether Company has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor. Guarantor knowingly accepts the full range of risk encompassed within a contract of "Continuing Guarantee" which includes, without limitation, the possibility that Franchisee will contract for additional obligations and indebtedness for which Guarantor may be liable hereunder.

10. Representation and Warranty. Guarantor represents and warrants to Company that this Continuing Guarantee has been duly executed and delivered by Guarantor and constitutes a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

11. Binding Upon Successors; Death Of Guarantor; Joint And Several.

11.1. This Continuing Guarantee shall inure to the benefit of Company and its successors and assigns.

11.2. All references herein to Franchisee shall be deemed to include its successors and permitted assigns, and all references herein to Guarantor shall be deemed to include Guarantor and Guarantor's successors and permitted assigns and, upon the death of a Guarantor, the duly appointed representative, executor or administrator of the Guarantor's estate. This Continuing Guarantee shall not terminate or be revoked upon the death of a Guarantor, notwithstanding any knowledge by Company of a Guarantor's death.

11.3. If there shall be more than one Guarantor (or more than one person or entity comprises Guarantor) under this Agreement, all of the Guarantor's obligations and the other obligations, representations, warranties, covenants and other agreements of any Guarantor under this Agreement shall be joint and several obligations and liabilities of each Guarantor.

11.4. In addition and notwithstanding anything to the contrary contained in this Continuing Guarantee or in any other document, instrument or agreement between or among any of Company, Franchisee, Guarantor or any third party, the obligations of Guarantor with respect to the Obligations shall be joint and several with each and every other person or entity that now or hereafter executes a guarantee of any of the Obligations separate from this Continuing Guarantee.

12. Governing Law. This Continuing Guarantee has been delivered and shall be governed by and construed in accordance with the internal laws (as opposed to the conflicts of law provisions) of the State of Washington. Wherever possible each provision of this Continuing Guarantee shall be interpreted as to be effective and valid under applicable law, but if any provision of this Continuing Guarantee shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Continuing Guarantee.

13. Resolution of Disputes. Any claim or controversy arising out of or relating to this Personal Guarantee or the relationship of the parties to this Personal Guarantee shall be governed by the dispute

resolution provisions of the Franchise Agreement. The Guarantor consents to being joined as a party to any dispute resolution proceeding involving the Franchise Agreement or the Franchisee.

14. ADVICE OF COUNSEL. GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS EITHER OBTAINED THE ADVICE OF COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS CONTINUING GUARANTEE.

15. Entire Agreement. This Continuing Guarantee contains the complete understanding of the parties hereto with respect to the subject matter herein. Guarantor acknowledges that Guarantor is not relying upon any statements or representations of Company not contained in this Continuing Guarantee and that such statements or representations, if any, are of no force or effect and are fully superseded by this Continuing Guarantee. This Continuing Guarantee may only be modified by a writing executed by Guarantor and Company.

16. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(signature page to follow)

IN WITNESS WHEREOF, the undersigned have executed this Personal Guarantee this
____ day of _____, 201__.

Guarantor:

[Print Name]

Guarantor:

[Print Name]

Exhibit A

Conditional Assignment of Telephone and Directory Listings

**CONDITIONAL ASSIGNMENT OF TELEPHONE
AND DIRECTORY LISTINGS**

In consideration of Nurse Next Door Home Healthcare Services (USA) Inc. (the “**Franchisor**”) concurrently granting a Nurse Next Door® franchise (the “**Franchised Business**”) in [location] to [Franchisee] (the “**Franchisee**”), and other valuable consideration, Franchisee assigns to Franchisor all telephone numbers, directory listings, fax numbers, Internet Web site addresses and domain names, and other listings, whether in electronic or other media, used or to be used by Franchisee in the operation of the Franchised Business. Upon the termination or expiration of the franchise agreement, Franchisor assumes the performance of all of the terms, covenants, and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Franchisor. This Assignment is valid on the effective date and is irrevocable. Franchisor may fill in, add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

This Conditional Assignment may be signed in counterparts and delivered via facsimile or other electronic means.

Effective Date: [Date]

FRANCHISEE:

[FRANCHISEE]

FRANCHISOR:

**NURSE NEXT DOOR HOME
HEALTHCARE SERVICES (USA) INC.**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Exhibit A

State-Specific Addenda/Amendments

STATE SPECIFIC ADDENDA/AMENDMENTS

The following modifications are made to the Nurse Next Door Home Healthcare Services (USA) Inc. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated [REDACTED], 20[REDACTED].

The following states have statutes that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. The following is applicable to you only if you are covered by the franchise law of the referenced state: ARKANSAS [Stat. Section 70-807]; CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev.Stat. Section 482E-1], ILLINOIS [815 ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010)], MICHIGAN [Stat. Section 19.854 (27)], MINNESOTA [stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56.10-1], NORTH DAKOTA [N.D.C.C. Franchise Investment Law Section 51-19], RHODE ISLAND [Code 19-28.1-14], SOUTH DAKOTA [Codified Laws Section 37-5B], VIRGINIA [code §§ 13.1-557 through 13.1-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03].

These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

We reserve the right to challenge the application or enforceability of the Franchise Laws listed in this state specific Addenda/Amendments, the corresponding regulations, or any other laws not specified in the Franchise Agreement.

The following is applicable to you only if you are covered by the franchise law of the referenced state:

CALIFORNIA

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

You will provide non-Medicare, non-Medi-Cal services to clients.

Franchisees in California must obtain all required licenses, including a Non-Medicare Home Health License.

Effective January 1, 2016, a home care or home health company must obtain a license from the State of California for (i) non-skilled care, or (ii) for skilled and non-skilled care.

You must comply with the California Home Care Services Consumer Protection Act. This Act provides for the licensure and regulation of home care organizations, as defined by the State Department of Social Services, and the registration of home care aides.

You must comply with the California prohibition against Kickback, Fee Splitting and Referrals (See Business & Professions Code section 650 and California Health and Safety Code section 445).

You must comply with any Federal prohibition against Kickback, Fee Splitting and Referrals.

Registered Nurses and Licensed Practical Nurses practicing in California must be licensed by the California Board of Registered Nursing, and must provide confirmation of licensing to you when hired.

Franchisees in California will not control or interfere with the professional judgment of a licensed caregiver in providing medical care.

Neither we nor any person or franchise broker in Item 2 of the Disclosure Document 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. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document, in a form containing the information that the Commissioner of Corporations may by rule or order require, before we ask you to consider a material modification of your existing Franchise Agreement.

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

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

CALIFORNIA

California (cont'd.)

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

The Franchise Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

The URL of our website is www.nursenextdoor.com. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue of a forum outside the State of California.

The maximum statutory interest rate in California is 10%.

CALIFORNIA

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT and FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement.

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

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

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

Items 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees are paid when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business. The Illinois Attorney General's office has imposed the deferral requirement because of our financial condition. If you fail to complete our Franchise Opener "Countdown to Launch" or attend our Foundation Training Program within a reasonable time after we have made them available to you, then these amounts will become due.

ILLINOIS LAW PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. THIS MEANS THAT UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. THEREFORE, YOU MAY NOT WAIVE THE MANAGEMENT AGREEMENT COMPONENT OF THIS FRANCHISE OFFERING (see Medical Corporation Act, 85 ILCS 15/2, 5 (West 2014), and Medical Practice Act of 1987, 225 ILCS 60/3 (West 2014)).

IF YOU ARE NOT LICENSED TO PRACTICE MEDICINE, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH A LICENSED MEDICAL PROFESSIONAL(S) WHO WILL OWN AND PROVIDE MEDICAL SERVICES IN YOUR CENTER. YOUR COMPENSATION FROM THE MEDICAL SERVICES PROVIDED, AS WELL AS ROYALTIES YOU MUST PAY ON REVENUES FROM MEDICAL SERVICES PROVIDED BY THOSE MEDICAL PROFESSIONALS WILL BE AN IMPORTANT CONSIDERATION THAT SHOULD NOT BE OVERLOOKED. CONSULT WITH AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTEREST IN THIS BUSINESS VENTURE.

The Nurse Practice Act is set forth in Illinois law at: 225 ILCS 65/50 (West 2014)

The Health Care Worker Self-Referral Act is set forth in Illinois law at: 225 ILCS 47/1 (West 2014)

The Home Health, Home Services, and Home Nursing Agency Code is set forth in the Illinois Administrative Code at:
77 Ill. Adm. Code 245 (2015)

ILLINOIS

Nurse Next Door Home Healthcare Services (USA) Inc.
State-Specific Addenda/Amendments

See also: <http://www.dph.illinois.gov/topics-services/health-care-regulation/facilities/home-health> for info on state certification and licensure requirements, costs and process.

SEE THE LAST PAGE OF THIS EXHIBIT A FOR YOUR REQUIRED SIGNATURE.

KANSAS

Section 17(a)(ii) of the Franchise Agreement states that you will indemnify and hold us harmless against any and all liabilities, losses, suits, claims, demands, costs, fines and actions of any kind or nature arising out of the operation of the franchised business. However, you are not required to indemnify us for claims resulting solely from our breach of this Agreement or other wrongs we commit. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this indemnity, and that you consider it reasonable.

Section 12(a)(iii) of the Franchise Agreement requires that you name us as an additional named insured on certain insurance policies. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this insurance clause, and that you consider it reasonable.

MARYLAND

Item 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that all fees paid to the franchisor by the franchisee, including payments for goods and services received from the franchisor before the business opens, shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee. Our pre-opening obligations under the Franchise Agreement are completed once you have completed our Franchise Opener "Countdown to Launch" program and attended our Foundations Training Program.

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

All representations made in the Final Disclosure Questionnaire (Attachment A) requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MARYLAND

MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

MICHIGAN

Michigan (cont'd.)

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

1. The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
2. The fact that the proposed transferee is a competitor of us.
3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
4. The failure of you or the proposed transferee to pay any sums owing us or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

MICHIGAN

MINNESOTA

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. §80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, any general release you are required to assent to shall not apply to any liability we may have under the Minnesota Franchise Act.

Notwithstanding anything to the contrary set forth in the Franchise Agreement, we will indemnify you for all costs and expenses you incur in any action or proceeding brought against you by any third party as a result of your authorized use of our trademarks.

The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. §80C.12 Subd. 1(G). Minnesota considers it unfair to not protect the franchisee's right to use the trademarks.

MINNESOTA

NEW YORK

This addendum amends and revises the Nurse Next Door Home Healthcare Services (USA) Inc. disclosure document as follows:

1. The following information is added to the cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the

NEW YORK

subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of Item 4:

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

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

NEW YORK

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

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

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

9. The following risk factor is added:

In the last year, a large number of franchised outlets, (75) were terminated, not renewed, transferred, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate. (or This raises questions about chances of success.)

NEW YORK

NORTH DAKOTA

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the Disclosure Document and Franchise Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to arbitrate or mediate disputes may require you to consent to a waiver of trial by jury. A waiver of trial by jury may not be enforceable under North Dakota law and any such provisions are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to consent to the jurisdiction of courts outside of North Dakota or providing for resolution of disputes to be outside North Dakota may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable North Dakota law, and are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to consent to a limitation of claims may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the extent required by law.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the extent required by law.

Sections of the Disclosure Document and Franchise Agreement stipulating that you shall pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under North Dakota law, and are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

The Franchise Agreement contains a liquidated damages clause. It may be unenforceable under North Dakota law.

NORTH DAKOTA

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

VIRGINIA

The following statements are added to Item 17.h. of the Disclosure Document:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for us to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FINAL DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS

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

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

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Item 5 and 7 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to provide that initial franchise fees are paid when we have satisfied our initial obligations to you under the Franchise Agreement and you are ready to begin operating the Franchised Business.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

WASHINGTON

Nurse Next Door Home Healthcare Services (USA) Inc.
State-Specific Addenda/Amendments

WISCONSIN

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

WISCONSIN

Nurse Next Door Home Healthcare Services (USA) Inc.
State-Specific Addenda/Amendments

ACKNOWLEDGMENT AND AGREEMENT:

You acknowledge that you have received and reviewed the foregoing State Law Addenda/Amendments. All parties agree that, to the extent applicable and required under state law, the foregoing provisions are added to supersede or modify the existing provisions of the Franchise Agreement, but only to the extent and for so long as they embody valid, enforceable, and obligatory state law then in effect.

This Acknowledgment and Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

ACKNOWLEDGED AND AGREED as of _____, 20__.

FRANCHISEE:

[FRANCHISEE NAME]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

(MUST BE SIGNED BY ALL OWNERS OF THE FRANCHISEE ENTITY)

FRANCHISOR:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

By: _____

Title: _____

Date: _____

Nurse Next Door Home Healthcare Services (USA) Inc.
State-Specific Addenda/Amendments

Exhibit A

Final Disclosure Questionnaire



Nurse Next Door™

home care services

FINAL DISCLOSURE QUESTIONNAIRE

As you know, Nurse Next Door Home Healthcare Services (USA) Inc. (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the operation of a NURSE NEXT DOOR® franchise (the “**Franchised Business**”). Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Tick one: Yes No

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Tick one: Yes No

If no, what parts of the Franchise Agreement do you not understand? (attach additional pages, if necessary)

3. Have you received the Franchise Agreement you are to execute with all the blanks completed?

Tick one: Yes No

If so, on what date did you receive the completed Franchise Agreement?

4. Have you received and personally reviewed the federal disclosure document (“**FDD**”) which was provided to you?

Tick one: Yes No

On what date did you receive the FDD?

5. Have you been advised that the investigation and compliance with regulatory requirements in the operation of your franchised business are your sole responsibility?

Tick one: Yes _____ No _____

6. Did you sign a receipt for the disclosure document indicating the date you received it?

Tick one: Yes _____ No _____

7. Do you understand all of the information contained in the FDD?

Tick one: Yes _____ No _____

If no, which parts of the FDD do you not understand? (attach additional pages, if necessary)

8. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?

Tick one: Yes _____ No _____

If no, did you have the opportunity to do so?

Tick one: Yes _____ No _____

9. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease and other economic and business factors?

Tick one: Yes _____ No _____

QUESTIONS 10 THROUGH 17 DO NOT RELATE TO INFORMATION YOU MAY HAVE BEEN GIVEN DIRECTLY BY ANY EXISTING FRANCHISEES OF THE FRANCHISOR

10. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the actual revenues, profits or operating costs** of a Franchised Business?

Tick one: Yes _____ No _____

11. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the amount of money you may earn** in operating the Franchised Business?

Tick one: Yes _____ No _____

12. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise regarding **the costs you may incur in operating** the Franchised Business?

Tick one: Yes _____ No _____

13. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise regarding **the costs you may incur in starting** the Franchised Business that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

14. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement or promise concerning **the likelihood of success that you should or might expect to achieve from operating** the Franchised Business?

Tick one: Yes _____ No _____

15. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement, promise or agreement concerning **the advertising, marketing, training, support services or assistance that the Franchisor will furnish** to you that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

16. Has any employee, broker or other person speaking on behalf of the Franchisor made any written or oral statement, promise or agreement relating to any right you may have to acquire territory in addition to what will be initially granted to you under the Franchise Agreement?

Tick one: Yes _____ No _____

17. Has any employee, broker or other person speaking on behalf of the Franchisor made any other written or oral statement, promise or agreement relating to the Franchised Business that is contrary to, or different from, the information contained in the FDD?

Tick one: Yes _____ No _____

18. If you have answered “Yes” to any of question ten (10) through seventeen (17), please provide a full explanation of your answer in the following lines (attach additional pages, if necessary). If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND WE WILL RELY ON THEM.

BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

SIGNATURE _____

NAME (PRINT) _____

POSITION _____

NAME OF CORPORATION _____

DATE _____

Exhibit A

General Release

Nurse Next Door Home Healthcare Services (USA) Inc.
General Release

FORM OF RELEASE

This GENERAL RELEASE (“Release”) is made this [Day] day of [Month], [Year], by [Franchise Name] (“Releasor”), as franchisee under and signatory to that certain Franchise Agreement dated [Date of Franchise Agreement] for the location of [Location] (the “Franchise Agreement”) entered into by and between Nurse Next Door Home Healthcare Services (USA) Inc. (“Franchisor”) and Releasor. This Release is being executed pursuant to the requirements of the Franchise Agreement as a condition of the rights granted by Franchisor to Releasor therein, and for other good and valuable consideration, the receipt of which is acknowledged by the parties. Releasor is **[transferring its franchised business to a successor-in-interest] OR [voluntarily ending its affiliation as a franchisee] OR [executing a successor agreement to continue the Franchised Business].**

1. General Release. Releasor and the owners, affiliates, officers, agents, directors, shareholders, members, managers, trustees, partners, employees, attorneys, spouses, heirs and assigns of Releasor (collectively the “Releasing Parties”), hereby release, quit claim, and forever discharge Franchisor, its affiliates, and their respective owners, affiliates, officers, agents, directors, shareholders, members, managers, trustees, partners, employees, attorneys, insurers, spouses, heirs and assigns (collectively the “Released Parties”) of and from any and all manner of action and actions, cause and causes of action, claims, suits, damages, controversies, judgments, costs, fees, executions, and demands of any kind and nature whatsoever, at law or in equity, that the Releasing Parties had or now have, whether known or unknown, or contingent or fixed, for or by reason of, arising out of, or related to any matter, cause or thing whatsoever up until and including the date hereof (the “Claims”).

