

## FRANCHISE DISCLOSURE DOCUMENT

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As a franchisee, you will operate a business providing the public with non-medical in-home personal care, supplemental staffing services and assisted living/residential care placement services using our distinctive system under the name and mark “Golden Heart Senior Care”.

The total investment necessary to begin a Golden Heart Senior Care franchise is \$68,925 to \$96,750. This includes \$47,100 to \$57,100 that must be paid to the franchisor and/or its affiliates. The total investment necessary for a conversion/qualification franchise is \$22,450 to \$33,200. This includes \$4,200 to \$14,200 that must be paid to the franchisor and/or its affiliates.

If you enter into a Multi-Territory Development Agreement to develop multiple businesses, you will pay a development fee when you sign the Multi-Territory Development Agreement. To enter into a Multi-Territory Development Agreement, you will commit to develop a minimum of 3 businesses. The total estimated investment under a Multi-Territory Development Agreement for 3 businesses is \$98,925 to \$126,750. This includes \$77,100 to \$87,100 that must be paid to the franchisor and/or its affiliates. The total investment under a Multi-Territory Development Agreement will vary depending on the number of businesses to be developed.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Craig Bass at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034 or call (800) 601-2792.

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, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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## How to Use this Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-territory development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial right you are granted, termination of your franchise, and loss of your investment. .
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment. ..

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

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- B – State Specific Addenda
- C – Franchise Agreement with Attachments
- D – Multi-Territory Development Agreement with Attachments
- E – List of Franchisees and Franchisees Who Have Left the System
- F – Table of Contents of Confidential Operations Manual
- G – Financial Statements
- H – Item 2, 3, 4 Disclosure regarding Area Representatives
- I - Receipts

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

The Franchisor

Sarillian Management, LLC (“we”, “our” or “us”) is a Texas limited liability company that was incorporated on March 17, 2016 and has its principal place of business at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034. We do business under our corporate name and under our Marks “Golden Heart Senior Care.” We will refer to the person who buys this franchise as “you” or “your” throughout this Disclosure Document. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you,” “your,” or “franchisee,” and also includes each partner, shareholder and/or other owner of that entity.

We are offering franchises for the operation of businesses operating under the “Golden Heart Senior Care” name which will provide the public with non-medical in-home personal care, supplemental staffing services and assisted living/residential care placement services using our distinctive system (the “Business” or “Franchised Business”).

We do not own or operate a business of the type being franchised. We have never offered franchises in any other line of business. We do not have any other business activities. We began selling franchises in May 2016. Our agents for service of process are listed in Exhibit A.

In this Disclosure Document we offer franchises for single territory franchises and multi-territory development opportunities only.

We are offering Area Representative franchise opportunities through a separate disclosure document. We rely on our area representatives to solicit, screen and interview franchisee candidates and to present us with those applicants whom the area representative pre-qualifies using our criteria, but we make the final decision on whether we will sell a franchise to the candidates the area representative presents. If we approve the candidate, we and the candidate will sign a Franchise Agreement, and the Area Representative is not a party to that contract and is not responsible for the management of that franchisee candidate or its franchise. As of December 31, 2021, there are 14 Area Representatives in the system.

Our Parents, Predecessors and Affiliates

We have no parent or affiliates. Our predecessor was Senior Care Business Investments, Inc. (“SBCI”), a Nevada corporation that was incorporated on November 23, 2009 and has its principal place of business at 410 S. Rampart Blvd., Suite 390, Las Vegas, Nevada 89145. SBCI sold franchises and area representative franchises from February 2010 until May 2016. They did not offer franchises in any other line of business. On May 1, 2016, we purchased all of the assets of our Predecessor including the franchise agreements and area representative agreements. Our Predecessor does not conduct a business of the type to be operated by you. Our Predecessor does not offer franchises in this or any other lines of business.

The System

Our system includes a method of providing the public with non-medical in-home personal care, supplemental staffing services and assisted living/residential care placement services; specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the “System”). We are developing the additional capabilities of related senior care that includes residential assisted living, caregiver schools and remote patient monitoring/emergency response systems.

In-home personal care includes assistance with daily activities, instrumental activities of daily living, housekeeping chores and meal preparation. Supplemental staffing is the part of our business where we offer our caregiver staff to serve clients on behalf of other organizations, agencies or facilities. Supplemental staffing is limited to non-medical care which includes assistance with daily activities.

Customers could include hospitals, rehabilitation centers, independent living facilities, group homes, assisted living facilities, memory care facilities, and skilled nursing facilities. Your customers may be individual clients, or you may enter into an agreement with various facilities that contract with you to supply your caregiver staff to supplement their required staffing levels.

The assisted living/residential care placement services is the part of our business where we research and find the appropriate live-in care facility to meet the needs of our client when they can no longer safely stay home. We will arrange for the client to tour several facilities so they can make the best decision based on their review of the facilities.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “Golden Heart Senior Care”, as are now designated and may in the future be designated by us in writing for use with the System (the “Marks”).

#### Single Territory Franchise

We offer a single Business to be operated under the Franchise Agreement, using the Marks and the System solely with the operation of your Franchised Business, under the terms of a single territory franchise agreement (the “Franchise Agreement”), attached as Exhibit C to this Disclosure Document.

#### Conversion/Qualification Franchise

If you convert an existing senior care business to a Golden Heart Senior Care Business or meet our industry and business qualification criteria, there will be no initial franchise fee. To qualify for the conversion program, you must own and operate an existing senior care business or be able to demonstrate that you meet our qualification criteria showing health care industry and business expertise. You must sign our current Franchise Agreement and Attachment 6 to the Franchise Agreement (Conversion/Qualification Addendum). Unless otherwise noted, the terms of this offer and the offer of Single Territory franchises are the same.

#### Multi-Territory Development Agreement

In certain circumstances, we will offer to you the right to sign a multi-territory development agreement, attached as Exhibit D to this Disclosure Document (the “Multi-Territory Development Agreement”), to develop a certain number of Franchised Businesses to be located within a specifically described geographic territory (the “Development Area”). We will determine the Development Area before you sign the Multi-Territory Development Agreement and it will be included in an attachment to the Multi-Territory Development Agreement. You are required to commit to develop a minimum of 3 Businesses to enter into the Multi-Territory Development Agreement. The person or entity signing the Multi-Territory Development Agreement is referred to as the “Multi-Territory Developer”.

The Businesses must be opened according to a minimum performance schedule, and you must sign a separate Franchise Agreement for each Business established under the Multi-Territory Development Agreement. The Franchise Agreement for the first Business developed under the Multi-Territory Development Agreement will be in the form attached as Exhibit C to this Disclosure Document and will be



signed at the same time as the Multi-Territory Development Agreement. For each additional Business developed under the Multi-Territory Development Agreement, you may be required to sign a different form of Franchise Agreement than the one in this offering, but the Royalty Fee and Local Advertising Fee will be the same as your first Business.

### Market and Competition

Your customers mainly include people who are 65 years old and older (“Senior Citizen”), their families and their caregivers. Customers can also include those with degenerative conditions, disability, rehabilitation issues and could be of any age. The franchised business will offer non-medical in-home personal care, supplemental staffing services and assisted living/residential care placement services. We are developing the additional capability of related senior care that includes residential assisted living, caregiver schools and remote patient monitoring/emergency response systems. These services provide quality of life and ease of living to clients and enable them to live independently in their homes.

The market for home care, related senior care and placement services is developed and highly competitive. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering similar services to clients. You will also face other normal business risks that could have an adverse effect on your Business. These may include industry developments, such as pricing policies of competitors, changing regulatory requirements, and supply and demand.

There is an increasing market for supplemental staffing required by clinical facilities and residential care communities. This could primarily include hospitals, rehabilitation centers, independent living facilities, group homes, assisted living facilities, memory care facilities, and skilled nursing facilities. Your customers may be individual clients, or you may enter into an agreement with various facilities that contract with you to supply your caregiver staff to supplement their required staffing levels.

### Industry Specific Laws

Many states, counties and local jurisdictions require that home care agencies, residential assisted living homes and caregiver schools obtain professional licenses and accreditations to provide personal care and related services to seniors. They may also require the establishment of a physical location and have requirements for administrator credentials and training. Certain states require you to use specific training programs to train your staff, you must comply with these requirements. You must check your state, county and local jurisdictions about these requirements. In addition, overtime and specific compensation laws vary from state to state. You must review federal minimum wage and overtime laws, as well as similar laws within your state, to ensure compliance with laws currently in existence and those that may later be adopted. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business.

According to the Home Care Services Consumer Protection Act of 2013, (the “Act”), you must comply with the licensure and certification requirements of the Home Care Services Bureau (HCSB) effective January 1, 2016. The Act will apply to California agencies that provide home care services to consumers. Home care services related to this Act include nonmedical services and assistance provide by a registered home care aide to a client who, perhaps because of advanced age or physical or mental disability, cannot perform these services. These services enable the client to remain in his or her residence and include assistance with the following: bathing, dressing, shopping, feeding, exercising, and personal hygiene and grooming. For further information about the Home Care Services Consumer Protection Act, please visit the following website: <https://cdss.ca.gov/inforesources/community-care-licensing>.

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

President – Craig Bass

Mr. Bass has been our Owner & President since May 2016 when the assets of Golden Heart Senior Care were purchased by Sarillian Management, LLC. From July 2019 through May 2021, Mr. Bass was the Interim President & Chief Operating Officer of ConcertoHealth located in Aliso Viejo, California. From June 2015 through July 2019, he was a Corporate Vice President and President of Molina Service Solutions, located in Plano, Texas.

Senior Vice President of Administration – Laura Bass

Mrs. Bass has been our Senior Vice President of Administration since May 2016. She has held the position of Director, Managed Care & Strategy at ProPath, LLC since January 2018. She was the Director of Strategic Contracting at Molina Healthcare headquartered in Long Beach, California from August 2011 through October 2017.

Senior Vice President of Operations – Golden Kennedy

Mrs. Kennedy has been our Senior Vice President of Operations since April 2016. Mrs. Kennedy was Senior Vice President of Operations and Operational Support Specialist from August 2012 to March 2016 for Senior Care Business Investments, Inc. located in Las Vegas, Nevada. From January 2014 to present, she is Partner of Extraordinary Care, LLC, located in Sun City, Arizona and since December 2014 an Area Representative of Golden Heart Senior Care. From August 2011 to present, she is Partner-CEO of Golden Care Partners, Inc., located in Sun City, Arizona which is a Franchisee of Golden Heart Senior Care.