2. Representations and Warranties. Releasor represents and warrants to Company that, in entering into this Release, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

3. Waiver of Statutory Preservation Provisions. Releasor and the Releasing Parties hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which Releasor and the Releasing Parties would be entitled, now or at any time hereafter under any statute, regulation, or common law principal of any jurisdiction, including Section 1542 of the Civil Code of the State of California, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the

release, which if known by him or her must have materially affected his or her settlement with the debtor.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

4. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Released Party, Releasor shall defend, indemnify and hold harmless each Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or the Releasing Parties of any Claim or other matter purported to be released pursuant to this Release, (ii) the assertion by any third party of any Claim against any Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release; and (iii) any breach of representations, warranties or covenants by Releasor.

5. Miscellaneous.

(a) This Release cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

(b) This Release, together with the agreements referenced in this Release, constitute the entire understanding between and among the parties with respect to the subject matter of this Release. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release.

(c) This Release may be executed in counterparts and may be delivered by facsimile or other electronic means.

(d) This Release shall be binding upon and inure to the benefit of the parties to this Release and their respective successors and permitted assigns.

(e) All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release may require. Neither this Release nor any uncertainty or ambiguity in this Release shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

(f) Any provision of this Release which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(g) Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

(h) This Release shall be governed by and construed in accordance with the internal laws of the State of Washington, without reference to conflict of law principles.

(signature page to follow)

IN WITNESS WHEREOF, the parties have caused this General Release to be duly executed.

[This Form of Release will not be signed at the time the Franchise Agreement is executed. Sign an execution copy of this Form of Release only in conjunction with a transfer or other approved, voluntarily relinquishment by Franchisee of its Franchise Agreement.]

FRANCHISOR:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

By: _____

Name: _____

Its: _____

Date of Execution: _____

RELEASOR:

[Company Name]

- a _____ general partnership;
- a _____ limited partnership;
- a _____ limited liability company;
- an **[Province]** corporation

By: _____

Name: _____

Its: _____

Date of Execution: _____

Exhibit A

Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT

This Non-Disclosure Agreement (this "Agreement") is made as of the ____ day of _____, 20____, by and between Nurse Next Door Home Healthcare (USA) Inc. ("Franchisor"), with its principal place of business in Vancouver, British Columbia, Canada, and _____ ("Recipient"), in his/her capacity as _____ of Franchisee.

WHEREAS, Franchisor owns certain Confidential Information (as defined below) that Franchisor is interested in allowing the Recipient to receive and/or observe; and

WHEREAS, the Recipient is interested in receiving and/or observing the Confidential Information that Franchisor discloses hereunder, all upon the terms and conditions, and solely for the purpose, set forth herein.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereunder and other good and valuable consideration, the Parties hereby agree as follows:

1. For the purposes of this Agreement, "**Confidential Information**" means information or data relating to the Franchisor, including without limitation information relating to tools and systems for home healthcare services, know-how, trade secrets, designs, purchasing, accounting, marketing, merchandising, selling, ideas, methods, processes, customer, business or financial data, plans, ideas or other information which is not generally and publicly known, and regardless of whether it is remembered or embodied in a tangible or electronic medium, but does not include information that:

- (a) Is in the public domain at the time of the disclosure to the Recipient;
- (b) Becomes part of the public domain subsequent to the disclosure to the Recipient through no fault of the Recipient;
- (c) The Recipient establishes through written records that the Confidential Information was in his or her possession prior to the disclosure from Franchisor or a franchisee thereof and was not acquired directly or indirectly from Franchisor or its franchisee; and
- (d) The Recipient is required by law to disclose; provided that the Recipient provides Franchisor sufficient advance notice of the Recipient's duty to disclose so Franchisor can take appropriate legal action to maintain the confidentiality of the Confidential Information.

2. The Recipient acknowledges that much of the Confidential Information is the property of Franchisor and licensed to _____ ("Franchisee"), a franchisee under the terms of a franchise agreement ("Franchised Business").

3. Except as may be required to properly carry out the Recipient's services and duties for the benefit of Franchisor and Franchisee, the Recipient shall not, at any time, whether during Recipient's tenure with the Franchisee or at any time thereafter, directly, indirectly or otherwise, use, communicate, disclose, disseminate, lecture upon or publish concerning Confidential Information of the Franchisor without first obtaining the written consent of Franchisor.

4. Without limiting the obligations in Section 3, the Recipient shall not use, permit access to, possess any of the Confidential Information to the detriment or prejudice of Franchisor or the direct or indirect benefit of the Recipient and shall use best efforts to keep confidential and protect the Confidential Information and the interests of Franchisor and shall exercise the degree of care that the owner of such information would reasonably be expected to employ for its own benefit.

Nurse Next Door Home Healthcare Services (USA) Inc.
Non-Disclosure Agreement

5. During the Recipient's tenure with the Franchisee, and for a period of two (2) years from and after the date of termination of said position with Franchisee or the termination of the relationship between Franchisee and Franchisor for any reasons whatsoever, the Recipient will not, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, directly or indirectly solicit, interfere with, induce, attempt to induce, or endeavor to cause any employee, agent, franchisee, vendor, client, account, referral source or Care Services Center employee to leave his or her relationship with Franchisor (or affiliated entity), nor to do business with any third party that is concerned with or interested in any Competitive Business of Franchisor ("Competitive Business" is defined as any business that is engaged principally in providing the same or similar services offered by the Franchisor's franchisees, and includes the business that was operated by the Franchisee as part of the Franchised Business. Competitive Business includes a business that offers services similar to the Franchisor's palliative care services, back-up / emergency care services, its concierge services, corporate home health care services or long-distance services but does not include any nursing services that the Franchisee's principal(s) may provide as an employee of a hospital or not-for-profit organization or any nursing services substantially identical to the services provided by the Franchisee's principal(s) before entering into the franchise agreement with Franchisor)

6. The Recipient (in consideration of their position at Franchisee) covenants and agrees that, during the term of their tenure with Franchisee, Recipient shall not, without the prior written consent of the Franchisor, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit their names or any part thereof to be used or employed in any business operating in competition with or similar to the Franchised Business or businesses similar to the Franchised Business.

7. In the event of the termination of Recipient's position with Franchisee or termination of the Franchisee's relationship with Franchisor for any reason whatsoever, the Recipient (in consideration of Recipient's position with Franchisee) shall not, without the prior written consent of the Franchisor, at any time during the period of two (2) years from the date of such expiration or termination, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, franchisor or syndication as principal, agent, shareholder or in any other manner whatsoever carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed by any person or persons, firm, association, syndicate, franchisor or corporation engaged in or concerned with or interested in any Competitive Business within the Territory or within a twenty (20) mile radius of the perimeter of the Franchisee's restricted territory or the perimeter of the restricted territory of any other franchisee of the Franchisor or any affiliate of the Franchisor.

8. The Recipient will not in any way enter into any discussions or communications which could reasonably be expected to disparage the reputation of the Franchisor, whether during the term of the Recipient's tenure with the Franchisee or at any time thereafter.

9. If any covenant or provision contained in this Agreement is determined to be void or unenforceable in whole or in part, it will be deemed not to effect or impair the enforceability or validity of any other covenant or provision of this Agreement or any part thereof.

10. The Recipient acknowledges and agrees that a breach by the Recipient of any of the covenants contained in this Agreement would result in damages to Franchisor, and that Franchisor could not be adequately compensated for such damages by monetary award. Accordingly, the Recipient agrees that in

the event of any such breach, in addition to all other remedies available to Franchisor at law or equity, Franchisor will be entitled as a matter of right to apply to a court of competent equitable jurisdiction for such relief by way of restraining order, injunction, decree or otherwise as may be appropriate to ensure compliance by the Recipient with the provisions of this Agreement.

11. Only the Franchisor may at any time waive in whole or in part the benefit of any provision of this Agreement or any default by the Recipient hereunder; provided, however, that any waiver on any occasion will be deemed not to be a waiver of any subsequent default or a waiver of any other provision or default.

12. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Washington, and shall be binding upon the parties hereto in the United States. The federal and state courts within the State of Washington shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement.

13. This Agreement constitutes the entire agreement between the parties and shall supersede all previous expectations, understandings, communications, representations and agreements whether verbal or written between the parties with respect to the subject matter.

14. No amendment to this Agreement shall be valid unless it is evidenced by a written agreement executed by all of the parties. This Agreement is personal to the Recipient and may not be assigned by him or her at any time. Franchisor may assign this Agreement at any time.

EXECUTED as of this _____ day of _____, 20____.

RECIPIENT

By: _____
(signature of Recipient)

NURSE NEXT DOOR HOME HEALTHCARE (USA) INC.

By: _____

Its: _____

Exhibit A

Termination Agreement and Release of Claims

TERMINATION AGREEMENT AND RELEASE OF CLAIMS

This TERMINATION AGREEMENT AND RELEASE OF CLAIMS ("Agreement") is entered into by and between Nurse Next Door Home Healthcare Services (USA) Inc., a Washington corporation, ("Franchisor") and [Insert Company Name], a [State] company, ("Franchisee") and is effective as of the latter date below on which this Agreement is duly executed by the parties ("Effective Date").

RECITALS

A. Franchisee and Franchisor entered into Franchise Agreements on [] for the locations of [] ("Franchise Agreement") under which Franchisee agreed to operate the franchised business within a Territory specified in the Franchise Agreement and in compliance with the terms of the Franchise Agreement.

B. Franchisee desires to terminate the Franchise Agreement

C. Franchisor has agreed to assist Franchisee by consenting to the termination and releasing Franchisee of its continuing obligations under the terms of the Franchise Agreement as provided for in this Agreement.

AGREEMENT AND FRANCHISEE'S RELEASE OF CLAIMS

1. Termination of Franchise Agreement by Mutual Consent. Franchisor and Franchisee hereby irrevocably terminate the Franchise Agreement by mutual consent as of the Effective Date. Consequently, neither Franchisor nor Franchisee shall have any further obligation to each other after the Effective Date under the terms of the Franchise Agreement except as provided below, and Franchisor shall be free to operate, either directly or through another franchisee, in the Territory covered by the Franchise Agreement. Franchisee acknowledges it voluntarily requested to be released from its obligations under the Franchise Agreement, and that the termination of the Franchise Agreement shall have no effect on the parties continuing obligations under any other franchise or other agreement between the parties, which agreements, shall remain in full force and effect. The parties further acknowledge that the termination of the Franchise Agreement does not Affect any right or obligation imposed by the Franchise Agreement that by its terms survives termination or expiration, including, but not limited to, Franchisee's obligations with respect to confidentiality, Non-use and non-competition and Franchisee's obligations to indemnify Franchisor for Franchisee's actions or conduct before or after the Effective Date.

2. Franchisee's Obligation to Franchisor . In consideration for the Franchisor's consent to the termination of the Franchise Agreement, the Franchisee agrees to pay the Franchisor a [XX] termination fee and any associated royalties and fees up until [date]. This payment shall be made directly to the Franchisor prior to the execution of this Agreement. The

Franchisor shall return these monies to the Franchisee if the Franchisor does not execute this Agreement.

3. Franchisee's Obligations to Third Parties. Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to negotiate any termination of any agreement with any third party that is related to Franchise Agreement, or that was otherwise entered by Franchisee as a result of the Franchise Agreement. Franchisor shall have no liability to Franchisee for any costs, debts, expenses, or liabilities to any third party incurred by Franchisee as a result of, or in reliance on, the Franchise Agreement.

4. Franchisee's Release of Claims

a. Release – General Provisions. Franchisee hereby releases and forever discharges each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Franchisee now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof arising out of or relating to the Franchise Agreement or the Franchised Business (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

b. "Franchisor-Related Persons/Entities" means Franchisor, any of Franchisor's affiliates, and all of Franchisor's or its affiliates current or former employees, agents, representatives, officers, directors, shareholders, accountants, or attorneys.

c. Date of Release. The release granted hereunder will be deemed effective as of the Effective Date.

5. Non-Compete Covenant.

Notwithstanding Section 13(3) of the Franchise Agreement, the Franchisor agrees that [name] shall be free to work as a registered nurse in the capacity of an employee or independent contractor for a Competitive Business during the Restricted Period, provided that [name] does not have an ownership interest, or senior management role, in such Competitive Business.

6. Post-Term Obligations.

a. Provided Franchisee and Guarantor are successful in selling and completing all Transfer requirements for the Franchised Businesses to one or more approved third part(ies) as addressed in subparagraph 3(b) above, Franchisor agrees that Franchisee and Guarantor are not responsible for removing all Franchised Businesses and associated trademarks and signage from the

land, buildings, signage, fixtures, furniture, equipment and appliances at the Franchised Businesses. However, if Franchisee and Guarantor are unsuccessful in selling one or more of the Franchised Businesses to one or more approved third part(ies) prior to the Termination Date, Franchisee and Guarantor will then be immediately required to remove all trademarks, signs, insignia, proprietary products and ingredients and all other materials noted in this subparagraph 4(a) from the premises of the Franchised Businesses that have not been transferred.

b. Franchisee and Guarantor agree that they will not make comments or statements, in any letter, e-mail or in any form of media, including social media which use or refer to the Franchised Businesses trademarks or any other trademarks owned by Franchisor in a derogatory, negative or inappropriate manner or would reasonably be expected to harm the reputation of the Franchisor or could reasonably be expected to lead to unwanted or unfavourable publicity. This non-disparagement covenant is a fundamental term of this Agreement.

b. Franchisee and Guarantor agree not to sell or otherwise dispose of any of the proprietary Franchised Businesses' information, materials or packaging to any third party that is not an authorized Franchised Business franchisee.

d. Each of the Franchisee and Guarantor, on the one hand, and the Franchisor and its officers, directors and employees on the other hand, agree that they will not make, utter, write, repeat, publish, republish or broadcast comments or statements about the other(s) or their associated, related or affiliated entities or any of their respective officers, directors, shareholders, employees or agents that are disparaging or defamatory or be the source of such comments or statements, in any letter, e-mail or in any form of media, including social media. Nothing in this Agreement is intended to prevent the Franchisee or Guarantor from making fair comments in the event that they are contacted by a prospective franchisee of the Franchisor, in respect of which there is a qualified privilege. Nothing in this Agreement is intended to prevent Franchisor from making fair comments internally within the Nurse Next Door system in respect of which there is a qualified privilege. If this covenant is breached, then the affected party may seek an interim, interlocutory and permanent injunction to restrain the party responsible for the comments or statements from making such comments or statements in the future in addition to any claim for damages that the affected party may choose to seek.

7. General Provisions

a. This Agreement is only effective upon signature by both parties.

b. The undersigned certify and warrant that they are fully authorized to enter into this agreement and to bind the party that they respectively represent.

c. The execution of this Agreement does not and will not constitute an admission by either party of any fact, allegation, or representation not expressly contained herein.

d. The releases set forth in this Agreement do not affect, release, or diminish any rights, undertakings, or obligations established by this Agreement or any claim that may arise by reason of this Agreement.

e. This Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the State of Washington.

f. If court action becomes necessary to enforce any provision of this Agreement, the party who substantially prevails will be entitled to an award of reasonable costs and attorneys' fees.

g. This Agreement is binding upon and insures to the benefit of the parties and their respective heirs and successors, and assigns.

h. This Agreement is the entire agreement between the parties in respect to the subject matter hereof and supersedes any and all prior and contemporaneous oral or written agreements, understandings, and representations. Neither party has made or relied upon any representation or warranty from the other except as is contained herein. This Agreement may be amended only by way of an Instrument in writing signed by the parties.

i. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

j. The parties acknowledge and agree that this Agreement was prepared jointly by the parties and not by either party to the exclusion of the other party. Each party represents that it enters into this Agreement with the full understanding of the terms. Each party further represents that it has had adequate opportunity to consult with counsel of its choosing and has in fact consulted with counsel for review of and advice concerning this Agreement.

k. Capitalized terms shall have the meanings as defined in the Franchise Agreement unless otherwise defined herein.

(signature page to follow)

AGREED UPON AND EXECUTED BY:

[FRANCHISEE]:

NAME: _____

TITLE: _____

DATE: _____

PRINCIPALS:

SIGNATURE: _____

NAME: _____

TITLE: _____

DATE: _____

SIGNATURE: _____

NAME: _____

TITLE: _____

DATE: _____

FRANCHISOR

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

SIGNATURE: _____

NAME AND TITLE: _____

DATE: _____

Exhibit A
Deposit Agreement



Nurse Next Door™

home care services

FINAL INTERVIEW DAY DEPOSIT AGREEMENT

Name: [NAME]

Address: [Address]

(the “**Applicant**”)

1. The Applicant, personally and on behalf of a corporation, limited liability company or other entity to be formed by the Applicant, is requesting certain disclosure documentation and are participating in interviews as part of a good faith effort to evaluate the purchase of a Nurse Next Door ® franchise from Nurse Next Door Home Healthcare Services, (USA) Inc. (the “**Company**”), upon substantially the same terms and conditions as are set forth below and in the Company’s standard form of Franchise Agreement.

2. The Company has asked the Applicant to make a refundable deposit in the amount of Two Thousand Five-Hundred (\$2,500) Dollars (the “**Deposit**”). The deposit is refundable upon completion of the Final Interview Day.

3. The Applicant encloses with this Agreement a certified check payable to Nurse Next Door Home Healthcare Services (USA) Inc. in the amount of the Deposit, or has otherwise paid the Deposit to the Company. It is understood that if a Franchise Agreement is entered into between the Company and the Applicant, or a corporation, limited liability company or other entity to be formed by the Applicant, the Deposit will be credited towards payment of the initial franchise fee under the Franchise Agreement, without interest or deduction.

4. The initial franchise fee will be **Fifty-Eight Thousand Dollars (\$58,000.00)** plus applicable taxes, of which the Deposit will form a part, and the balance of which, namely, the sum of **Fifty-Five Thousand Five Hundred Dollars (\$55,500.00)** plus all applicable taxes on the whole of the initial franchise fee, will be paid by the Applicant to the Company concurrently with the execution of the Franchise Agreement by the Applicant. The initial franchise fee will be deemed to be fully earned by the Company and wholly non-refundable, in accordance with the terms and conditions as set forth in the Company’s standard form of Franchise Agreement.

Nurse Next Door Home Healthcare Services (USA) Inc.
Deposit Agreement (Final Interview Day)

5. The Applicant understands that Company's verbal approval and the acceptance by the Company of a deposit from the Applicant is no guarantee that the Applicant will be granted a Nurse Next Door home care services franchise, and that the Company may reject this Application for any reason whatsoever, up to the time of execution of the Franchise Agreement by the Company and full payment of the balance of the initial franchise fee and the entire technology start-up fee.

6. Payments of the initial franchise fee, technology start-up fee and the continuing royalties and advertising amounts under the Franchise Agreement will also be accompanied by payment of all applicable taxes.

7. This Agreement will be construed in accordance with and governed by the laws of the State of Washington without regard to principles of conflicts of law, except that no Washington statute or regulation will apply or shall give rise to any right or claim unless the territory contemplated under this Agreement is in the State of Washington and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision. The King County Superior Court in Seattle, Washington or the U.S. District Court for the Western District of Washington in Seattle, Washington, as appropriate, shall have exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and the Applicant and the Company each attorney to the jurisdiction of such courts in all matters related to this Agreement; provided that the Company may obtain relief in such other jurisdictions as may be necessary or desirable to obtain declaratory, injunctive or other relief to enforce the provisions of this Agreement.

DATED this ____ day of _____, 202__.

[name]

Nurse Next Door Home Healthcare Services (USA), Inc. hereby acknowledges the foregoing together with the receipt of the amount of the Deposit referred to above and agrees to further consider the Applicant as a candidate for franchise as referred to above.

DATED this ____ day of _____, 202__.

**NURSE NEXT DOOR HOME HEALTHCARE
SERVICES (USA) INC.**

By: _____

Name: _____

Title: _____

Nurse Next Door Home Healthcare Services (USA) Inc.
Deposit Agreement (Final Interview Day)

Exhibit A

Loan, Security and Guarantee Agreement

**NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.
LOAN AND SECURITY AGREEMENT**

THIS LOAN AND SECURITY AGREEMENT (this “Agreement”) is made and entered into as of **[date]** (the “Effective Date”) by and among Nurse Next Door Home Healthcare Services (USA) Inc., a corporation incorporated under the laws of Washington (the “Lender”), **[name of franchisee]** (the “Borrower”) and **[name(s) of shareholders]** (the “Guarantors”).

- A. Lender is in the business of selling Nurse Next Door® franchises in the United States.
- B. Borrower has been formed for the sole purpose of owning and operating franchise outlets of the Lender in the **[location]** area.
- C. For the sole purpose of purchasing the franchise in the **[location]** area from Lender, Borrower desires to borrow the Principal Loan Amount (defined below) from Lender, and Lender is willing to loan the Principal Loan Amount to Borrower (the “Loan”) upon the terms and conditions set forth herein and in the other documents executed and delivered in connection herewith.
- D. Lender and Borrower have entered into a Franchise Agreement (the “Franchise Agreement”) dated the **[date]** and executed on the **[date]**. Capitalized terms used, but not defined, herein shall have the meaning as defined in the Franchise Agreement.

AGREEMENT

LOAN.

- (a) **[\$[down payment] on or before [date];**
- (b) **[\$[] per month for each of the [twelve (12)] months from [date] through [date], payments must begin [time frame] after signing this agreement;**
- (c) All payments due to Lender under this Agreement shall be paid in the same manner as Borrower’s other obligations due to Lender under the terms of the Franchise Agreement.

2. Security Interest; Collateral. As security for the Loan, whether for principal, reimbursement, interest, fees, penalties, costs or expenses, as to each Lender under this Agreement (collectively, the “Obligations”), Borrower grants Lender a security interest in the Collateral. This security interest shall continue until and immediately terminate upon payment in full of all Obligations. Borrower agrees to cooperate and take all other actions reasonably requested by the Lender to perfect and ensure continued perfection of the security interests granted pursuant to this Agreement, including, at or following Closing and as requested by the Lender, the filing of one or more financing statements. Company agrees to not sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of the Collateral until payment in full of Obligations. “Collateral” means the Receivables and proceeds thereof. “Receivables” means all rights to the payment of money now owned or hereafter acquired by Borrower, whether due or to become due and whether or not earned by performance including, but not limited to, Accounts, chattel paper,

instruments, general intangibles, letter of credit rights, and all guaranties and security therefor and all contracts relating thereto and all returned and repossessed goods; provided that the same arise in connection with the Borrower's operation of the franchise purchased using the Principal Loan Amount. "Accounts" means all amounts due and to become due to Borrower from its customers and other accounts, contract rights, chattel paper, instruments and documents, whether now owned or to be acquired by Borrower, provided that the same arise in connection with the operation of the franchise.

3. Use of Proceeds. All loan proceeds received by the Borrower pursuant to this Agreement shall solely be used for the purpose of paying the purchase price for the [location] franchise of Nurse Next Door® from the Lender pursuant to the Franchise Agreement.

4. Events of Default. The Lender may declare the Obligations owing to the Lender to be due and payable in full if any of the following events of default (each an "Event of Default") occur and have not been waived in writing by the Lender: (a) default in payment when due and such default is not cured by Borrower within ten (10) days after Borrower has received written notice of such default from Lender; (b) a material breach of any other obligation under this Agreement and such breach is not cured by Borrower within ten (10) days after Borrower has received written notice of such default from Lender; (c) the default of Borrower of any material term of the Franchise Agreement and such breach is not cured in accordance with the terms of the Franchise Agreement; (d) the sale, assignment, transfer, share or encumber in whole or in part in any manner whatsoever the Franchise Agreement, the Borrower's rights and interests thereunder and the property and assets owned and used by the Borrower in connection with the Franchised Business or any declaration of intention thereof (e) the institution by Borrower of proceedings to be adjudicated bankrupt or insolvent, or the appointment of a receiver, trustee, or other similar official of Borrower or the making by Company of an assignment for the benefit of creditors, or the admission by Borrower in writing of its inability to pay its debts generally as they become due; or (f) if, within sixty (60) days after the commencement of an action against Borrower seeking any bankruptcy, insolvency, reorganization, dissolution or similar relief, such action shall not have been dismissed.

5. Remedies. Upon the occurrence of an Event of Default that has not been cured as provided above, the Lender shall seek all available remedies with respect to this Agreement. Upon the occurrence of an Event of Default, Lender shall have, in addition to all of the rights and remedies at law or in equity, the right to declare immediately due and payable the Principal Loan Amount.

6. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Lender as of the date of this Agreement as follows:

6.1 Corporate Power. The Company has all requisite corporate power to execute and deliver this Agreement.

6.2 Authorization. All corporate action on the part of the Borrower, its directors and its shareholders necessary for the authorization, execution and delivery of this Agreement has been taken or will be taken prior to the Closing. This Agreement, when executed and delivered by the Borrower, shall constitute valid and binding obligations of the Borrower enforceable in accordance with their terms, subject to laws of general application relating to

bankruptcy, insolvency, the relief of debtors and to rights to indemnity.

6.3 Compliance. The Borrower is not in violation of any term of its Bylaws, in effect on and as of the Closing, and is not in breach of or in default under, in any material respect, any contract, agreement, or instrument to which it is a party, or to which it or its property is subject, or any judgment, decree, order, statute, rule or regulation to which the Borrower is subject (collectively, “Instruments or Laws”), breach or violation of which has not been waived or would have a material adverse effect on the condition, financial or otherwise, or operations of the Borrower.

6.4 No Conflicts. The execution, delivery and performance of and compliance with this Agreement will not result in a breach or violation of or constitute a material default under any Instrument or Law, require any consent or waiver (which has not been obtained) under any such Instrument or Law, or result in the creation of any pledge, lien, encumbrance or charge upon any of the properties or assets of the Borrower pursuant to any such Instrument or Law.

6.5 No Brokers. No person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or valid claim against the Borrower for any commission or fee or other compensation as a finder or broker because of any act or omission of the Borrower or any agent of the Borrower.

7. Representations and Warranties of the Lender. Lender represents to the Borrower as follows with respect to this Agreement as of the Closing:

7.1 Power and Authority. The Lender has the full power and authority to enter into this Agreement and perform the transactions contemplated by this Agreement. This Agreement when executed and delivered by the Lender shall constitute valid and binding obligations of the Lender enforceable in accordance with its terms, subject to the laws of general application relating to bankruptcy, insolvency, the relief of debtors and to rights to indemnity.

7.2 No Conflicts. The execution and delivery of and performance of the transactions contemplated by this Agreement is not in conflict with or will not result in any material breach of any terms, conditions or provisions of, or constitute a material default under any indenture, lease, agreement, order, judgment or other instrument to which the Lender is a party.

7.3 No Brokers. No person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or valid claim against the Lender or the Borrower for any commission fee or other compensation as a finder or broker because of any act or omission of such Lender or any agent for the Lender.

8. Other Covenants.

8.1 Personal Guarantee Borrower acknowledges that as an inducement to the Lender making the Loan, Guarantor has agreed to personally guarantee Borrower’s Obligations as described herein. By executing this Agreement, Guarantor acknowledges that

he or she is primary obligor under this Agreement, and not merely a surety for the obligations of Borrower. Lender shall not be obligated to resort to or exhaust any recourse which it may have against Borrower before being entitled to claim against Guarantor.

(b) This guarantee of performance of the Obligations by the Borrower and the obligations of the Guarantor contained in this Section 9 are not limited to any particular period of time but shall continue until all of the terms, covenants and conditions of this Agreement have been fully and completely performed by the Borrower or otherwise discharged by Lender, and the Guarantor shall not be released from any liability under this Section 9 so long as there is any claim of the Lender against the Borrower arising out of the Obligations that has not been fully performed, settled or discharged.

(c) This guarantee shall not be affected by the death, disability or reorganization of the Borrower or any of its directors, officers or shareholders, or any change in the Guarantor's financial condition in the business or financial condition of the Borrower or any of its directors, officers or shareholders (including by way of insolvency, bankruptcy or receivership).

8.2 Further Assurances. Each party hereto covenants and agrees that at any time after the Closing it will promptly execute and deliver such further instruments and documents and take such further action as may reasonably be required in order to carry out the full intent and purpose of this Agreement.

8.3 Financial Reporting. The Franchisee agrees to submit quarterly financial statements for the term of the loan upon request from the Franchisor.

9. GENERAL.

9.1 Assignment. This Agreement may not be assigned without the prior written consent of the Lender. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9.2 Expenses. Each party hereto shall be responsible for its own fees and expenses incurred in connection with the negotiation, execution and consummation of the transactions contemplated by this Agreement.

9.3 Governing Law. This Agreement shall be governed by the laws of Washington State, without application of conflicts of laws principles.

9.4 Lawyers' Fees. Should any dispute resolution proceeding, including litigation, mediation or arbitration be commenced between the parties concerning the rights or obligations of the parties under this Agreement, the party prevailing in such action shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its lawyers' fees in such action. This amount shall be determined by the neutral in such action or in a separate action brought for that purpose.

9.5 Disputes. At any time and at the request of either Borrower or the Lender, any unresolved disputes arising out of or related to this Agreement shall be settled in accordance with the terms of the dispute resolution provisions of the Franchise Agreement.

9.6 Notices. Any notice required or permitted hereunder shall be given in writing either by personal delivery, by confirmed facsimile or email, by overnight courier, or by mail, postage prepaid, certified or registered, return receipt requested or by electronic mail, as authorized herein, to the address or electronic mail address set forth on the signature page hereto, or to such other address as may be provided in writing by the parties. The date on which any such notice is so personally delivered or on which the confirmed facsimile is transmitted, or if such notice is given by overnight courier or by mail, the second business day after its deposit, shall be deemed to be the effective date of such notice, or if such notice is delivered by electronic mail, the date on which the electronic mail is received.

9.7 Amendments and Waivers. Any provision of this Agreement may be amended, modified or terminated, and the observance of any provision contained therein may be waived only with the written consent of the Borrower and the Lender. An amendment to the payment schedule and structure will require a formal written proposal in form of the Franchisors choosing, alongside the payment of \$500 USD from the Borrower to the Franchisor. Approval must be granted by the Franchisor before the amendment will come into effect.

9.8 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

9.9 Entire Agreement. This Agreement and the schedules and exhibits hereto, constitute the full and entire understanding and agreement between the parties with regard to the subject matter hereof. Any previous agreement among the parties relative to the specific subject matter hereof is superseded by this Agreement.

9.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(signature page to follow)

IN WITNESS WHEREOF, the parties have executed this Loan and Security Agreement as of the date first written above.

BORROWER:

[Company]

By:

Title:

Address:

Fax:

Email:

GUARANTOR:

[Name]

Address:

Fax:

Email:

GUARANTOR:

[Name]

Address:

Fax:

Email:

LENDER:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

By:

Address: 300, 1788 West 5th Avenue

Vancouver, B.C., Canada V6J 1P2

Fax: 604.228.4359

Email: bizintel@nursenextdoor.ca

Loan and Security Agreement

v. December 2019

079821.00002 Business 14540679v69

Exhibit A

Assignment of Franchise Agreement

**ASSIGNMENT OF FRANCHISE AGREEMENT
TO A CONTROLLED CORPORATION**

This assignment agreement (the “**Agreement**”) made this [Day] day of [Month] [Year].

AMONG:

**NURSE NEXT DOOR HOME HEALTHCARE
SERVICES (USA) INC.**, a corporation incorporated under
the laws of Washington, with an office located at Suite 300
– 1788 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2

(the "**Franchisor**")

AND:

[**NAME OF INDIVIDUAL(S)**]
[123 Main Street
Vancouver, BC, Canada
V6M 3W6]

(together, the "**Assignor**")

AND:

[**NAME OF CONTROLLED CORPORATION**]
[123 Main Street
Vancouver, BC, Canada
V6M 3W6]

(the "**Assignee**")

WHEREAS:

- A.** The Franchisor and Assignor entered into a franchise agreement dated [Franchise Agreement Date] for the location of [Name of Location] (the “**Franchise Agreement**”), and an addendum to the Franchise Agreement dated [date], pursuant to which the Franchisor was the franchisor and the Assignor was the franchisee of a Franchised Business;
- B.** [IF SECOND LOCATION The Franchisor and Assignor entered into a franchise agreement dated [Date] for the location of [Name of Location] (the “[**Location**]**Franchise Agreement**”), and an addendum to the Franchise Agreement dated [Date], pursuant to which the Franchisor was the franchisor and the Assignor was the franchisee of a Franchised Business;]

- C. [IF SECOND LOCATION] The Franchisor and Assignor entered into an addendum dated [Date], amending the [Location] Franchise Agreement (the “**Addendum**”) [delaying the start date of the [location] location];]
- D. The Franchisor and Assignor entered into a conditional assignment of telephone and directory listings, dated [Date], for the [Location(s)] location ([collectively,] the “**Conditional Assignment**”);
- E. The Assignor entered into the Franchise Agreement, [the Addendum] and the Conditional Assignments (collectively, the “**Documents**”) as an individual and wishes to assign the Documents to the Assignee, which is a corporation controlled by the Assignor; and
- F. The Franchisor has consented to such assignment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

1. Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the Franchise Agreement.
2. Concurrent with the execution of this Agreement, the Assignor has provided the Franchisor with a copy of the Assignee’s certificate of incorporation and current register of shareholders.
3. Effective as of the date first above written (the “**Effective Date**”), the Assignor assigns to the Assignee:
 - a. The Franchise Agreement; and
 - b. All assets, leases, intangibles (including without limitation, insurance contracts) and all other assets held by the Assignor that are necessary for or used in the Franchised Business;

such that the Franchise Agreement is amended so that the Assignee shall be the Franchisee thereunder and the Assignor shall be the principal thereunder.

4. From and after the Effective Date, the Assignee will observe and perform all covenants and agreements of the Franchisee contained in the Franchise Agreement as though the Assignee were the Franchisee originally named therein.
5. The Assignor represents, warrants, covenants and agrees with Franchisor that the Assignor:
 - a. Is possessed of, and will retain at all times during the Term and any exercised Renewal Term, the legal and beneficial ownership of, and the power to vote not less than 75% of the outstanding voting shares of, the Assignee;

- b. Will remain at all times the principal officer, director, member or partner of the Assignee, as applicable;
- c. Has full power and authority to enter into the transactions contemplated by this Agreement and all consents obtained necessary for the transactions contemplated by this Agreement have in fact been obtained; and
- d. Without limiting section 5(c) of this Agreement, to the extent any consents to the transfer of any of the assets or leases of the Assignor have not been obtained, the Assignor declares that such assets or leases are held in trust for the Assignee and the Assignor will use its best efforts to obtain such consents as soon as possible.

OR

The undersigned signatories for the Assignor jointly and severally represent, warrant, covenant and agree with Franchisor that each of them:

- a. Together with the other, is possessed of and will retain at all times during the Term and any exercised Renewal Term, the legal and beneficial ownership of, and the power to vote not less than 75% of the outstanding voting shares of, the Assignee;
- b. Will remain at all times a principal officer, director, member or partner of the Assignee, as applicable;
- c. Has full power and authority to enter into the transactions contemplated by this Agreement and all consents obtained necessary for the transactions contemplated by this Agreement have in fact been obtained; and
- d. Without limiting section 5(c) of this Agreement, to the extent any consents to the transfer of any of the assets or leases of the Assignor have not been obtained, declares that such assets or leases are held in trust for the Assignee and each of them will use its best efforts to obtain such consents as soon as possible.