If we have an Area Representative in your area, its information relating to Item 2 is disclosed in Exhibit I.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

**The California Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and the franchisee is open for business.**

**Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by Multi-Territory Developers shall be deferred until the first franchise under the Multi-Territory Development Agreement opens.**

**In the state of South Dakota, we will defer the payment of the Initial Franchise Fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.**

### **Franchise Agreement**

**Initial Franchise Fee.** The Initial Franchise Fee is \$45,000 which will cover not less than 30,000 people age 65 or older, as determined by the latest U.S. Census data. The Initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement. It is fully earned when paid, is uniform for all franchisees, and is not refundable under any circumstances.

**Initial Franchise Fee – Conversion Franchise.** If you convert an existing senior care business to a Golden Heart Senior Care Business or meet our industry and business qualification criteria, there is no Initial Franchise Fee. To qualify for the Conversion program, you must own and operate an existing senior care business with revenues in excess of \$20,000 per month for the most recent six months of operations.

**HQ Initial Training Fee.** We will provide initial training and training materials for you and your manager at no additional charge to you. If you wish to have more than two people attend HQ Training or if you attend an additional training session, we may charge you our current training fee of \$1,000 for each additional person that attends training. For any training that you undergo, you must pay for the travel, meal and lodging expenses for each person attending training. The fees for additional trainees are non-refundable under any circumstances.

### **Delayed Opening Fee.**

**If a home care agency license is required by applicable law:** If you do not submit an application for a home care agency license to the State Agency within 180 days of the date of the Franchise Agreement, or complete HQ Initial Training, you will pay to us a non-fundable fee of \$100 a day until you the date you have submitted the application to the proper State Agency and completed HQ Initial Training. If 270 days after the date of the Franchise Agreement, you still have not applied for a home care agency license or completed the HQ Initial Training, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have applied for a home care agency license and completed HQ Initial Training. We will not assist you in securing these licenses.

**If a home care agency license is not required by applicable law:** If within 180 days of signing the Franchise Agreement, you or your trainee have not completed the HQ Initial Training, you will pay to us a non-refundable fee of \$100 a day until you have completed the HQ Initial Training Program. If 270 days after the date of the Franchise Agreement, you or your trainee still have not completed the HQ Initial Training Program, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have completed the HQ Initial Training.

**Grand Opening Advertising Campaign:** You must spend \$10,000 on a grand opening advertising campaign to promote the opening of the Franchised Business. You will submit your grand opening advertising campaign to us for our review, and we will have 60 days to complete our review. In addition

to other requirements, you will not be eligible to schedule the training dates for the HQ Initial Training (described below) until you have received our approval of your grand opening advertising campaign and you have pre-paid us and/or the grand opening advertising campaign advertising suppliers and vendors. We reserve the right to create a grand opening advertising campaign for you to conduct or we can collect this money from you and conduct the grand opening advertising campaign on your behalf. If we collect the money from you for the grand opening advertising campaign, it is non-refundable.

**Multi-Territory Development Agreement**

Development Fee: When you sign the Multi-Territory Development Agreement to develop multiple Businesses in the Development Area, you must pay us a development fee (“Development Fee”). You must develop a minimum of 3 new Businesses to enter into a Multi-Territory Development Agreement and will not include conversion franchises. The Development Fee is based on the total number of Businesses that you commit to develop under the Multi-Territory Development Agreement and is calculated below:

<b>Territories</b>	<b>Franchise Fee</b>	<b>Development Fee Paid Upon Signing the Multi-Territory Development Agreement:</b>	<b>*Additional Fee to be Paid upon execution/opening of the per territory Franchise Agreement</b>
1st	\$45,000	\$45,000	None
2 <sup>nd</sup>	\$35,000	\$17,500	\$17,500
3 <sup>rd</sup>	\$25,000	\$12,500	\$12,500
4 <sup>th</sup> and additional Territories	\$25,000	\$12,500	\$12,500

For example, if you commit to develop 3 Franchise Territories, the Development Fee is calculated as  $(\$45,000 \times 1 = \$45,000) + (\$17,500 \times 1 = \$17,500) + (\$12,500 \times 1 = \$12,500) = \$75,000$ . The Development Fee is fully earned by us upon receipt and is not refundable under any circumstances. The Development Fee is calculated uniformly for all Multi-Territory Developers.

There are no other payments to or purchases from us or any affiliate that you must make before you commence operations of your Business.

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

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty – New Franchise Territory	<p><u>Initial.</u> Beginning with the first full calendar month 90 days from the date of the franchise agreement.</p> <p><u>For months 1 –3</u> No royalty fees.</p> <p><u>Beginning with the 4<sup>th</sup> month,</u> the greater of 5% of Gross Revenues or:</p> <p><u>For months 4-24</u> \$500 per month.</p> <p><u>For months 25-36</u> \$750 per month.</p> <p><u>For months 37-48</u> \$1,000 per month.</p> <p><u>For months 49-59</u> \$1,500 per month.</p> <p><u>For the 60<sup>st</sup> month and every following month:</u> \$2,000 per month.</p>	The 5 <sup>th</sup> day of each month, payable by electronic funds transfer (or the next business day, if the 5 <sup>th</sup> of any month is not a business day)	<p>“Gross Revenue” is the total of all invoices from services performed by your Business, whether owed to you or paid to you by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange.</p> <p>Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.</p> <p>Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal.</p>