6. The Assignee represents, warrants, covenants and agrees with the Franchisor that the Assignee:

- a. Has the corporate power and capacity to enter into and perform this Agreement, and to observe and perform the Franchise Agreement and all other documents which the Franchisor requires it to execute, and that execution and performance of this Agreement, the Franchise Agreement and such documents have been duly authorized by the Assignee;
- b. Will concurrently herewith and from time to time hereafter complete and execute a certificate of corporate status in the form provided by the Franchisor to the Assignee;

- c. Will at all times maintain its corporate existence and will obtain and maintain registration to carry on business in the jurisdiction in which the Franchised Business is located; and
 - d. Currently observes and conforms to and will continue to observe and conform to all applicable laws and will obtain and maintain in good standing all licenses, permits and approvals in order to maintain its corporate existence and operate the Franchised Business.
7. The Assignee will not without the prior written consent to the Franchisor:
- a. Create or issue to anyone not currently a registered shareholder of the Assignee any share of any class or kind in the capital of the Assignee or issue any instrument capable of being converted into a share in such capital;
 - b. Permit the transfer, assignment, gift or other disposition of any share in the capital of the Assignee to any person not currently a registered shareholder of the Assignee;
 - c. Redeem any of its shares or reduce its capital;
 - d. Enter into any corporate reorganizations, whether by way of amalgamation, merger, wind-up, subscription, exchange or acquisition;
 - e. Change its memorandum, articles of incorporation or its name; or
 - f. Take any step to wind-up or dissolve, assign into bankruptcy or receivership or do or fail to do anything else which might otherwise impair its existence or its ability to operate the Franchised Business in full compliance with the Franchise Agreement.
8. The Franchisor consents to the assignment provided in section 3 hereof on the strict understanding and condition that nothing in this Agreement shall create a novation of the Franchise Agreement or otherwise release the Assignor from any of his or her covenants and agreements as the Franchisee named in the Franchise Agreement; such covenants and agreements of the Assignor shall continue in full force and effect hereafter. From and after the Effective Date, the Assignor and the Assignee agree that they will be jointly and severally liable to the Franchisor for the observance and performance of all covenants and agreements of the Franchisee contained in the Franchise Agreement.
9. This Agreement shall enure to the benefit of and shall be binding upon the parties and their respective heirs, personal representatives, successors and assigns (permitted successors and permitted assigns in the cases of the Assignor and Assignee). If the Assignor is comprised of more than one person, then all covenants and agreements of the Assignor are joint and several.
10. Each party will, at that party's own cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and

information as may be reasonably required by the requesting party to give effect to this Agreement and, without limiting the generality of this Section 10, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all governmental authorities having jurisdiction over the affairs of a party or as may be required at any time under applicable law.

11. This Agreement will be construed in accordance with and governed by the laws of the State of Washington without regard to principles of conflicts of law, except that no Washington statute or regulation will apply or shall give rise to any right or claim unless the territory contemplated under this Agreement is in the State of Washington and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision.
12. This Agreement may be signed in counterparts and delivered via facsimile or other electronic means.

(signature page to follow)

EXECUTED as of the Effective Date.

ASSIGNOR:

[Name of Individual]

[Name of Individual]

ASSIGNEE:

[CONTROLLED CORP. NAME]

By: _____

Name: _____

Title: _____

(for the Assignee, and in a personal capacity as to the representations in section 5)

FRANCHISOR:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA), INC.

By: _____

Name: _____

Title: _____

Exhibit A

Addendum (To Franchise Agreement Upon Assignment)

ADDENDUM

This addendum agreement (the “**Agreement**”) is made this [Day] day of [Month], [Year].

AMONG:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC., a corporation incorporated under the laws of Washington, with an office located at 300 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2

(the “**Franchisor**”)

AND:

[**NAME OF CONTROLLED CORPORATION**]
[123 Main Street
Anytown, State, USA
12345]

(the “**Franchisee**”)

AND:

[**NAME OF INDIVIDUAL**]
[123 Main Street
Anytown, State, USA
12345]

(the “**Principal**”)

WHEREAS:

G. The Franchisor, Franchisee and Principal entered into a franchise agreement dated [Date of Franchise Agreement] for the location of [Location] (the “**Franchise Agreement**”) pursuant to which the Franchisor was the franchisor, the Franchisee was the franchisee and the Principal was the principal of a Franchised Business; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

Nurse Next Door Home Healthcare Services (USA) Inc.
Addendum (To Franchise Agreement Upon Assignment)

1. Interpretation. Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the Franchise Agreement. In the case of any conflict between this Agreement and the Franchise Agreement, this Agreement shall govern.

2. Performance Acknowledgement. The Franchisor hereby acknowledges receipt, due performance and/or full satisfaction of the amounts, payments and obligations set out in the following sections of the Franchise Agreement:

- Section 2(f)(i) – training program;
- Section 3(a) – initial franchise fee;;
- Section 3(c)(v) – technology start up fee;
- Section 5(a)(i) – during training that reveal inability to operate a franchise; and
- Section 9(d) – pre-opening branding and promotion.

3. Start Date. Section [1(bb)] of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(aa) “**Start Date**” means [12:01am] local standard time on [Start Date];”

(signature page to follow)

EXECUTED as of the day and year first above written.

FRANCHISOR:

**NURSE NEXT DOOR HOME
HEALTHCARE SERVICES (USA) INC.**

By: _____

Name: _____

Title: _____

FRANCHISEE:

[FRANCHISEE]

By: _____

Name: _____

Title: _____

PRINCIPAL

[Print Name]

Exhibit A

Addendum (To Franchise Agreement Upon Renewal)

ADDENDUM

This addendum agreement (the “**Agreement**”) is made this [Day] day of [Month] [Year].

AMONG:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA), INC., a corporation incorporated under the laws of Washington, with an office located at 300, 1788 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2

(the “**Franchisor**”)

AND:

[NAME OF CONTROLLED CORPORATION]
Street
City, State, USA
Zip Code]

(the “**Franchisee**”)

WHEREAS:

- H.** The Franchisor and Franchisee entered into a franchise agreement for the location of [Location] dated [Original FA Date] and all addenda executed in relation thereto (the “**Franchise Agreement**”) pursuant to which the Franchisor was the franchisor, the Franchisee was the franchisee of a Franchised Business;
- I.** The Franchisor and Franchisee are desirous of renewing the Franchise Agreement in accordance with Section 4(b) thereof through the execution of a new franchise agreement for the location of [Location] dated [New Agreement Date] (“**New Franchise Agreement**”); and
- J.** The parties hereto wish to enter into this Agreement to modify certain sections of the New Franchise Agreement to reflect that the New Franchise Agreement is a renewal of the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

Nurse Next Door Home Healthcare Services (USA) Inc.
Addendum (To Franchise Agreement Upon Renewal)

1. Interpretation. Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the New Franchise Agreement. In the case of any conflict between this Agreement and the New Franchise Agreement, this Agreement shall govern.

2. Franchise Agreement Term. Notwithstanding anything in the Franchise Agreement to the contrary, the term of the Franchise Agreement shall expire at 12:00 midnight local time on [Date], or at such other time as the Franchisor and Franchisee may agree in writing, and the terms and conditions of the Franchise Agreement shall remain in full force and effect until that time.

3. New Franchise Agreement Term. The Franchisor and Franchisee mutually acknowledge and agree that the term of the New Franchise Agreement shall be deemed the Initial Term thereof defined under Section 4(a) of the New Franchise Agreement.

4. Performance Acknowledgement. The Franchisor hereby acknowledges performance and full satisfaction of the amounts, payments and obligations set out in the following sections of the New Franchise Agreement:

- a) Section 2(f)(i) – training program;
- b) Section 3(a) – initial franchise fee;
- c) Section 3(c)(vi) – technology start up fee; and
- d) Section 9(d) – pre-opening branding and promotion.

5. Start Date. Section 1(aa) of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(aa) “**Start Date**” means 12:00:01 am local standard time on [Date];”

6. Continuing Royalty. Section 3(b)(ii)(2) of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(A) During the first twelve (12) month period following the Start Date of the Franchised Business, twenty eight thousand eight hundred and seventy five (\$28,875) dollars; and

(B) Each twelve (12) month period thereafter (including such periods during any Renewal Term), twenty eight thousand eight hundred and seventy five (\$28,875) dollars plus a compound annual increase of ten (10%) percent per twelve (12) month period; plus”

7. Training by the Franchisor and Manuals. Pursuant to Section 5(a) of the New Franchise Agreement, the Franchisee shall not be required to attend an Foundations Training Program.

8. Minimum Gross Sales. Section 6(a) of the New Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(a) Minimum Gross Sales. The Franchised Business operated by Franchisee must generate, as a minimum, the annual levels of performance as set out below:

- (i) Five hundred seventy-seven thousand five hundred (\$577,500) dollars of Gross Sales in the first twelve (12) month period following the Start Date; and
- (ii) Five hundred seventy-seven thousand five hundred (\$577,500) dollars of Gross Sales in each twelve (12) month period thereafter (including such periods during any Renewal Term) plus a compound annual increase in Gross Sales of ten (10%) percent per twelve (12) month period.”

(signature page to follow)

EXECUTED as of the day and year first above written.

FRANCHISEE:

[FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR:

**NURSE NEXT DOOR HOME
HEALTHCARE SERVICES (USA) INC.**

By: _____

Name: _____

Title: _____

Exhibit A
Business Associate Agreement

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) is entered into by and between [Name of Corporation], a [state] limited liability company, (“Covered Entity”) and Nurse Next Door Home Healthcare Services (USA) Inc. (“Business Associate”), effective as of the date last signed below (“Effective Date”).

RECITALS

WHEREAS, the parties contemplate one (1) or more arrangements (collectively, the “Arrangement”) whereby Business Associate provides services to Covered Entity and Business Associate creates, receives, maintains, transmits, or has access to Protected Health Information in order to provide those services;

WHEREAS, Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and regulations promulgated thereunder, including the Standards for Privacy and for Security of Individually Identifiable Health Information codified at 45 Code of Federal Regulations (“CFR”) Parts 160, 162, and 164 (“Privacy Regulations” and “Security Regulations”); and

WHEREAS, the Privacy Regulations and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure or use of Protected Health Information by or to Business Associate if such a contract is not in place.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

I. DEFINITIONS

1.1 Terms used, but not otherwise defined, in this Agreement shall have the same meaning as set forth in 45 CFR, Parts 160, 162, and 164.

II. OBLIGATIONS OF BUSINESS ASSOCIATE

2.1 Permitted Uses and Disclosures of Protected Health Information (“PHI”). Except as otherwise limited in this Agreement, Business Associate may Use and Disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity, provided that such Use or Disclosure of PHI would not violate the Privacy Regulations or Security Regulations if done by Covered Entity. Business Associate agrees not to Use or Disclose PHI other than as permitted or required by this Agreement, or as required by law.

2.2 Adequate Safeguards for PHI. Business Associate warrants that it shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of PHI in any manner other than as permitted by this Agreement or as required by law.

2.3 Adequate Safeguards for EPHI. Business Associate warrants that it shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of any EPHI that it creates, receives, maintains, or transmits on behalf of Covered Entity. Business Associate further warrants

that it shall comply with the HIPAA Security Regulations, where applicable, with respect to EPHI to prevent the Use or Disclosure of EPHI other than as permitted by this Agreement.

2.4 Reporting Non-Permitted Use or Disclosure, Security Incident, or Breach.

(a) Business Associate shall notify Covered Entity of any Use or Disclosure of PHI not permitted by this Agreement of which Business Associate becomes aware.

(b) Business Associate shall notify Covered Entity of any Security Incident of which it becomes aware that results in the unauthorized access, use or disclosure of the Covered Entity's PHI. Notwithstanding the foregoing, Business Associate has no obligation to notify Covered Entity of any Security Incident that does not result in the unauthorized access, use, or disclosure of PHI, including, but not limited to, pings on Business Associate's firewall, port scans, attempts to log onto a system or enter a database with an invalid password or username, denial-of-service attacks that do not result in the system being taken off-line, or malware such as worms or viruses.

(c) As required by 45 CFR 164.410, Business Associate shall report to Covered Entity a Breach of Unsecured Protected Health Information following Business Associate's discovery of such Breach. For purposes of the foregoing obligation, "Breach" shall mean the acquisition, access, Use, or Disclosure of PHI in a manner not permitted under the HIPAA Privacy Regulations which compromises the security or privacy of such information, as further defined in 45 CFR 164.402.

2.5 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books, and records relating to the Use and Disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy Regulations.

2.6 Access to and Amendment of PHI. If Business Associate maintains PHI in a Designated Record Set, Business Associate agrees to provide Covered Entity with access to such PHI upon Covered Entity's request and as required by 45 CFR Section 164.524. Additionally, if Business Associate maintains PHI in a Designated Record Set, Business Associate agrees to make amendments to any such PHI upon Covered Entity's request and as required by 45 CFR Section 164.526.

2.7 Accounting of Disclosures. Upon request by Covered Entity and upon thirty (30) days written notice provided to Business Associate, Business Associate shall provide to Covered Entity an accounting, as required by 45 CFR 164.528, of each Disclosure of PHI made by Business Associate.

2.8 Use of Subcontractors. Business Associate shall ensure that any subcontractor who creates, receives, maintains, or transmits PHI on its behalf agrees to the same restrictions and conditions that apply to the Business Associate with respect to such information.

2.9 Compliance with Covered Entity Obligations. To the extent Business Associate carries out Covered Entity's obligations under the Privacy Regulations and Security Regulations, Business Associate shall comply with the requirements of such regulations that apply to Covered Entity in the performance of such obligations.

2.10 HITECH Act Compliance. Business Associate will comply with the requirements of the HITECH Act, codified at 42 U.S.C. §§ 17921–17954, which are applicable to business associates, and will comply with all regulations issued by the Department of Health and Human Services (HHS) to implement these referenced statutes, as of the date by which business associates are required to comply with such referenced statutes and HHS regulations.

III. OBLIGATIONS OF COVERED ENTITY

3.1 Covered Entity shall, upon request, provide Business Associate with its current Notice of Privacy Practices adopted in accordance with the Privacy Regulations.

3.2 Covered Entity shall inform Business Associate of any revocations, amendments or restrictions in the Use or Disclosure of PHI if such changes affect Business Associate's permitted or required Uses and Disclosures of PHI hereunder.

IV. ADDITIONAL PERMITTED USES

4.1 Except as otherwise limited in this Agreement, Business Associate may Use and Disclose PHI as set forth below:

(a) Use of Information for Management, Administration and Legal Responsibilities. Business Associate may Use PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

(b) Disclosure of Information for Management, Administration and Legal Responsibilities. Business Associate may Disclose PHI for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate if the Disclosure is required by law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will be held confidentially and Used or further Disclosed only as required by law or for the purpose of which it was Disclosed, and the person notifies Business Associate of any instances of which it is aware where confidentiality of the information has been breached.

V. TERM AND TERMINATION

5.1 Term and Termination. This Agreement shall commence as of the Effective Date and shall continue in effect unless and until terminated by either party under this Section 5.1. Either party shall have the right to terminate this Agreement if the other party is in material breach or violation of its obligations under this Agreement; provided that the non-breaching party provides the breaching party with thirty (30) days written notice to cure to the breach. In the event that both parties determine that termination is not feasible, the non-breaching party may report such breach to the Secretary. A breach of this Agreement by either the Business Associate or the

Covered Entity does not constitute a breach of any other document or agreement between the Business Associate or the Covered Entity.

5.2 Disposition of PHI upon Termination. Upon termination of this Agreement, Business Associate shall either return or destroy, all PHI maintained in any form by Business Associate or its agents and subcontractors, and shall retain no copies of such PHI. However, if neither return nor destruction of PHI is feasible, Business Associate may retain PHI provided that Business Associate: (a) continues to comply with the provisions of this Agreement for as long as it retains PHI, and (b) limits further Uses and Disclosures of PHI to those purposes that make the return or destruction of PHI infeasible.

VI. GENERAL TERMS

6.1 No Third Party Beneficiaries. There are no third party beneficiaries to this Agreement.

6.2 Relationship to Agreement Provisions. In the event that a provision of this Agreement is contrary to a provision of any other agreement between the parties, the provisions of this Agreement shall control.

6.3 Legal Compliance. The parties hereto shall comply with applicable laws and regulations governing their relationship, including, without limitation, the Privacy Regulations, the Security Regulations, and any other applicable federal or state laws or regulations governing the privacy, confidentiality, or security of patient health information.

6.4 Severability. If a provision of this Agreement is held invalid under any applicable law, such invalidity will not affect any other provision of this Agreement that can be given effect without the invalid provision. Further, all terms and conditions of this Agreement will be deemed enforceable to the fullest extent permissible under applicable law, and, when necessary, the court is requested to reform any and all terms or conditions to give them such effect.