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty – Conversion/ Qualification Franchise Territory	<p><u>Initial.</u> Beginning with the first full calendar month 90 days from the date of the franchise agreement, the greater of 5% of Gross Revenues or:</p> <p><u>For months 4 – 48</u> \$1,000 per month.</p> <p><u>For months 49 - 60</u> \$1,500 per month.</p> <p><u>For the 61<sup>st</sup> month and every following month</u> \$2,000 per month.</p>	The 5 <sup>th</sup> day of each month, payable by electronic funds transfer (or the next business day, if the 5 <sup>th</sup> of any month is not a business day)	<p>“Gross Revenue” is the total of all invoices from services performed by your Business, whether owed to you or paid to you by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange.</p> <p>Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.</p> <p>Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal.</p>

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Delayed Opening Fee	\$100 per day	Payable by electronic funds transfer as incurred	<p><u>If a home care agency license is required by applicable law:</u> If you do not submit an application for a home care agency license to the State Agency within 180 days of the date of the Franchise Agreement, or completed HQ Initial Training, you will pay to us a non-fundable fee of \$100 a day until you the date you have submitted the application to the proper State Agency and completed HQ Initial Training. If 270 days after the date of the Franchise Agreement, you still have not applied for a home care agency license or completed the HQ Initial Training, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have provided us with proof that you have applied for a home care agency license and completed HQ Initial Training.</p> <p><u>If a home care agency license is not required by applicable law.</u> If within 180 days of signing the Franchise Agreement, you or your trainee have not completed the HQ Initial Training, you will pay to us a non-refundable fee of \$100 a day until you have completed the HQ Initial Training. If 270 days after the date of the Franchise Agreement, you or your trainee still have not completed the HQ Initial Training Program, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have completed the HQ Initial Training.</p>

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Worldwide Creative Marketing Fee	<p><u>Initial Minimum:</u> The greater of 2% of Gross Revenue or \$200 per month beginning the 1<sup>st</sup> full month calendar month 90 days after the date of the franchise agreement and continuing for 24 months.</p> <p>For the 25<sup>th</sup> month and each following month:</p> <p><u>For months 25-36:</u> the greater of 2% of Gross Revenue or \$300</p> <p><u>For months 37-48:</u> the greater of 2% of Gross Revenue or \$400</p> <p><u>For months 49 – 60:</u> the greater of 2% of Gross Revenue or \$600</p> <p><u>For the 61<sup>st</sup> month and every following month:</u> the greater of 2% of Gross Revenue or \$800</p>	Payable at the same time and in the same manner as the Royalty Fee	<p>“Gross Revenue” is the total of all invoices from services performed by your Business, whether owed to you or paid to you by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange.</p> <p>Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.</p> <p>Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal.</p> <p>The Worldwide Creative Marketing Fee is not assessed at this time.</p>



Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Headquarters Initial Training Program (“HQ Initial Training”) for Additional or Replacement Employees	<p>Our then-current training fee, plus expenses.</p> <p>Our current training fee is \$1,000 per person, plus each trainee’s expenses.</p>	15 days before training begins	<p>Training for you and your manager (for a total of 2 individuals) is included in the Initial Franchise Fee, but you must pay your trainees’ expenses, including travel, lodging, meals and wages.</p> <p>If you request that we provide our HQ Initial Training to additional employees, new employees or if any individual will attend more than 1 session during the term of your Franchise Agreement, you must pay our training fee and your trainees’ expenses.</p> <p>Before you can schedule your HQ Initial Training, you must receive our approval of your grand opening advertising plan, you have pre-paid us or your third-party suppliers of the grand opening advertising campaign, and the automatic debit program must be ready for use.</p>
Additional On-Site Assistance	<p>Our then-current daily rate per trainer, plus expenses. There is a two-day minimum for this assistance.</p> <p>Our current daily rate is \$500.</p>	15 days after billing	If you request that we provide additional training or assistance on-site at your Business, you must pay our then-current fee for each trainer we send. You must also reimburse our trainer’s expenses, including travel, lodging and meals
Caregiver Training (3)	For internet-based training, one-time set-up fee of \$250; \$99 per month for 10 users; and \$3.80 per month for the 11 <sup>th</sup> and each additional user	Monthly	Payable to an approved supplier. If you are not able or qualified to train caregivers, you must use an internet-based training system from an approved third-party provider to train your caregivers. If the state government where the Franchised Business is located requires the use of a specific training program, then you must use the required program
Local Advertising	The greater of \$1000 or 1% of Gross Revenue	Must be spent monthly	Payable to local advertising, including web-based advertising suppliers. Any advertising you wish to use must first be approved by us.

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee (Franchise Agreement)	Up to \$10,000	With request for our approval of the transfer	We do not charge a transfer fee for a one-time transfer of your franchise to a corporate entity formed for convenience of franchise ownership. You must pay a Transfer Fee of \$5,000 if you transfer the Business to an existing franchisee of ours. In all other cases, you must pay a Transfer Fee of \$10,000.
Transfer Fee (Multi-Territory Development Agreement)	\$10,000 per a franchise territory	With request for our consent to transfer	No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership.
Renewal Fee	\$5,000	At time of renewal	Payable to us if you renew your franchise agreement. Each renewal term is for a 5-year term. There is no renewal under the Multi-Territory Development Agreement
Interest on Overdue Amounts	1% per month or the highest legal rate, whichever is less	On demand	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full
Audit	The amount of any deficiency, plus interest.  You must also reimburse the actual cost of the audit if the audit is conducted because you have not provided required reports to us	15 days after billing	If any audit shows an understatement of any amount payable to us of 2% or more, or if the audit is conducted because you have not provided required reports to us, then the cost of inspection must also be paid by you
Supplier Approval	Reasonable cost of inspection and actual cost of test, not to exceed \$1,000	Time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved
Insurance Policies	Amount of unpaid premiums	As invoiced	You must use an approved insurance provider, and you must have the policies within 60 days after signing the Franchise Agreement and before you begin operations of the Business. If you fail to maintain required insurance coverage and we elect to obtain coverage for you, you must reimburse us for the actual premiums paid on your behalf.

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Costs and Legal Fees	Will vary under circumstances	As incurred	If you default under a franchise or Multi-Territory Development Agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Indemnification	All costs including attorneys' fees; will vary under circumstances	As invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business, or for costs associated with defending claims that you used the Marks in an unauthorized manner
Optional Computer Maintenance	\$75 to \$150	Monthly	Payable to supplier. We do not require you to have a maintenance contract for your computer system
Virtual Office Software	Minimum of \$120 per month or \$12 per client per month, whichever is higher, plus a one-time Set-up Fee of \$250	Monthly	<p>Payable to third party suppliers that we have approved. (which may change from time to time).</p> <p>Additionally, you will allow us to have full access to your Virtual Office software for the purposes of assistance, auditing, monitoring, reporting, and information verification.</p> <p>If you fail to maintain the required access to an approved Virtual Office software, we may elect to obtain access for you. If we elect to obtain access for you, you must reimburse us for the actual access fees paid on your behalf.</p>
Missed Conference Fee	\$2,000	As incurred	If attendance at our Franchise conference is mandatory and you do not attend, we may charge you a fee of \$2,000.

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Advertising Cooperative	As determined by the members, but not more than 2% of Gross Revenue	Quarterly	Any amount you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to an advertising cooperative is less than the amount you must spend for local advertising, you must still spend the difference locally. See note 4

**NOTES:**

1. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. All fees are uniformly imposed and generally non-refundable. All fees are payable in US dollars. We do not expect to change any fees over which we have control. However, we cannot guarantee that the amounts you pay to third parties will not change during the term of your Franchise Agreement.

The automatic debit program must be ready for use before you will be permitted to schedule the HQ Initial Training. You must sign and deliver to us the documents required by us, our bank and/or your bank to authorize us to debit your bank account automatically for the Royalty Fee, Worldwide Creative Marketing Fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. You must make the funds available for withdrawal by electronic transfer before each are due. In our automatic debit program, we may require you to obtain, at your expense, overdraft protection for your bank account in an amount that we specify.

If you fail to report the Business' Gross Revenue for any month, we may debit your account for 120% of the Royalty Fee and Worldwide Creative Marketing Fee that we debited for the previous month. If the amount we debit from your account is less than the amount you actually owe us (once we have determined the true and correct Gross Revenue of the Business), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us, we will credit the excess, without interest, against the amount that we otherwise would debit from your account for the next payment due.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

2. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation.

In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or the Franchised Business, as a result of any claimed or actual act, error or omission of you or the Franchised Business, because of statutory, "vicarious", "principal/agent" or other liabilities imposed on us as your franchisor; or if we become a party to any litigation or insolvency proceeding involving you, then you will be liable for our reasonable

attorneys' fees, expert fees, and court costs and travel and lodging costs and all other expenses incurred by us in the action or proceeding.

If we terminate the Franchise Agreement for your default, or if you terminate the Franchise Agreement through agreement with us, you must pay us all our expenses from your default or termination, including reasonable attorneys' and experts' fees and the future royalties that we anticipate losing because of the early termination of your Franchise Agreement. If we hire a collection agency or an attorney to collect from you money that is past due, we are entitled to reimbursement from you for all costs and expenses that we incur in doing so, including reasonable attorneys' fees. (Franchise Agreement – Section 18.6)

3. We require the caregivers to have at least 6 hours of annual continuing education through our training vendor or other approved training provider. If your State requires more than 6 continuing education hours, then you must comply with the State requirement.
4. Cooperatives will include all Businesses in a designated geographic area, whether owned by us, our affiliate or our franchisees. Each Business has one vote on all cooperative matters, but no single Business or group of commonly controlled Businesses will have more than 25% of the total vote. No Cooperatives have been established as of the date of this Disclosure Document.

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

<b>YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT</b>				
Column 1 <b>Type of Expenditure</b>	Column 2 <b>Amount</b>	Column 3 <b>Method of Payment</b>	Column 4 <b>When Due</b>	Column 5 <b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$45,000	Lump Sum	On signing Franchise Agreement	Us
Continuing Royalty - 3 months minimum (Note 1)	\$1,500	ACH Payment	On the 5th day of each month for the prior calendar month	Us
Worldwide Creative Marketing Fee - 3 months minimum (Note 1)	\$600	ACH Payment	On the 5th day of each month for the prior calendar month	Us
Travel and Other Expenses While Training (Note 2)	\$1,000 to \$2,000	As required	As incurred	Airlines, Hotels, Restaurants
Rent – 6 Months (Note 3)	\$0 to \$6,000	As arranged	As arranged	Landlord
Furniture and Fixtures	\$500 to \$1,000	As arranged	As arranged	Various Suppliers