6.5 Governing Law and Venue. This Agreement shall be construed in accordance with and governed by the laws of the State of Washington without regard to principles of conflicts of law, except that no Washington statute or regulation shall apply or shall give rise to any right or claim unless the Covered Entity is in the State of Washington and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision. The King County Superior Court in Seattle, Washington or the U.S. District Court for the Western District of Washington in Seattle, Washington, as appropriate, shall have exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and the Covered Entity and the Business Associate each attorn to the jurisdiction of such courts in all matters related to this Agreement; provided that the Business Associate may obtain relief in such other jurisdictions as may be necessary or desirable to obtain declaratory, injunctive or other relief to enforce the provisions of this Agreement.

6.6 Amendment. Upon request by Business Associate, Covered Entity agrees to promptly enter into negotiations with Business Associate concerning the terms of an amendment to this Agreement embodying written assurances consistent with the standards and requirements

of the Privacy Regulations, Security Regulations, or other applicable laws. Business Associate may terminate this Agreement upon thirty (30) days written notice to Covered Entity in the event: (a) Covered Entity does not promptly enter into negotiations to amend this Agreement when requested by Business Associate pursuant to this Section, or (b) Covered Entity does not enter into an amendment of this Agreement providing assurances regarding the safeguarding of PHI that Business Associate, in its sole discretion, deems sufficient to satisfy the standards and requirements of the Privacy Regulations, Security Regulations, or other applicable laws

6.7 Independent Contractor. Business Associate and Covered Entity are and shall be independent contractors to one another, and nothing herein shall be deemed to cause this Agreement to create an agency, partnership, or joint venture between the parties. No acts performed or words spoken by either party with respect to any third party shall be binding upon the other. Any and all obligations incurred by either party in connection with the performance of any of its obligations hereunder shall be solely at that party's own risk. Each party agrees that it shall not represent itself as the agent or legal representative of the other for any purpose whatsoever.

6.8 Entire Agreement. This Agreement is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, written or oral, with respect to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date last signed below.

Business Associate:

Covered Entity:

Nurse Next Door Home Healthcare Services (USA) Inc.

[Name of Corporation]

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

Exhibit A
ACH Form



Nurse Next Door™

home care services

Authorization and Agreement for Business Pre-authorized Direct Debit Payment

TERMS AND CONDITIONS

1. We (the "Payor") acknowledge that the duly authorized and executed enrolment/authorization form (the "Authorization") is provided for the benefit of Nurse Next Door Home Healthcare Services (USA) Inc. ("Nurse Next Door") and the Toronto-Dominion Bank NA (the "Bank"), and is provided in consideration of the Bank agreeing to process debits against the account designated in the Authorization in accordance with the Rules of the U.S. Payments Association.
2. The Payor warrants and guarantees that all persons whose signatures are required to sign on the designated bank account have signed the Authorization, and that such persons have authority to act on behalf of the Payor.
3. The Payor hereby authorizes Nurse Next Door to draw on the designated account with the Bank for the purpose of paying the invoiced amounts referred to in the Authorization.
4. The Payor has the right to cancel the Authorization at any time upon providing written notice of revocation to Nurse Next Door at least 30 days prior to the PAD being issued by Nurse Next Door. The Payor may obtain a sample cancellation form, or further information on Payor's right to cancel a PAD Agreement at the Payor's financial institution.
5. The Payor acknowledges that provision and delivery of this authorization to Nurse Next Door also constitutes delivery by the Payor to the Bank.
6. The Payor undertakes to inform Nurse Next Door, in writing, of any change in the account information provided in the Authorization.
7. The Payor acknowledges that the Bank is not required to verify that any pre-authorized debit ("ACH") to be made on the designated account accords with the particulars of the Authorization.
8. The Payor acknowledges that the Bank is not required to verify, as a condition to honoring the ACH, that any goods or services for which payment by ACH was made, have been or will be, in fact, provided by Nurse Next Door.
9. Revocation of the Authorization does not terminate any contracts for goods and services that exist between the Payor and Nurse Next Door. The Authorization applies only in respect of the method of payment, and does not otherwise have any bearing on the contract for goods and services exchanged between the Payor and Nurse Next Door.
10. The Payor has certain recourse rights if any debit does not comply with this agreement. For example, the Payor has the right to receive reimbursement for any ACH that is not authorized or is not consistent with this ACH Agreement. To obtain more information on the Payor's recourse rights, the Payor may contact the Payor's financial institution. An ACH may be disputed by the Payor under the following conditions: (1) the ACH was not drawn in accordance with the Authorization; (2) the Authorization was revoked; or (3) pre-notification of the ACH was not received.
11. The Payor, in order to be reimbursed, acknowledges that a written declaration to the effect that either 10(1), (2) or (3) took place, must be completed and presented to the branch of the Bank holding the designated account within 10 business days of the date on which the ACH in dispute was posted to the Payor's account. The Payor acknowledges that any such dispute declared more than 10 business days after the date of the ACH is a dispute to be resolved solely between Nurse Next Door and the Payor.

How to Join: Review the Terms and Conditions above. Complete and sign the enrolment/authorization form below. **Attach a blank check marked "VOID" for the account from which you would like funds drawn.** Fax or mail the enrolment/authorization form and voided check to: Nurse Next Door Home Healthcare Services (USA) Inc., Suite 300 – 1788 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2 / Tel: 778-370-0307/ Email: bizintelunit@nursenextdoor.com /Fax Number: 604-228-4359.

ENROLMENT / AUTHORIZATION FORM

We have received a copy, read and understood all of the Terms and Conditions of Nurse Next Door's ACH direct payment service. We hereby authorize Nurse Next Door to proceed to debit in paper, electronic or other form from the designated bank account in the amount of the monthly invoice for the Nurse Next Door account designated below. We enclose a blank check marked "VOID" for this purpose. We understand that the account will be debited 15 days after the invoice date.

Payor's Full Legal Name: _____ Type of Account Checking Savings

Exact Name in which Account is Held: _____ Personal _____ Business _____

Franchise Location: _____ Bank Name: _____

Branch Number: _____ Bank Account Number: _____ **Blank check marked "VOID" attached**

Authorized Signature(s): _____ Date: _____

Exhibit A
Performance Delay Addendum

ADDENDUM

This addendum agreement (the “**Agreement**”) is made this [XX] day of [Month], 2021.

BETWEEN:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC., a corporation incorporated under the laws of Washington, with an office located at Suite 300 – 1788 West 5th Avenue, Vancouver, BC, Canada, V6J 1P2

(the “**Franchisor**”)

AND:

[FRANCHISEE]
Street Address
City, State, USA
Zip Code

(the “**Franchisee**”)

WHEREAS:

- A. The Franchisor and Franchisee entered into a franchise agreement dated [Franchise Agreement Date] for the location of [Territory, State] (the “[TERRITORY] Franchise Agreement”)
- B. The Franchisee has requested to delay specific performance requirements of the [territory] Franchise Agreement.
- C. The Franchisor has consented to the delay.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties covenant and agree as follows:

1. **Interpretation.** Except as otherwise provided in this Agreement, all capitalized terms used herein shall have the meanings ascribed to them in the Franchise Agreement. In the case of any conflict between this Agreement and the Franchise Agreement, this Agreement shall govern.
2. **Start Date.** Section 1(bb) of the [territory] Franchise Agreement is hereby deleted in its entirety and replaced as follows:

“(bb) “**Start Date**” means on or before [Date].

3. Duties and Obligations. Section 7(xiii) is hereby deleted and replace as follows:

“(xiii) provide and equip at its cost and expense a motor vehicle which shall conform to the standards and specifications set forth in the Manuals, which includes a requirement to wrap the motor vehicle with the NURSE NEXT DOOR® brand (which artwork, lettering, color scheme, size and overall appearance is to be approved in writing in advance by the Franchisor); such vehicle may be one that is already owned by the Franchisee provided that it is no older than five years and otherwise meets the specifications contained in the Manuals; the franchisor and the franchisee agree to a [TIMEFRAME] month delay, from the operational start date, in wrapping a motor vehicle for the [territory] Franchise Agreement.”

4. Minimum Performance Requirements. Section 2(c) is hereby amended to include the addition of the following sentence:

“the minimum performance requirements for the [territory] Franchise Agreement will be delayed by [timeframe] months from the operational start date.”

5. Monthly Technology Fee. Section 3(c)(i)(1) is hereby amended to include the addition of the following sentence:

“(ii) The Franchisee is required to pay the Franchisor a mandatory monthly technology maintenance fee of five hundred (\$500) dollars. The Franchisor reserves the right to increase the infrastructure territory fees to such levels as the Franchisor deems reasonable effective upon any renewal of the Franchise Agreement to be disclosed to the Franchisee prior to the Franchisee’s renewal of the Franchise Agreement. The five hundred (\$500) dollar fee is hereby delayed by months (x) from the operational Start Date.”

6. [OPTIONAL] Performance Acknowledgement. The Franchisor hereby acknowledges receipt, due performance and/or full satisfaction of the amounts, payments and obligations set out in the following sections of the Franchise Agreement:

- Section 3(c)(vi) – Technology Start-up Fee;

(signature page follows)

EXECUTED as of the _____ day of _____ 2021.

FRANCHISEE:

[FRANCHISEE _____ NAME]

By: _____
(authorized signatory)

Name: _____
(print)

FRANCHISOR:

NURSE NEXT DOOR HOME HEALTHCARE SERVICES, USA INC.

By: _____
(authorized signatory)

Name: _____
(print)

Exhibit B
Financial Statements

See attached.

Financial Statements
(Expressed in United States dollars)

**NURSE NEXT DOOR HOME HEALTHCARE
SERVICES (USA) INC.**

And Independent Auditors' Report thereon

Years ended September 30, 2021 and 2020



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

The Board of Directors Nurse Next Door Home Healthcare Services (USA) Inc.

We have audited the accompanying financial statements of Nurse Next Door Home Healthcare Services (USA) Inc., which comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of income and comprehensive income, changes in stockholders' equity (deficiency), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 Nurse Next Door Home Healthcare Services (USA) Inc. as of September 30, 2021 and 2020, and its results of operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
December 7, 2021

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Balance Sheets
(Expressed in United States dollars)

September 30, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 420,760 | \$ 462,352 |
| Accounts receivable (note 4) | 897,668 | 972,865 |
| Current portion of loans receivable (note 5) | 1,015,797 | 184,461 |
| Prepaid expenses | 86,628 | 45,797 |
| Current portion of contract asset | 17,907 | - |
| | <u>2,438,760</u> | <u>1,665,475</u> |
| Contract asset | 129,357 | - |
| Deferred tax asset (note 8(b)) | 740,914 | 467,259 |
| Loans receivable (note 5) | 1,654,189 | 302,170 |
| | <u>\$ 4,963,220</u> | <u>\$ 2,434,904</u> |

Liabilities and Stockholder's Equity

| | | |
|--|---------------------|---------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 596,227 | \$ 470,085 |
| Loan | 52,514 | - |
| Current portion of contract liability | 393,085 | 392,249 |
| Income taxes payable | 286,268 | 271,591 |
| | <u>1,328,094</u> | <u>1,133,925</u> |
| Due to parent company (note 6) | 844,677 | 439,259 |
| Contract liability | 2,720,890 | 1,001,250 |
| | <u>4,893,661</u> | <u>2,574,434</u> |
| Stockholder's equity (deficiency): | | |
| Capital stock (note 7) | 55,001 | 55,001 |
| Additional paid in capital | 386,000 | 386,000 |
| Deficit | (371,442) | (580,531) |
| | <u>69,559</u> | <u>(139,530)</u> |
| Contingencies (note 11) | | |
| Subsequent events (note 12) | | |
| | <u>\$ 4,963,220</u> | <u>\$ 2,434,904</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Income and Comprehensive Income
(Expressed in United States dollars)

Years ended September 30, 2021 and 2020

| | 2021 | 2020 |
|--|-------------------|---------------------|
| Revenue: | | |
| Initial franchise and set up fees | \$ 1,507,624 | \$ 2,443,336 |
| Ongoing fees | 1,027,914 | 3,040,041 |
| Branding Fund contributions | 85,211 | 304,522 |
| | <u>2,620,749</u> | <u>5,787,899</u> |
| Expenses: | | |
| Compensation | - | 28,524 |
| Franchising | 905,125 | 1,295,503 |
| Branding Fund expenses | 158,721 | 228,438 |
| Licensing and services fee (note 9) | 1,427,171 | 3,212,654 |
| | <u>2,491,017</u> | <u>4,765,119</u> |
| Income before the undernoted | 129,732 | 1,022,780 |
| Interest and other income (note 10) | 360,387 | 1,167,418 |
| Interest and other expenses | (98,457) | (482) |
| Income before income taxes | 391,662 | 2,189,716 |
| Income taxes (note 8(a)): | | |
| Current income tax expense | 456,228 | 353,121 |
| Deferred income tax expense (recovery) | (273,655) | 354,265 |
| | <u>182,573</u> | <u>707,386</u> |
| Net income and comprehensive income | <u>\$ 209,089</u> | <u>\$ 1,482,330</u> |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Changes in Stockholder's Equity (Deficiency)
(Expressed in United States dollars)

Years ended September 30, 2021 and 2020

| | Common shares | | Additional paid in capital | Retained earnings (deficit) | Total |
|-------------------------------------|---------------|-----------|----------------------------------|-----------------------------------|----------------|
| | Shares | Amount | | | |
| Balance, October 1, 2019 | 55,100 | \$ 55,001 | \$ 386,000 | \$ (2,062,861) | \$ (1,621,860) |
| Net income and comprehensive income | - | - | - | 1,482,330 | 1,482,330 |
| Balance, September 30, 2020 | 55,100 | 55,001 | 386,000 | (580,531) | (139,530) |
| Net income and comprehensive income | - | - | - | 209,089 | 209,089 |
| Balance, September 30, 2021 | 55,100 | \$ 55,001 | \$ 386,000 | \$ (371,442) | \$ 69,559 |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Cash Flows
(Expressed in United States dollars)

Years ended September 30, 2021 and 2020

| | 2021 | 2020 |
|---|-------------|--------------|
| Cash provided by (used in): | | |
| Operating: | | |
| Net income | \$ 209,089 | \$ 1,482,330 |
| Items not involving cash: | | |
| Present value adjustment to notes receivable | 93,543 | - |
| Bad debt expense | 173,295 | 401,935 |
| Current income tax expense | 456,228 | 353,121 |
| Deferred income tax expense (recovery) | (273,655) | 354,265 |
| | 658,500 | 2,591,651 |
| Income taxes paid | (441,551) | (33,413) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (98,098) | (16,706) |
| Prepaid expenses | (40,831) | (11,219) |
| Contract asset | (147,264) | - |
| Loans receivable (note 5) | (2,276,898) | (58,037) |
| Accounts payable and accrued liabilities | 126,142 | 362,380 |
| Loan | 52,514 | - |
| Contract liability | 1,720,476 | (1,575,036) |
| | (447,010) | 1,259,620 |
| Financing: | | |
| Increase (decrease) in due to parent company, net | 405,418 | (1,149,389) |
| Increase (decrease) in cash | (41,592) | 110,231 |
| Cash, beginning of year | 462,352 | 352,121 |
| Cash, end of year | \$ 420,760 | \$ 462,352 |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements

(Amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

1. Operations:

Nurse Next Door Home Healthcare Services (USA) Inc. (the "Company") was incorporated on February 17, 2010 under the laws of the State of Washington and is a wholly-owned subsidiary of Nurse Next Door Professional Homecare Services Inc. ("Corporate"). The Company's principal business activities include offering and selling franchise rights for the operation of businesses that provide home healthcare services in the United States of America.

As at September 30, 2021, the Company had 38 (2020 - 31) operating franchises in the United States of America and had 18 (2020 - 15) franchise territories become operational during the year then ended, while 11 (2020 - 93) territories were closed.

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the ongoing impacts on the Company and our business are uncertain. These impacts could include an impact on our ability to obtain financing, including support from our parent and related companies whose operations may also be impacted by the pandemic, impairment of our long-lived assets, collectability of receivables, or potential future decreases in revenue or the profitability of our ongoing operations.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

(b) Revenue recognition:

The Company applies ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The revenue from initial franchise fees are recognised upon the provision of the two performance obligations under the franchise agreements: the initial training program to the franchisee and access of the licence and territory. Revenue attributed to the initial training program is recognised at the time provided, whereas revenue attributed to the access of the licence and territory is recognised over the related term of the franchise agreements as the services are provided.

Revenue from renewal agreements and additional territories are deferred and recognized over the related term of the franchise agreement renewal or additional territory as the services are provided.

In the event that the Company refunds all or part of the initial franchise fee previously recognized as revenue, the amount refunded would be accounted for as a reduction of revenue in the period in which the franchise is repossessed. Any additional expenses incurred related to repossession are expensed as incurred.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Ongoing fees include royalty and client service center fees, which are based on a fixed percentage of gross revenue earned by franchise locations, are recognized as they are earned and ultimate collection is reasonably assured. Costs related to supporting and administering franchises are expensed as incurred.

Funds received and receivables recognized in advance of revenue being recognized are recorded as contract liability.

(c) Contract asset:

Under ASC 606, broker fees are expensed in direct proportion to the initial franchise fees and set up fees to which they relate. The deferred portion is recorded as contract asset in the balance sheets, to be expensed at the same rate at which the related revenue is recognised.

(d) Accounts receivable:

Accounts receivable are recorded at contractual prices. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of franchisees and other certain customers to make required payments.

(e) Loans receivable:

Loans receivable are initially recorded at the amount to be received less, when material, a discount to reduce the loans receivable to fair value. Subsequently, loans receivables are measured at amortized cost using the effective interest rate method less a provision for impairment, if any.

(f) Branding Fund:

The Company has determined that ASC 606 requires a gross presentation on the statements of income and comprehensive income for fees received and related costs for the Branding Fund.