<b>YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT</b>				
<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>	<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
Signage (Note 4)	\$0 to \$1,000	As arranged	As incurred	Various Suppliers
Office Equipment	\$500 to \$1,500	As arranged	As arranged	Various Suppliers
Insurance – 6 Months Premium	\$1,500 to \$2,500	As arranged	As arranged	Insurance Companies
Miscellaneous Opening Costs (Note 5)	\$200 to \$1,000	As arranged	As incurred	Various Suppliers
Office Supplies	\$0 to \$500	As arranged	As incurred	Various Suppliers
Local Advertising	\$3,000	As incurred	Before opening and during first six months of operation	Various Suppliers
Grand Opening Advertising – 6 Months (Note 7)	\$10,000	As incurred	Before opening and during first six months of operation. If paid to us, prior to scheduling the HQ Initial Training	Various Suppliers or Us
Computer Equipment, Software and Printer	\$1,000 to \$3,000	As arranged	As incurred	Various Suppliers
Permits, Licenses & Accreditation (Note 8)	\$125 to \$5,650	As required	As incurred	Government Agencies
Professional Fees (Note 9)	\$1,000 to \$2,500	As arranged	As arranged	Attorney, Accountant
Vehicle Lease / Payments (6 months) (Note 9)	\$0 to \$3,000	As incurred	As arranged	Third Parties
Additional Funds – 6 Months (Note 10)	\$3,000 to \$7,000	As Incurred	As Incurred	Third Parties
<b>Total (Note 11)</b>	<b>\$68,925 to \$96,750</b>			

<b>YOUR ESTIMATED INITIAL INVESTMENT – CONVERSION/QUALIFICATION FRANCHISE</b>				
<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>	<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
Initial Franchise Fee	\$0			
Continuing Royalty - 3 months minimum - (Note 1)	\$3,000	ACH Payment	On the 5 <sup>th</sup> day of each month for the prior month	Us
Worldwide Creative Marketing Fee -3 months minimum - (Note 1)	\$1,200	ACH Payment	On the 5 <sup>th</sup> day of each month for the prior calendar month	Us
Travel and Other Expenses While Training (Note 2)	\$1,000 to \$2,000	As required	As incurred	Airlines, Hotels, Restaurants
Rent – 6 Months (Note 3)	\$0			
Furniture and Fixtures	\$0			
Signage (Note 4)	\$0 to \$1,000	As arranged	As incurred	Various Suppliers
Office Equipment	\$250 to \$500	As arranged	As arranged	Various Suppliers
Insurance – 6 Months Premium	\$0 - \$1,500			
Miscellaneous Opening Costs (Note 5)	\$0			
Office Supplies	\$0			
Local Advertising – 6 Months (This row was missing)	\$3,000	As incurred	Before opening and during first six months of operation	Various Suppliers

<b>YOUR ESTIMATED INITIAL INVESTMENT – CONVERSION/QUALIFICATION FRANCHISE</b>				
<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>	<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
Grand Opening Advertising (Note 6)	\$10,000	As incurred	Upon conversion and during first six months of operation. If paid to us, prior to scheduling the HQ Initial Training	Various Suppliers or Us
Computer Equipment, Software and Printer	\$0 to \$1,500	As arranged	As incurred	Various Suppliers
Permits, Licenses & Accreditation (Note 7)	\$0			
Professional Fees (Note 8)	\$1,000 to \$2,500	As arranged	As arranged	Attorney, Accountant
Vehicle Lease / Payments (6 months) (Note 9)	\$0			
Additional Funds – 6 Months (Note 10)	\$3,000 to \$7,000	As Incurred	As Incurred	Third Parties
<b>Total (Note 11)</b>	<b>\$22,450 to \$33,200</b>			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

**NOTES:**

- Continuing Royalty (3 months minimum) & Worldwide Creative Marketing Fund (3 months minimum).* You must pay to us a monthly Royalty Fee equal to the greater of \$500 or 5% of the Gross Revenue generated for the first full calendar month after 90 days following the execution of the Franchise Agreement. This minimum gross revenue requirement increases over time per the schedule in your Franchise Agreement.



For a Conversion/Qualification Franchise, you must pay to us a monthly Royalty Fee equal to the greater of \$1,000 or 5% of the Gross Revenue generated for the first full calendar month after 90 days following the execution of the Franchise Agreement.

You must also pay to us a monthly Worldwide Creative Marketing Fund Fee equal to the greater of \$200 or 2% of the Gross Revenue generated for the first full calendar month after 90 days following the execution of the Franchise Agreement. This minimum gross revenue requirement increases over time per the schedule in your Franchise Agreement.

2. *Travel and Other Expenses While Training.* We will provide our HQ Initial Training to you and one additional person at no additional charge, but you must pay for your trainees' expenses while attending training. These expenses include travel, lodging, meals and wages. The low end of the estimate assumes that you are within driving distance of our training facility. The higher end of the estimate assumes that additional travel will be needed.
3. *Rent.* We encourage you to operate from your home, in which case you will not incur any rental expenses. However, if you are required to or choose to operate from a small office space, you will need approximately 500 to 750 square feet. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. We assume the landlord will require the first month's rent and a security deposit equal to one month's rent. You also have the option to rent a day office. The cost of a day office typically ranges from \$25 per hour to \$150 per 8-hour day.

*Leasehold Improvements.* Our estimate assumes that you will operate from home, and therefore you will not incur leasehold improvement costs. But if you choose to lease a space, there may be minor improvements/remodeling of the location. We have not included an estimate for any leasehold improvements.

If you are a Conversion franchisee, you will be operating from your existing location.