(g) Income taxes:

Income taxes are accounted for under the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which future tax changes are enacted. The Company records interest expense and penalties in income tax expense.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of these financial statements in accordance 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 balance sheet and the reported amounts of revenue and expenses during the year. Items, subject to such estimates and assumptions, include collectability of accounts receivable and loans receivable. Actual results could differ from those estimates.

(i) Foreign currency transactions:

The Company's reporting and functional currency is the United States dollar. The United States dollar is used as the functional currency as U.S. dollars are the primary economic environment in which the Company operates.

The monetary assets and liabilities denominated in foreign currencies are translated into United States dollars using exchange rates in effect at the balance sheet date. Revenue and expense transactions are translated at the approximate exchange rate in effect at the time of the transaction.

Foreign exchange gains and losses are included in other income in the statements of income and comprehensive income.

(j) Recent accounting pronouncements not yet adopted:

In February 2016, the FASB established Topic 842, *Leases*, by issuing Accounting Standards Update No. 2016-02, which requires lessors to classify leases as a sales-type, direct financing, or operating lease. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; ASU No. 2018-11, *Targeted Improvements*; and ASU 2021-09, *Discount Rate for Lessees that are not Public Business Entities*. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales type or direct financing leases are operating leases. The new guidance is effective for fiscal years beginning on or after December 15, 2021. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

2. Significant accounting policies (continued):

(j) Recent accounting pronouncements not yet adopted (continued):

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses* ("Topic 326"), which provides guidance on how an entity should measure credit losses on financial instruments and comprises three subtopics: overall, measured at amortized cost, and available-for-sale debt securities. This guidance will be effective for fiscal years beginning on or after December 15, 2022. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements.

In May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments - Credit Losses* ("Topic 326"). The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets at amortized cost (except held-to maturity securities) using the fair value option. The ASU is effective for fiscal years beginning on or after December 15, 2022. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*. This ASU removes certain exceptions for investments, intra-period tax allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The ASU is effective for the Company for fiscal years beginning on or after January 1, 2021. The Company is currently evaluating the new guidance to determining the impact it will have on its financial statements.

3. Financial instruments:

(a) Fair value of financial instruments:

The Company's financial instruments include cash, accounts receivable, loans receivable, accounts payable and accrued liabilities. It is management's opinion that the fair values of these instruments approximate their carrying value due to their short-term period to maturity.

The Company's financial instruments also include due to parent company. It is management's opinion that the fair values of these instruments approximate their carrying value.

The fair value of loans receivable approximates its carrying value based on prevailing market interest rates.

The standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

3. Financial instruments (continued):

(a) Fair value of financial instruments (continued):

These tiers include:

- Level 1 - defined as quoted prices in active markets for identical instruments;
- Level 2 - defined as observable prices in active markets for similar instruments, prices for identical or similar instruments in non-active markets, directly observable market inputs, or market inputs not directly observable but derived from or corroborated by observable market data; and
- Level 3 - defined as unobservable inputs based on an entity's own assumptions.

Cash has been categorized as Level 1.

(b) Interest rate risk:

All of the Company's financial assets and liabilities are non-interest bearing with the exception of the loans receivable, which bear interest at fixed rates and are thus not exposed to interest rate fluctuations (note 5).

(c) Credit risk:

The financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and loans receivable. Allowances are maintained for potential credit losses consistent with the credit risk of specific franchisees. As at September 30, 2021, 11% (2020 - 31%) of accounts receivable were from one franchisee and 21% (2020 - 17%) of loans receivable were from one franchisee.

4. Accounts receivable:

| | 2021 | 2020 |
|-------------------------------|------------|--------------|
| Amount receivable | \$ 927,046 | \$ 1,404,178 |
| Less allowance for impairment | (29,378) | (431,313) |
| | \$ 897,668 | \$ 972,865 |

5. Loans receivable:

| | 2021 | 2020 |
|--|--------------|------------|
| Total loans receivable | \$ 2,669,986 | \$ 486,631 |
| Less current portion of loans receivable | (1,015,797) | (184,461) |
| | \$ 1,654,189 | \$ 302,170 |

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

5. Loans receivable (continued):

All loans receivable are unsecured and bear interest at 4% per annum, except for loans receivables relating to settlements which do not bear interest. The current portion represents the estimated amount to be collected in the subsequent fiscal year based on the terms of the agreement and the expected operations of the franchisee. Repayment periods for the non-current portion range from 13-months to 59-months after the balance sheet date.

The impact to cash flows from the changes in loans receivable is comprised as follows:

| | 2021 | 2020 |
|--|----------------|--------------|
| Issuance of loans receivable related to franchise sales | \$ (1,844,031) | \$ (343,750) |
| Repayment of loans receivable related to franchise sales | 166,928 | 285,713 |
| Settlements receivable | (632,795) | - |
| Net impact on cash flows | (2,309,898) | (58,037) |
| Loans receivable reclassified to accounts receivable | - | 664,151 |
| Revaluation to present value | 93,543 | - |
| Amount written off | 33,000 | - |
| Total change in loans receivable | \$ (2,183,355) | \$ 606,114 |

6. Due to parent company:

The amount due to parent company is non-interest bearing and unsecured. The amount is considered a long-term liability as the parent company has waived the right to demand the amount, or part of the amount, within the next fiscal year.

7. Capital stock:

| | 2021 | 2020 |
|--|-----------|-----------|
| Authorized: | | |
| 10,000,000 common shares, no par value | | |
| Issued: | | |
| 55,100 common shares (2020 - 55,100) | \$ 55,001 | \$ 55,001 |

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

8. Income taxes:

(a) Tax rate reconciliation:

A reconciliation of income tax expense for the years ended September 30, 2021 and 2020 with the reported earnings is as follows:

| | 2021 | 2020 |
|---|------------|--------------|
| Income before income taxes | \$ 391,662 | \$ 2,189,716 |
| Statutory rate in United States | 23.96% | 27.98% |
| Expected income tax expense | 93,842 | 612,683 |
| Withholding taxes paid in United States | 86,666 | 53,767 |
| Other | 2,065 | 40,936 |
| | \$ 182,573 | \$ 707,386 |

(b) Composition of deferred income tax asset:

The Company's deferred income tax asset:

| | 2021 | 2020 |
|------------------------------------|------------|------------|
| Deferred income tax asset balance: | | |
| Deferred revenue (note 2(b)) | \$ 746,088 | \$ 389,951 |
| Other temporary differences | (5,174) | 77,308 |
| Net deferred income tax asset | \$ 740,914 | \$ 467,259 |

In the normal course of business, the Company is subject to audits by the taxing authorities in the United States. Tax years ranging from 2016 to 2021 remain subject to examination in the United States.

9. License and services agreement:

The Company and Corporate entered into an amended and restated license and services agreement dated October 1, 2014 (the "Agreement"). Under the Agreement, the Company has been granted a revocable, exclusive, non-transferable license solely in the United States to grant sublicenses to third parties in accordance with a franchise agreement and to use certain intellectual property of Corporate amongst other things, and the Company agrees to provide certain services to Corporate. The Company will pay a license fee to Corporate of all gross revenues recognized by the Company less the fee for services provided by the Company, which is equal to the Company's cost of services plus 7%.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

9. License and services agreement (continued):

During the year ended September 30, 2021, the Company was charged a license fee of \$1,427,171 (2020 - \$3,212,654) by Corporate.

These transactions are in the normal course of operations and will be measured at the exchange amount, which is the consideration established and agreed to between Corporate and the Company.

10. Other income:

A number of franchisees terminated their franchise agreements in the year ending September 30, 2020 and in the beginning of the year ending September 30, 2021 (note 11). Income of \$337,674 received in relation to the resulting settlement agreements entered into during fiscal 2021 is included in other income for the year ended September 30, 2021.

St. Joseph Health Personal Care Services, LLC ("St. Joseph"), which operated 42 franchise locations, terminated its master licence agreement with the Company during the year ending September 30, 2020. This termination resulted in the payment of a termination fee of \$1,087,000 which is included in other income for the year ended September 30, 2020. The termination agreement also included a 12-month non-compete clause for selling and operating locations in territories previously held by St. Joseph, which expired in August 2021.

11. Contingencies:

During the year ended September 30, 2020, the Company received notice from 7 franchisees of the proposed termination of their franchise agreements. The Company filed legal claims against these franchisees alleging that the franchisees breached their franchise agreements by failing to continuously operate their franchise business. The Company sought damages against the franchisees and their guarantors for the franchisee's failure to pay certain amounts due and owing under their franchise agreements, including unpaid royalties and initial franchise fees. In the beginning of the year ended September 30, 2021, an additional 4 franchisees terminated their franchise agreements in the same manner, and they were added to the legal proceedings. Proceedings have come to a conclusion and settlements in favour of the Company have been agreed during the year ended September 30, 2021 and are payable to the Company over 12 to 18 months. One settlement is payable to the Company over 120-months.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2021 and 2020

11. Contingencies (continued):

In addition, during the year ended September 30, 2020, 2 of the above franchisees brought claims for unspecified damages against the Company for breach of contract, among other allegations. The Company brought counterclaims alleging that the franchisees breached their franchise agreements by failing to continuously operate their franchised businesses. The Company sought damages against the franchisees and their guarantors for franchisees' failure to pay certain amounts due and owing under their franchise agreements, including unpaid royalties. Proceedings have completed and settlements in favour of the Company were agreed to during the year ended September 30, 2021. Settlements are payable to the Company over 12 to 18 months.

12. Subsequent events:

The Company evaluated subsequent events through December 7, 2021, the date these financial statements were issued and concluded there were no events requiring adjustment or disclosure.

13. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year.

Financial Statements
(Expressed in United States dollars)

**NURSE NEXT DOOR HOME HEALTHCARE
SERVICES (USA) INC.**

And Independent Auditors' Report thereon

Years ended September 30, 2020 and 2019



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Nurse Next Door Home Healthcare Services (USA) Inc.:

We have audited the accompanying financial statements of Nurse Next Door Home Healthcare Services (USA) Inc., which comprise the balance sheets as of September 30, 2020 and 2019, and the related statements of operations, changes in stockholder's equity (deficiency) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its accounting policies as of October 1, 2019 for revenue recognition due to the adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606), and as of October 1, 2018 for classification of certain cash receipts and cash payments and classification of restricted cash in the cash flow statements due to the adoption of ASU 2016-15 – Classification of Certain Cash Receipts and Cash Payment (Topic 230) and ASU 2016-18 – Statement of Cash Flows (Topic 230), respectively. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Nurse Next Door Home Healthcare Services (USA) Inc. as of September 30, 2020 and 2019, and its results of operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Vancouver, Canada
November 30, 2020

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Balance Sheets

(Expressed in United States dollars)

September 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 462,352 | \$ 352,121 |
| Accounts receivable (note 4) | 972,865 | 693,943 |
| Branding Fund receivable (note 2(e)) | - | 173,074 |
| Current portion of loans receivable (note 5) | 184,461 | 435,459 |
| Prepaid expenses | 45,797 | 34,578 |
| Income taxes receivable | - | 19,747 |
| | <u>1,665,475</u> | <u>1,708,922</u> |
| Deferred tax asset (note 8(b)) | 467,259 | 21,575 |
| Loans receivable (note 5) | 302,170 | 657,286 |
| | <u>\$ 2,434,904</u> | <u>\$ 2,387,783</u> |
| Liabilities and Stockholder's Equity (Deficiency) | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 470,085 | \$ 79,335 |
| Deferred revenue | 392,249 | 109,900 |
| Current portion of due to parent company (note 6) | - | 1,588,648 |
| Income taxes payable | 271,591 | - |
| | <u>1,133,925</u> | <u>1,777,883</u> |
| Due to parent company (note 6) | 439,259 | - |
| Deferred revenue | 1,001,250 | - |
| | <u>2,574,434</u> | <u>1,777,883</u> |
| Stockholder's equity (deficiency): | | |
| Capital stock (note 7) | 55,001 | 55,001 |
| Additional paid in capital (note 7) | 386,000 | 386,000 |
| Retained earnings (deficit) | (580,531) | 168,899 |
| | <u>(139,530)</u> | <u>609,900</u> |
| Contingencies (note 11) | | |
| Subsequent events (note 12) | | |
| | <u>\$ 2,434,904</u> | <u>\$ 2,387,783</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Operations
(Expressed in United States dollars)

Years ended September 30, 2020 and 2019

| | 2020 | 2019 |
|--|---------------------|------------------|
| Revenue: | | |
| Initial franchise and set up fees | \$ 2,443,336 | \$ 1,404,000 |
| Ongoing fees | 3,040,041 | 3,115,968 |
| Branding Fund contributions | 304,522 | - |
| | <u>5,787,899</u> | <u>4,519,968</u> |
| Expenses: | | |
| Compensation | 28,524 | 49,279 |
| Franchising | 1,295,503 | 586,681 |
| Branding Fund expenses | 228,438 | - |
| Licensing and services fee (note 9) | 3,212,654 | 4,037,397 |
| | <u>4,765,119</u> | <u>4,673,357</u> |
| Profit (loss) before the undernoted | 1,022,780 | (153,389) |
| Interest income | 29,564 | 27,093 |
| Other income (note 10) | 1,137,372 | 197,906 |
| Income before income taxes | 2,189,716 | 71,610 |
| Income taxes (note 8(a)): | | |
| Current income tax expense | 353,121 | 27,074 |
| Deferred income tax expense (recovery) | 354,265 | (4,352) |
| | <u>707,386</u> | <u>22,722</u> |
| Net income and comprehensive income | <u>\$ 1,482,330</u> | <u>\$ 48,888</u> |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Changes in Stockholder's Equity (Deficiency)
(Expressed in United States dollars)

Years ended September 30, 2020 and 2019

| | Common shares | | Additional paid in capital | Retained earnings (deficit) | Total |
|--|---------------|-----------|----------------------------|-----------------------------|--------------|
| | Shares | Amount | | | |
| Balance, September 30, 2018 | 55,100 | \$ 55,001 | \$ - | \$ 120,011 | \$ 175,012 |
| Capital contribution (note 7) | - | - | 386,000 | - | 386,000 |
| Net income and comprehensive income | - | - | - | 48,888 | 48,888 |
| Balance, September 30, 2019, as previously reported | 55,100 | 55,001 | 386,000 | 168,899 | 609,900 |
| Impact of ASC 606 on retained earnings (deficit) (note 2(i)) | - | - | - | (2,231,760) | (2,231,760) |
| Adjusted balance October 1, 2019 | 55,100 | 55,001 | 386,000 | (2,062,861) | (1,621,860) |
| Net income and comprehensive income | - | - | - | 1,482,330 | 1,482,330 |
| Balance, September 30, 2020 | 55,100 | \$ 55,001 | \$ 386,000 | \$ (580,531) | \$ (139,530) |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Statements of Cash Flows
(Expressed in United States dollars)

Years ended September 30, 2020 and 2019

| | 2020 | 2019 |
|--|--------------|------------|
| Cash provided by (used in): | | |
| Operating: | | |
| Net income and comprehensive income | \$ 1,482,330 | \$ 48,888 |
| Items not involving cash: | | |
| Bad debt expense | 401,935 | 29,404 |
| Current income tax expense | 353,121 | 27,074 |
| Deferred income tax expense (recovery) | 354,265 | (4,352) |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (16,706) | (24,014) |
| Branding fund receivable | - | (6,903) |
| Prepaid expenses | (11,219) | 27,646 |
| Accounts payable and accrued liabilities | 362,380 | (54,198) |
| Deferred revenue | (1,575,036) | (165,788) |
| Loans receivable (note 5) | (58,037) | (404,122) |
| Income taxes paid | (33,413) | (60,255) |
| | 1,259,620 | (586,620) |
| Financing: | | |
| Increase (decrease) in due to parent company | (1,149,389) | 312,052 |
| Capital contribution | - | 386,000 |
| | (1,149,389) | 698,052 |
| Increase in cash | 110,231 | 111,432 |
| Cash, beginning of year | 352,121 | 240,689 |
| Cash, end of year | \$ 462,352 | \$ 352,121 |

See accompanying notes to financial statements.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

1. Operations:

Nurse Next Door Home Healthcare Services (USA) Inc. (the "Company") was incorporated on February 17, 2010 under the laws of the State of Washington and is a wholly-owned subsidiary of Nurse Next Door Professional Homecare Services Inc. ("Corporate"). The Company's principal business activities include offering and selling franchise rights for the operation of businesses that provide home healthcare services in the United States of America.

As at September 30, 2020, the Company had 31 (2019 - 109) operating franchises in the United States of America and had 15 (2019 - 26) franchise territories become operational during the year then ended, while 93 (2019 - 6) territories were closed.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are presented in United States dollars and have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

(b) Revenue recognition:

Policy applied during fiscal 2019 prior to the adoption of ASC 606 *Revenue from Contracts with Customers*:

Initial franchise fees are deferred and recognized as revenue, with an appropriate provision for estimated uncollectible amounts, when all material services or conditions relating to the sale have been substantially performed. Substantial performance occurs when the Company has no remaining obligation or intent to refund any cash received or forgive any unpaid receivables, substantially all of the initial services required by the franchise agreement have been performed, and no other material conditions or obligations related to the determination of substantial performance exists. Related franchising costs are expensed as incurred.

In the event that the Company refunds all or part of the initial franchise fee previously recognized as revenue, the amount refunded would be accounted for as a reduction of revenue in the period in which the franchise is repossessed. Any additional expenses incurred related to repossession are expensed as incurred.

Ongoing fees include royalty and client service centre fees, which are based on a fixed percentage of gross revenue earned by franchise locations, are recognized as they are earned and ultimate collection is reasonably assured. Costs related to supporting and administering franchises are expensed as incurred.

Funds received in advance of revenue being recognized are recorded as deferred revenue.

Effective October 1 2019, the Company adopted ASC 606, Revenue from Contracts with Customers (note 2(i)).

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

(c) Accounts receivable:

Accounts receivable are recorded at contractual prices. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of franchisees and other certain customers to make required payments.

(d) Loans receivable:

Loans receivable are initially recorded at the amount to be received less, when material, a discount to reduce the loans receivable to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment, if any.

(e) Branding fund:

Policy applied during fiscal 2019 prior to the adoption of ASC 606 *Revenue from Contracts with Customers*:

The Company participates in a branding fund ("Branding Fund") established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchise owners. The revenue, expense and cash flows of the Branding Fund are not included in the Company's statement of operations and cash flows because the contributions to the Branding Fund are segregated, designated for specific purposes and the Company acts, in substance, as an agent with regard to these contributions.

Any excess of contributions received over expenditures incurred by the Branding Fund are recorded as a liability and any unexpended Branding Fund balances are recorded as restricted balances on the balance sheet. Any excess of expenditures incurred by the Branding Fund over contributions received is recorded as branding fund receivable. Contributions of \$304,522 were received during the year ended September 30, 2020 (2019 - \$341,697). Expenditures of \$228,438 were incurred during the year ended September 30, 2020 (2019 - \$348,600).

Effective October 1, 2019, the Company adopted ASC 606, Revenue from Contracts with Customers (note 2(i)).

(f) Income taxes:

Income taxes are accounted for under the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period in which future tax changes are enacted. The Company records interest expense and penalties in income tax expense.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of these financial statements in accordance 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 balance sheet and the reported amounts of revenue and expenses during the year. Significant items, subject to such estimates and assumptions, include collectability of accounts receivable and loans receivable, and valuation of deferred income taxes. Actual results could differ from those estimates.

(h) Foreign currency transactions:

The Company's reporting and functional currency is the U.S. dollar. The U.S. dollar is used as the functional currency as U.S. dollars are the primary economic environment in which the Company operates.

The monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates in effect at the balance sheet date. Revenue and expense transactions are translated at the approximate exchange rate in effect at the time of the transaction.

Foreign exchange gains and losses are included in the statement of operations.

(i) Changes in significant accounting policies:

ASC 606, *Revenue from Contracts with Customers* ("ASC 606"):

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) and has since issued various amendments which provide additional clarification and implementation guidance. This standard has been codified as ASC 606. This guidance outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and superseded most revenue recognition guidance issued by the FASB, including industry specific guidance. On October 1, 2019, the Company adopted ASC 606 using the modified retrospective method.

The Company calculated the cumulative effect of initially applying ASC 606 which resulted in an adjustment to the opening balance of retained earnings (deficit). The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The Company has determined that ASC 606 has changed the timing of revenue recognition for initial franchise fees recorded in initial franchise and set up fees. Previously, revenue from sales of new franchised territories were recognised when all material conditions related to the sale of the franchise had been performed which was generally when the franchisee attended and complete the initial training program.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

(i) Changes in significant accounting policies (continued):

ASC 606, *Revenue from Contracts with Customers* ("ASC 606") (continued):

Under the new standard, the revenue from initial franchise fees are recognised upon the provision of the two performance obligations under the franchise agreements: the initial training program to the franchisee and access of the licence and territory. Revenue attributed to the initial training program will be recognised at the time provided, whereas revenue attributed to the access of the licence and territory will be recognised over the related term of the franchise agreements as the services are provided.

The Company has also determined that the new standard has changed the timing of revenue recognition for franchise renewal fees recorded in initial franchise and set up fees. Previously, revenue from franchise renewal fees were recognized when all material conditions relating to the sale of the franchise had been performed which was generally when the franchisee signs the franchise renewal agreement and the fee was paid by the franchisee. Under the new standard, revenue from renewal agreements are deferred and recognized over the related term of the franchise agreement renewal as the services are provided.

Revenue from initial franchise fees and renewal fees previously recorded as revenue under the Company's previous accounting policy have been restated on adoption of the new standard. As a result, \$2,858,635 was adjusted to the opening retained earnings (deficit) balance as at October 1, 2019. The deferred income tax impact of \$799,949 was also adjusted to opening retained earnings.

The Company has also determined that ASC 606 requires a gross presentation on the statement of operations for fees received and related costs for the Branding Fund. The Company had previously determined that it acted as an agent for accounting purposes with regard to the Branding Fund. As a result, the Company historically presented the activities related to the Branding Fund as net in its statement of operations and statement of cash flows.

The Branding Fund receivable from prior years with a balance as at September 30, 2019 of \$173,074 was accordingly adjusted through opening retained earnings (deficit) on adoption on October 1, 2019.

ASC 606 did not have a significant impact on the Company's accounting policies with respect to the other revenue streams.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

(i) Changes in significant accounting policies (continued):

ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) (continued):

Impact on the statement of financial position:

| September 30, 2020 | As reported | Adjustments | Balance prior to the adoption of ASC 606 |
|--------------------------------|---------------------|-----------------------|--|
| Branding Fund receivable | \$ - | \$ 96,990 | \$ 96,990 |
| Deferred revenue - current | \$ 392,249 | (389,249) | \$ 3,000 |
| Deferred revenue – non-current | 1,001,250 | (1,001,250) | - |
| Total deferred revenue | \$ 1,393,499 | \$ (1,390,499) | \$ 3,000 |

Impact on the statement of operations:

| September 30, 2020 | As reported | Adjustments | Balances without the adoption of ASC 606 |
|-----------------------------------|------------------|--------------------|--|
| Initial franchise and set up fees | \$ 2,443,336 | \$ (1,468,136) | \$ 975,200 |
| Branding Fund contributions | 304,522 | (304,522) | - |
| Total revenue | 2,747,858 | (1,772,658) | 975,200 |
| Branding Fund expenses | \$ (228,438) | \$ 228,438 | \$ - |

There was no material impact on the Company’s statement of cash flows for the year ended September 30, 2020.

ASC 230, *Statement of Cash Flows* (“ASC 230”)

In August 2016, the FASB issued ASU No. 2016-15, “*Classification of Certain Cash Receipts and Cash Payment*”, which addresses eight cash flow classification issues. ASU 2016-15 was adopted during the year ended September 30, 2020. ASC 230-10-45-16 defines “cash receipts from sales of goods or services, including both short- and long-term notes receivable from customers arising from those sales” as cash flows from operating activities. This applies to the loans receivable due from franchisees in relation to their purchase of territories.

In prior years the Company has reported such loans receivable under investment activities and a change in classification is required under topic 250-10-45-1. The Company has retroactively adopted the ASU and has recast the prior period statement of cash flows to reflect this change.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

- (i) Changes in significant accounting policies (continued):

ASC 230, *Statement of Cash Flows* (“ASC 230”) (continued):

In November 2016, the FASB issued ASU 2016-18, “*Statement of Cash Flows*”, (Topic 230): “*Restricted Cash*” (“ASU 2016-18”), which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This standard was adopted during the year ended September 30, 2020 and had no material impact on the Company’s financial statements.

- (j) Recent accounting pronouncements not yet adopted:

In February 2016, the FASB established Topic 842, *Leases*, by issuing Accounting Standards Update No. 2016-02, which requires lessors to classify leases as a sales-type, direct financing, or operating lease. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU No. 2018-11, *Targeted Improvements*. A lease is a sales-type lease if any one of five criteria are met, each of which indicate that the lease, in effect, transfers control of the underlying asset to the lessee. If none of those five criteria are met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee and a third party, the lease is a direct financing lease. All leases that are not sales type or direct financing leases are operating leases. The new guidance is effective for fiscal years beginning after December 15, 2020. The adoption of this standard is not expected to have a material impact on the Company’s financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses*” (“Topic 326”), which provides guidance on how an entity should measure credit losses on financial instruments and comprises three subtopics: overall, measured at amortized cost, and available-for-sale debt securities. This guidance will be effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the new guidance to determine the impact it will have on its financial statements.

In May 2019, the FASB issued ASU No. 2019-05, *Financial Instruments - Credit Losses* (Topic 326). The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets at amortized cost (except held-to maturity securities) using the fair value option. The ASU is effective for the Company beginning or after December 15, 2022, including interim periods in fiscal year 2022.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

2. Significant accounting policies (continued):

(j) Recent accounting pronouncements not yet adopted (continued):

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*. This ASU removes certain exceptions for investments, intra-period tax allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The ASU is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning January 1, 2021. Early adoption is permitted. The Company is currently evaluating the new guidance to determining the impact it will have on its financial statements.

(k) Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

3. Financial instruments:

(a) Fair value of financial instruments:

The Company's financial instruments include cash, accounts receivable, branding fund receivable, accounts payable and accrued liabilities, loans receivable, and due to parent company. It is management's opinion that the fair values of these instruments approximate their carrying value due to their short-term period to maturity.

The loans receivable fair value approximates its carrying value based on prevailing market interest rates.

The standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

These tiers include:

- Level 1 - defined as quoted prices in active markets for identical instruments;
- Level 2 - defined as observable prices in active markets for similar instruments, prices for identical or similar instruments in non-active markets, directly observable market inputs, or market inputs not directly observable but derived from or corroborated by observable market data; and
- Level 3 - defined as unobservable inputs based on an entity's own assumptions.

Cash has been categorized as Level 1.

(b) Interest rate risk:

All of the Company's financial assets and liabilities are non-interest bearing with the exception of the loans receivable, which bear interest at fixed rates and are thus not exposed to interest rate fluctuations (note 5).

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

3. Financial Instruments (continued):

(c) Credit risk:

The financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable, branding fund receivable and loans receivable. Allowances are maintained for potential credit losses consistent with the credit risk of specific franchisees. As at September 30, 2020, 31% (2019 - 23%) of accounts receivable were from one (2019 - one) franchise.

4. Accounts receivable:

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| Amount receivable | \$ 1,404,178 | \$ 723,321 |
| Less allowance for impairment | 431,313 | 29,378 |
| | <u>\$ 972,865</u> | <u>\$ 693,943</u> |

Accounts receivable includes the unpaid portion of loans receivable due from franchisees who terminated during the year.

5. Loans receivable:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Total loans receivable | \$ 486,631 | \$ 1,092,745 |
| Less current portion of loans receivable | 184,461 | 435,459 |
| | <u>\$ 302,170</u> | <u>\$ 657,286</u> |

All loans receivable are unsecured and bear interest at 4% per annum. The current portion represents the estimated amount to be collected in the subsequent fiscal year based on the terms of the agreement and the expected operations of the franchisee. Repayment periods for the non-current portion range from 14-month to 24-months after the balance sheet date.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

5. Loans receivable (continued):

The impact to cash flows from the changes in loans receivable is as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Issuance of loans receivable related to franchise sales | \$ (343,750) | \$ (530,500) |
| Repayment of loans receivable | 285,713 | 126,378 |
| Net impact on cash flows | (58,037) | (404,122) |
| Loans receivable reclassified to accounts receivable | 664,151 | - |
| Total change in loans receivable | \$ 606,114 | \$ (404,122) |

6. Due to parent company:

| | 2020 | 2019 |
|---|------------|--------------|
| Total due to parent company | \$ 439,259 | \$ 1,588,648 |
| Less current portion of due to parent company | - | 1,588,648 |
| | \$ 439,259 | \$ - |

The amount due to parent company is non-interest bearing and unsecured.

7. Capital stock:

| | 2020 | 2019 |
|--|-----------|-----------|
| Authorized: | | |
| 10,000,000 common shares, no par value | | |
| Issued: | | |
| 55,100 common shares (2019 - 55,100) | \$ 55,001 | \$ 55,001 |

During the year ended September 30, 2019, Corporate contributed \$386,000 to the Company which has been recorded as additional paid in capital.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

8. Income taxes:

(a) Tax rate reconciliation:

A reconciliation of income tax expense for the years ended September 30, 2020 and 2019 with the reported earnings is as follows:

| | 2020 | 2019 |
|---|--------------|-----------|
| Income before income taxes | \$ 2,189,716 | \$ 71,610 |
| Statutory rate in United States | 27.98% | 27.98% |
| Expected income tax expense | \$ 612,683 | \$ 20,039 |
| Permanent differences | - | 969 |
| Withholding taxes paid in United States | 53,767 | 4,265 |
| Other | 40,936 | (2,551) |
| | \$ 707,386 | \$ 22,722 |

(b) Composition of deferred income tax asset:

| | 2020 | 2019 |
|------------------------------------|------------|-----------|
| Deferred income tax asset balance: | | |
| Deferred revenue (note 2(i)) | \$ 389,951 | \$ - |
| Other temporary differences | 77,308 | 21,575 |
| Net deferred income tax asset | \$ 467,259 | \$ 21,575 |

In the normal course of business, the Company is subject to audits by the taxing authorities in the United States. Tax years ranging from 2015 to 2020 remain subject to examination in the United States.

9. License and services agreement:

The Company and Corporate entered into an amended and restated license and services agreement dated October 1, 2014 (the "Agreement"). Under the Agreement, the Company has been granted a revocable, exclusive, non-transferable license solely in the United States to grant sublicenses to third parties in accordance with a franchise agreement and to use certain intellectual property of Corporate amongst other things, and the Company agrees to provide certain services to Corporate. The Company will pay a license fee to Corporate of all gross revenues recognized by the Company less the fee for services provided by the Company, which is equal to the Company's cost of services plus 7%.

NURSE NEXT DOOR HOME HEALTHCARE SERVICES (USA) INC.

Notes to Financial Statements (continued)

(Tabular amounts expressed in United States dollars, unless otherwise indicated)

Years ended September 30, 2020 and 2019

9. License and services agreement (continued):

During the year ended September 30, 2020, the Company was charged a license fee of \$3,212,654 (2019 - \$4,037,397) by Corporate.

These transactions are in the normal course of operations and will be measured at the exchange amount, which is the consideration established and agreed to between Corporate and the Company.

10. Other income:

St. Joseph Health Personal Care Services, LLC ("St. Joseph"), which operated 42 franchise locations, terminated its master licence agreement with the Company during the year ending September 30, 2020. This termination resulted in the payment of a termination fee of \$1,087,000 which is included in other income. The termination agreement also included a 12-month non-compete clause for selling and operating locations in territories previously held by St. Joseph, which will expire in August 2021.

11. Contingencies

During the year, the Company received notice from 9 franchisees, some of whom held multiple territories, of the purposed termination of their franchise agreements. The franchisees seeking termination have ceased paying franchise fees and have, in some cases, started competing businesses. The Company has filed legal claims against 7 of these franchisees alleging that the franchisees breached their franchise agreements by failing to continuously operate their franchise business. The Company is seeking damages against the franchisees and its guarantors for the franchisee's failure to pay certain amounts due and owing under its franchise agreements, including unpaid royalties and initial franchise fees. The franchisees have threatened to bring counterclaims for unspecified amounts for breach of contract, among other claims.

In addition, 2 of the franchisees brought claims for unspecified damages against the Company for breach of contract, among other allegations. The Company vigorously denies the allegations in the claims and intends to bring counterclaims alleging that the franchisees breached their franchise agreements by failing to continuously operate their franchised businesses. The Company is seeking damages against the franchisees and their guarantors for franchisee's failure to pay certain amounts due and owing under its franchise agreements, including unpaid royalties. No amount has been recorded for potential loss in these cases as the Company believes it has adequate defense against the allegations.

12. Subsequent events:

The Company evaluated subsequent events through November 30, 2020, the date these financial statements were issued, and concluded there were no events requiring adjustment or disclosure.