4. *Signage.* You may need purchase some signage for your Business if you choose to operate from a small office space outside your home. Our specifications for your signage are in the Confidential Operations Manual. You are not required to have signage on your vehicle or your home office. A Conversion/Qualification Franchise must convert their existing signage to Golden Heart Senior Care signage, may need additional Office Equipment, and should have existing insurance policies.
5. *Miscellaneous Opening Costs.* Our estimate includes other deposits, utility costs, telephone, Internet, and communications costs. Normally, a potential caregiver pays for a background check, which is approximately \$80 per check and conducted by a third-party company. You have the option to pay for the background check on a case-by-case basis. If you are a Conversion Franchise, you will be operating from your existing location with your existing caregivers.
6. *Grand Opening Advertising Campaign.* You must submit your grand opening advertising plan for our approval. Before you can schedule your HQ Initial Training, your advertising vendors must be pre-paid, and you must receive our approval of the grand opening advertising plan. We reserve the right to create a grand opening advertising campaign for you to conduct or to collect the \$10,000 from you and conduct the grand opening advertising campaign on your behalf. If we collect the \$10,000 for the grand opening advertising campaign, it is non-refundable. Your grand opening advertising campaign must include the elements that we require, such as social media and internet advertising, lead purchasing, public relations and collateral materials/merchandise giveaways.

7. *Permits, Licenses and Accreditation.* This is the estimated cost of the permits and licenses that you must have to operate your Business which varies widely and change by jurisdiction. We strongly recommend that you consult with an attorney to determine exactly what permits and licenses you will need as regulatory requirements change periodically. Accreditation is generally a voluntary activity. However, licensure in some states may also require accreditation now or in the future. The estimated cost to apply for accreditation is \$3,750. A Conversion Franchise must have existing permits, licenses and accreditation.
8. *Professional Fees.* You may wish to retain an attorney and accountant to help you evaluate this franchise offering and to form a business entity. These fees can vary greatly depending on the rates charged by the professionals you choose. A Conversion/Qualification Franchise may wish to retain an attorney and accountant to help evaluate this franchise offering.
9. *Vehicle.* It is assumed that you already have a vehicle you can use in the management of your business. A Conversion Franchise shall have an existing vehicle. However, if you need to purchase a vehicle for the purposes of managing your business, the approximate cost for a vehicle to visit clients at their homes is \$3,000 for 6 months.
10. *Additional Funds.* These amounts are the minimum recommended levels to cover operating expenses, including employees' salaries, for the initial start-up phase of the business, which we calculate will be up to six months. However, we cannot guarantee that this amount will be sufficient, and you may need additional funds while you develop your business. Additional working capital may be needed if sales are low or fixed costs are high. In addition, you may need additional working capital to operate your business until it produces positive cash flow and achieves profitability.
11. *Total.* This total is an estimate of your initial investment and the expenses you will incur during the first six months of operations, except that the Royalty Fee and Worldwide Creative Marketing fee are for your first three months. In compiling this chart, we relied on the experience of our officers. The amounts shown are estimates only and may vary for many reasons including whether you operate from home or from a leased space, the capabilities of your management team, and your business experience and acumen, and regulatory requirements of your State. The time it takes to become operational and licensed (when required) depends on the efforts of the franchise owner and governmental agencies among other factors. This initial investment does not include any salary paid to the owner of the business or any managerial employees hired to administer the business. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after; your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

YOUR ESTIMATED INITIAL INVESTMENT MULTI-TERRITORY DEVELOPMENT AGREEMENT FOR 3 BUSINESSES				
Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Development Fee (for 3 Businesses) <sup>(1)</sup>	\$75,000	Lump Sum	When Multi-Territory Development Agreement is Signed	Us
Vehicle – 6 Months <sup>(2)</sup>	\$0 to \$3,000	As incurred	As arranged	Third Parties
Other Expenditures for the <b>First</b> Business <sup>(3)</sup>	\$23,925 to \$48,750	As Disclosed in the Above Tables	As Disclosed in the Above Tables	As Disclosed in First Tables
<b>Total</b>	\$98,925 to \$126,750			

1. **Development Fee.** If the Development Fee is for 4 or more Businesses, then the Development Fee will increase \$12,500 for each additional Business.
2. **Vehicle – 6 Months.** We expect that you will need a vehicle to service your clients. Our estimate includes expenses related to loan or lease payments, gas and maintenance for 6 months.
3. **Other Expenditures for the First Business.** A Multi-Territory Developer is expected to incur these same costs for each Franchised Business it develops, subject to inflation and other increases over time. If you are a Multi-Territory Developer, your professional fees (such as legal and financial) will probably be higher.

## **ITEM 8**

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

#### **Standards and Specifications**

You must purchase all fixtures, furnishings, signage, equipment (including computer hardware and software), inventory, uniforms, advertising materials, and other supplies, products and materials required for the establishment and operation of your Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items, who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved for these items in writing by us and not then disapproved.

We have developed standards and specifications for the services you will provide. You must operate your Franchised Business according to these standards. These standards will guide you in the performance of the products and services provided in operating your Franchised Business.

We will furnish you with a list of approved suppliers for necessary items through our Confidential Operations Manual, which we will provide to you electronically via an intranet (the “Manual”). There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier.

### Supplier Approvals

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (within 30 days), notify you of our decision. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you these criteria for supplier approval. We may charge a reasonable fee for inspection and/or testing (not to exceed \$1,000), which may be paid by you or the proposed supplier.

Suppliers are approved when they have satisfactorily met the criteria furnished by us during the evaluation process and have otherwise convinced our management of their desire and ability to fulfill the need or service requested and have met any and all contractual requirements and successfully completed the requirements of a product sample and/or product test period. The criteria for supplier approval by us are based upon a level of quality and value that will maintain and enhance the Golden Heart Senior Care System in the view of our management.