Exhibit C

Current and Certain Former Franchisees

CURRENT FRANCHISEES
(as of December 7th, 2021)

Franchised Units

Operational as of December 7th, 2021

| State | Territory | Address | Company Name | Phone Numbers |
|------------|-------------------------------------|---|--------------------------------|----------------|
| Arizona | Scottsdale North | #1094-1350 S Greenfield Rd Mesa, AZ, USA 85206 | Northwest Liberty LLC | (916) 296-1613 |
| Arizona | Scottsdale South | #1094-1350 S Greenfield Rd Mesa, AZ, USA 85206 | Northwest Liberty LLC | (916) 296-1613 |
| California | Fresno South | 9577 S Zediker Ave Parlier, CA, USA 93648 | H&M Home Care, LLC | (559) 405-8942 |
| California | Selma | 9577 S Zediker Ave Parlier, CA, USA 93648 | H&M Home Care, LLC | (559) 405-8942 |
| California | Sacramento | 6832 Salvaterra Circle Elk Grove, CA, USA 95757 | KMK Care Enterprises Inc. | N/A |
| California | Manteca, Brentwood and Tracey | 6832 Salvaterra Circle Elk Grove, CA, USA 95757 | KMK Care Enterprises Inc. | 209-756-0948 |
| California | Chula Vista | 1240 India Street Unit 2402 San Diego, CA, USA 92101 | Bama Street Investments LLC | (702) 285-3259 |
| California | East San Diego | 1240 India Street Unit 2402 San Diego, CA, USA 92101 | Bama Street Investments LLC | (702) 285-3259 |
| California | La Jolla | 1240 India Street Unit 2402 San Diego, CA, USA 92101 | Bama Street Investments LLC | (702) 285-3259 |
| California | South San Diego | 1240 India Street Unit 2402 San Diego, CA, USA 92101 | Bama Street Investments LLC | (702) 285-3259 |
| California | Berkeley | 3930 Tamworth Court, Dublin, CA 94568 | N&D Ghuman, Inc. | (925) 640-9909 |
| California | Pleasanton | 3930 Tamworth Court, Dublin, CA 94568 | N&D Ghuman, Inc. | (925) 640-9910 |

| State | Territory | Address | Company Name | Phone Numbers |
|----------------|----------------|--|---------------------------------|----------------|
| California | Walnut Creek | 3930 Tamworth Court, Dublin, CA 94568 | N&D Ghuman, Inc. | (925) 640-9911 |
| California | Elk Grove | 6832 Salvatera Circle Elk Grove, CA 95757 | KMK Care Enterprises Inc. | 916-524-7020 |
| Colorado | Denver South | 5115 E LLIFF AVENUE DENVER, CO, USA 80222 | Nectar Donut Inc | (303) 886-3252 |
| Florida | Naples | 164 Skipping Stone Lane Naples, FL, USA 34119 | Project 164 LLC | (239) 776-4850 |
| Indiana | Fishers | 11814 Wedgeport Lane, Fishers, IN, 46037 | Andgrow LLC | (317) 417-9926 |
| Iowa | Iowa City | 1909 MORINGSIDE DRIVE IOWA CITY, IA, USA 52245 | Roseman Home Care Iowa, INC | (650) 204-1792 |
| Nebraska | Lincoln | 920 Kingwood Ave Crete, NE, USA 68333 | The Good Life Homecare, LLC | (402) 890-1584 |
| Nebraska | Omaha South | 920 Kingwood Ave Crete, NE, USA 68333 | The Good Life Homecare, LLC | (402) 890-1584 |
| Nevada | Las Vegas West | 10311 Grizzly St. Bakersfield, CA, USA 93311 | Elite Care LLC | (661) 703-0528 |
| North Carolina | Raleigh South | 249 River Hills Dr. Clayton, NC, USA 27527 | Mary's Place Care Services, LLC | N/A |
| South Carolina | Greenville | 136 INGLEOAK LANE GREENVILLE, SC, USA 29615 | TruSign LLC | (864) 202-1213 |
| South Carolina | Rock Hill | 1726 Fairntosh Drive Fort Mill, South Carolina 29715 | Overcash Associates LLC | 803-322-0364 |
| Texas | Colleyville | 4251 Porosa Lane, Prosper, TX, USA, 75078 | SKPS 2000 Group LLC | (615) 970-9734 |
| Texas | Dallas West | 5201 Cedar Mountain Dr, McKinney, TX, 75071 | R&H Services LLC | (512) 496-8348 |
| Texas | Frisco | 4251 Porosa Lane, Prosper, TX, USA, 75078 | SKPK 2000 Group LLC | (615) 970-9734 |
| Texas | Highland Park | 5201 Cedar Mountain Dr, | R&H Services LLC | 512-496-8348 |

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit C – Current and Certain Former Franchisees

| State | Territory | Address | Company Name | Phone Numbers |
|----------|--------------|---|---------------------------------|----------------|
| | | McKinney, TX, 75071 | | |
| Texas | Dallas North | 5201 Cedar Mountain Dr, McKinney, TX, 75071 | R&H Services LLC | 512-496-8348 |
| Texas | Fort Worth | 5049 Edwards Ranch Road, 4th Floor, Fort Worth, TX 76107 | Caring Talent Fort Worth LLC | 817-528-0802 |
| Texas | Sugarland | 9577 S Zediker Ave Parlier, CA, USA 93648 | VAAS Care LLC | (310) 871-7853 |
| Virginia | Newport News | 1570 Winthrope Dr., Newport News, VA, USA, 23602 | K & CL, LLC | (704) 609-2523 |
| Virginia | Richmond | 2406 Islandview Dr Richmond, VA, USA, 23233 | Carmot Services LLC | 804-716-7194 |

Franchise Agreement Executed but Not Opened as of December 7, 2021

| State | Territory | Address | Company Name | Phone Numbers |
|------------|-------------------------|--|---------------------------------------|----------------|
| California | Fresno North | 1740 E Shepherd Ave #113Fresno, CA, USA 93720 | N/A | (559) 405-8942 |
| California | Palm Desert | 1026 Edgar Ave, G Beaumont, CA, USA 92223 | N/A | (951) 572-2634 |
| California | Murrieta | 1026 Edgar Ave, G Beaumont, CA, USA 92223 | N/A | (951) 572-2634 |
| Colorado | Thornton | 15612 E 96th Way #30C, Commerce City, CO, USA 80022 | Mel Mels Mobile Health Care, LLC | (720) 660-0214 |
| Florida | Fort Lauderdale | 1911 SW 82 Avenue Davie, FL, USA 33324 | N/A | (786) 213-2473 |
| Florida | Miami | 1911 SW 82 Avenue Davie, FL, USA 33324 | N/A | (786) 213-2474 |
| Florida | Orlando Central | 8851 US Highway 19 N, Pinellas Park, Florida, USA 33782 | Sipp Healthcare LLC | 917) 601-4893 |
| Florida | Orlando North | 8851 US Highway 19 N, Pinellas Park, Florida, USA 33782 | Sipp Healthcare LLC | 917) 601-4893 |
| Florida | Orlando West | 8851 US Highway 19 N, Pinellas Park, Florida, USA 33782 | Sipp Healthcare LLC | 917) 601-4893 |
| Florida | North Port | 1725 North Lavina St, North Port, FL, USA 34286 | N/A | (916) 519-0190 |
| Florida | Venice | 1725 North Lavina St, North Port, FL, USA 34286 | N/A | (916) 519-0190 |
| Illinois | La Grange & Oak Park | 2624 FOREST VIEW AVENUE BROOKFIELD, IL, USA 60513 | Dominguez Development Group Inc | (708) 205-3784 |
| Illinois | Naperville | 2624 FOREST VIEW AVENUE BROOKFIELD, IL, USA 60513 | Dominguez Development Group Inc | (708) 205-3784 |

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit C – Current and Certain Former Franchisees

| State | Territory | Address | Company Name | Phone Numbers |
|----------------|--------------------|--|--------------------------------------|----------------|
| Indiana | Lawrence | 1702 N Rural Street Indianapolis, IN, USA 46218 | Boss Nurse LLC | (317) 778-4555 |
| Louisiana | New Orleans South | 4817 Wood Forest Dr. Marrero, Louisiana, USA 70072 | Love All Home Care, LLC | (504) 628-9258 |
| Louisiana | New Orleans West | 4817 Wood Forest Dr. Marrero, Louisiana, USA 70072 | Love All Home Care, LLC | (504) 628-9258 |
| Massachusetts | Suffolk, Brookline | 5 Bay Street Lowell, MA, USA 01854 | N/A | (978) 996-3657 |
| Michigan | Bloomfield | 957 Progress Ave Lincoln Park, MI, USA 48146 | N/A | 13134043699 |
| Nevada | Henderson | 10311 Grizzly St. Bakersfield, CA, USA 93311 | Elite Care LLC | (661) 703-0528 |
| Nevada | Spring Valley | 10311 Grizzly St. Bakersfield, CA, USA 93311 | Elite Care LLC | (661) 703-0528 |
| Nevada | Paradise | 14820 Checkerbloom Drive Bakersfield, CA, USA 93314 | N/A | (661) 363-3620 |
| Nevada | North Las Vegas | 14820 Checkerbloom Drive Bakersfield, CA, USA 93314 | N/A | (661) 363-3620 |
| North Carolina | Durham | 1323 Afton Meadow Cary, NC, USA 27518 | N/A | (919) 522-4519 |
| North Carolina | Kannapolis | 23250 El Dorado Blvd Bonita Springs, FL, USA 34134 | N/A | 19803301710 |
| North Carolina | Charlotte North | 23250 El Dorado Blvd Bonita Springs, FL, USA 34134 | N/A | 19803301710 |
| North Carolina | Raleigh North | 249 River Hills Dr. Clayton, NC, USA 27527 | Mary's Place Care Services, LLC | 919-891-9598 |
| Oregon | Portland East | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Oregon | Portland West | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Oregon | Portland North | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit C – Current and Certain Former Franchisees

| State | Territory | Address | Company Name | Phone Numbers |
|--------------|-----------------------------|--|--------------------------------------|----------------|
| Oregon | Portland South | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Pennsylvania | Erie | 104 Hillscreech Ave Erie, PA, USA 16509 | N/A | (814) 218-4905 |
| Pennsylvania | Kennett Square | 1470 West Stonington Drive Downingtown, PA, USA 19335 | GOR Innovations, LLC | (215) 806-8317 |
| Pennsylvania | Malvern | 1470 West Stonington Drive Downingtown, PA, USA 19335 | GOR Innovations, LLC | (215) 806-8317 |
| Texas | Katy | 1115 Ivyvine Ct. Sugar Land, TX, USA 77479 | Happier At Home Care Inc | (281) 948-2778 |
| Texas | Memorial | 1115 Ivyvine Ct. Sugar Land, TX, USA 77479 | Happier At Home Care Inc | (281) 948-2778 |
| Texas | Houston Central | 4914 White Barrow Creek Sugarland, TX, USA 77479 | VAAS Care LLC | (310) 871-7853 |
| Utah | St George | 14820 Checkerbloom Drive Bakersfield, CA, USA 93314 | N/A | (661) 363-3620 |
| Virginia | Chesapeake | 1323 Afton Meadow Cary, NC, USA 27518 | N/A | (919) 522-4519 |
| Virginia | Arlington | 1101 Kennebec, 607 Oxon Hill, MD, USA 12345 | N/A | (703) 593-0606 |
| Washington | Maple Valley | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | N/A | (702) 788-2378 |
| Washington | Point Roberts/Bellingham | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Washington | Lynwood | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Washington | Bellevue | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |
| Washington | Renton | 8190 Argyle St. Vancouver, BC, Canada V5P 3M1 | Buckley Industrial Consulting Inc | 604-760-6859 |

FORMER FRANCHISEES
(as of December 7th, 2020)

Franchised Units

| State | Territory | Address | Company Name | Phone Numbers |
|----------------|---|--|---|----------------|
| California | Thousand Oaks | 2138 Bridgegate Ct Westlake Village CA 91361 | Vara Healthcare | (818) 422-4772 |
| California | Diablo Valley (Contra Costa County) | 3201 Lucas Drive Lafayette, CA, USA 94549 | Easy Care Now | (925) 482-5511 |
| Florida | Sumter Lake | 511 W. Main Street Tavares, FL, USA 32778 | C.B. Care, Inc. | NA |
| Idaho | Boise | 6135 W TOBI DRIVE BOISE, IDAHO, USA 83703 | McNear Caring Solutions Inc. | (323) 828-9643 |
| Massachusetts | Gardner | 985 W Broadway Gardner, MA 01440 | Homelink Health LLC. | (978) 235-4198 |
| North Carolina | Pine Knoll Shores, aka Atlantic Beach | 141 Loblolly Drive Pine Knoll Shore, NC, USA 28512 | CaddyNurse, LLC | (252) 241-2485 |
| Tennessee | Murfreesboro | 224 Leah Ct Gallatin, TN 37066 | Nikki Marie Enterprises LLC | (317) 603-8877 |
| Virginia | Arlington- Annandale | 8300 Greensboro Drive Suite L1-639 McLean Virginia 22102 | Safe and Secure Transition Home Care, LLC | (703) 505-9421 |
| Virginia | Fairfax City-Chantilly | 8300 Greensboro Drive Suite L1-639 McLean Virginia 22102 | Safe and Secure Transition Home Care, LLC | (703) 505-9421 |
| Virginia | McLean-Tyson | 8300 Greensboro Drive Suite L1-639 McLean Virginia 22102 | Safe and Secure Transition Home Care, LLC | (703) 505-9421 |
| Virginia | Springfield | 8300 Greensboro Drive Suite L1-639 McLean Virginia 22102 | Safe and Secure Transition Home Care, LLC | (703) 505-9421 |
| Wisconsin | South Waukesha | W127 S9616 Scott Krause Ct. Muskego, WI, USA 53150 | Buss Group, LLC. | (414) 412-5283 |

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit C – Current and Certain Former Franchisees

Exhibit D
Manual Table Contents

OPERATIONS MANUAL TABLE OF CONTENTS

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Exhibit E

State Regulatory Authorities and Agents for Service of Process in Certain States

**NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES**

| STATE | STATE REGULATORY AUTHORITY | AGENT FOR SERVICE OF PROCESS |
|-------------|--|--|
| California | Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 (866) 275-2677 | Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 (866) 275-2677 |
| Connecticut | Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 | [Not Applicable] |
| Florida | Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800 | [Not Applicable] |
| Hawaii | Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 | Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722 |
| Illinois | Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 | Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 |
| Indiana | Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681 | Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681 |
| Maryland | Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360 | Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360 |

| STATE | STATE REGULATORY AUTHORITY | AGENT FOR SERVICE OF PROCESS |
|--------------|--|--|
| Michigan | Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117 | Michigan Department of Consumer and Industry Services Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, MI 48909 (517) 241-6470 |
| Minnesota | Minnesota Commerce Department 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600 | Minnesota Commerce Department 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600 |
| Nebraska | Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445 | [Not Applicable] |
| New York | NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 st Floor New York, NY 10005 (212) 416-8222 (Phone) | New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 12231-0001 (518) 473-2492 |
| North Dakota | North Dakota Securities Department Fifth Floor 600 East Boulevard Avenue State Capitol, Fifth Floor, Department 414 Bismarck, ND 58505 (701) 328-4712 | North Dakota Securities Commissioner Fifth Floor 600 East Boulevard, Department 414 Bismarck, ND 58505 (701) 328-4712 |
| Oregon | Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387 | [Not Applicable] |
| Rhode Island | Department of Business Regulation in the Service of Process, Disclosure Document and State Administrators Sections Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048 | Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588 |
| South Dakota | Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre SD 57501 (605) 773-3563 | Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre SD 57501 (605) 773-3563 |

| STATE | STATE REGULATORY AUTHORITY | AGENT FOR SERVICE OF PROCESS |
|-----------------------------|---|--|
| Texas | Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775 | [Not Applicable] |
| Utah | Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601 | [Not Applicable] |
| Virginia | State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051 | Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733 |
| Washington | Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760 | Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760 |
| Wisconsin | Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555 | Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555 |
| Federal Trade Commission | Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357 | [Not Applicable] |

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

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

STATE EFFECTIVE DATES

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

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

California:

Hawaii:

Illinois:

Indiana:

Maryland:

Michigan:

Minnesota:

New York:

North Dakota:

Rhode Island:

South Dakota:

Virginia:

Washington:

Wisconsin:

Exhibit F
Receipts

EXHIBIT F 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 Nurse Next Door offers you a franchise, it must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

The franchise sellers for this offering are: Arif Abdulla, Alexander Mitchell, Craig Dowling, Gabriella Sepulveda, Other. Their business address is #300 – 1788 West 5th Avenue, Vancouver, BC V6J 1P2. Their phone number is 604-228-4357.

Issuance Date: December 7, 2021

See Exhibit E for a list of registered agents authorized to receive service of process.

I received a Disclosure Document dated December 7, 2021 that included the following Exhibits:

| | |
|--|--|
| A Contracts: | |
| Franchise Agreement with attached Schedules | Business Associate Agreement |
| Conditional Assignment of Telephone and Directory Listings | ACH Form |
| State-Specific Addenda/Amendments | Performance Delay Addendum |
| Final Disclosure Questionnaire | B Audited Financial Statements for the years ended September 30, 2019, September 30, 2020 and September 30, 2021 |
| General Release | |
| Non-Disclosure Agreement | C Current and Certain Former Franchisees |
| Termination Agreement and Release of Claims | |
| Deposit Agreement (Virtual Final Interview Day) | D Manual Table of Contents |
| Deposit Agreement (Non-Virtual Final Interview Day) | |
| Loan, Security and Guarantee Agreement | E State Regulatory Authorities and Agents for Service of Process in Certain States |
| Assignment of Franchise Agreement | |
| Addendum (upon Assignment) | |
| Addendum (upon Renewal) | F Receipts |

Keep this copy

Date of receipt (print)

Name (print)

Name of corporation, LLC or partnership (print)

Signature (individually or as an officer, member or partner of)

State of organization (print)

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit F – Receipts

EXHIBIT F 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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- | | | | |
|---|--|-----------------------|--|
| A | Contracts: Franchise Agreement with attached Schedules Conditional Assignment of Telephone and Directory Listings State-Specific Addenda/Amendments Final Disclosure Questionnaire General Release Non-Disclosure Agreement Termination Agreement and Release of Claims Deposit Agreement (Virtual Final Interview Day) Deposit Agreement (Non-Virtual Final Interview Day) Loan, Security and Guarantee Agreement Assignment of Franchise Agreement Addendum (upon Assignment) Addendum (upon Renewal) | B C D E F | Business Associate Agreement ACH Form Performance Delay Addendum Audited Financial Statements for the years ended September 30, 2019, September 30, 2020 and September 30, 2021 Current and Certain Former Franchisees Manual Table of Contents State Regulatory Authorities and Agents for Service of Process in Certain States Receipts |
|---|--|-----------------------|--|

Return this copy to us

Date of receipt (print)

Name (print)

Name of corporation, LLC or partnership (print)

Signature (individually or as an officer, member or partner of)

State of organization (print)

You may return the signed receipt to us by signing and dating it and emailing a copy to Nurse Next Door Home Healthcare Services (USA) Inc. at nixon@nursenextdoor.com

Nurse Next Door Home Healthcare Services (USA) Inc.
Exhibit F – Receipts