Suppliers are disapproved when, in our opinion, they can no longer provide the quality of product or service which meets our standards. Deficiencies which could lead to supplier disapproval include: poor service, financial instability, management instability, unreasonable increases in product or service costs, inability to meet technological advances, inability to meet reporting requirements, or other failures on the part of a supplier to meet our business objectives. If we notify you that a supplier is no longer approved, you must immediately stop purchasing from that supplier. We will provide you notification in writing, which may include e-mail, newsletters and/or updates to the Manual, of any new suppliers we have approved and if a supplier is no longer approved.

### Required Purchases or Leases

We are not currently an approved supplier or the only approved supplier of any items that we require you to purchase or lease. None of our officers has an ownership interest in any approved supplier.

During the last fiscal year ended December 31, 2021, we did not derive any revenue from required purchases or leases.

### Vehicle.

We do not specify the make or model of vehicle that you use in the operation of the Franchised Business, but we reserve the right to do so in the future. Your vehicle must be clean, have no visible rust or body damage, and must be in good working order. We do not require signage for your vehicle. We do not otherwise review or approve any vehicle you propose to use in the Franchised Business.

We may occasionally conduct market research and testing to determine consumer trends and salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new products and services and providing reports and other relevant information regarding marketing research. In connection with any test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell the products, materials and services.

### *Caregiver Training*

If you are not able or qualified to train caregivers, you must use an internet-based training system from an approved third-party provider to train your caregivers. The cost for this will be a one-time setup fee of approximately \$250 and \$99 per month for up to 10 users, and \$3.80 per person per month for the 11<sup>th</sup> and each additional user. You must use an approved supplier, unless the state government where the Franchised Business requires the use of a specific training program. We reserve the right to change our list of approved suppliers at any time as to fit the needs of a Franchised Business.

### Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we periodically require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

If you lease a space for your Business, you may need to obtain additional insurance coverages according to the terms of your lease.

Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. You must purchase your insurance coverages from the insurance carrier(s) that is on our approved supplier list.

### Proportion of Required Purchases and Leases to All Purchases and Leases

The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 5% and 15% of your total purchases in connection with the establishment of your Business. The cost of the items that you must purchase from us, our affiliates or from suppliers designated by us represents between 10% and 30% of your total purchases in operating your Business.

### Purchasing Cooperatives, Purchasing Arrangements, Rebates, and Payments

We reserve the right to earn revenue from approved suppliers in the form of rebates, commissions or other compensation. If we receive rebate or commission revenue from approved suppliers, there will be no restriction on our use of that money. During the fiscal year ended December 31, 2021, we did not earn any revenue from approved suppliers based on our franchisees' purchases.

We may negotiate purchase arrangements with suppliers (including price terms) for your benefit. There are currently no purchasing or distribution cooperatives. We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Businesses) based on whether or not you purchase through the sources we designate or approve. However, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate your Franchise Agreement.

**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.**

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUOA means the Multi-Territory Development Agreement.

Obligation	Article or Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/ lease	FA - Article 9 MUDA Article 2	Items 8 and 11
(b) Pre-opening purchases/ lease	FA - Articles 5 and 9	Items 5, 6, 7, 8 and 11
(c) Site development and other pre-opening requirements	FA - Not Applicable	Items 7 and 11
(d) Initial and ongoing training	FA - Article 5	Items 6, 7 and 11
(e) Opening	FA - Article 9 MUDA: Article 1	Item 11
(f) Fees	FA - Articles 8, 11 and 16 MUDA Article 3	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/ Operating Manual	FA - Articles 6 and 9	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	FA - Articles 7 and 14 MUDA Article 1	Items 13 and 14
(i) Restrictions on products/services offered	FA - Articles 3 and 9 MUDA	Items 8 and 16
(j) Warranty and customer service requirements	FA - Article 9	Not Applicable
(k) Territorial development and sales quotas	FA - Article 3 MUDA: Article 1	Item 12
(l) On-going product/service purchases	FA - Article 5	Item 8
(m) Maintenance, appearance and remodeling requirements	FA - Article 9	Not Applicable
(n) Insurance	FA - Article 10	Items 7 and 8

Obligation	Article or Section in Agreement	Disclosure Document Item
(o) Advertising	FA - Article 11	Items 6, 7 and 11
(p) Indemnification	FA - Article 13 MUDA: Article 9	Item 6
(q) Owner's participation/ management / staffing	FA - Article 9	Items 11 and 15
(r) Records/reports	FA - Articles 9 and 12	Item 6
(s) Inspection/audits	FA - Articles 9 and 12	Item 6
(t) Transfer	FA - Article 16 MUDA: Article 6	Items 6 and 17
(u) Renewal	FA - Article 4 MUDA Article 2	Items 6 and 17
(v) Post-termination obligations	FA - Article 18 MUOA Article 5	Item 17
(w) Non-competition covenants	FA - Article 15 MUDA Article 5	Item 17
(x) Dispute resolution	FA - Article 20 MUDA Article 8	Item 17
(y) Liquidated Damages	FA - Not Applicable MUDA Article 6	Not Applicable

**ITEM 10**  
**FINANCING**

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

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

**Except as listed below, Sarillian Management, LLC is not required to provide you with any assistance.**

Pre-Opening Assistance. Before you open your Franchised Business, we will:

1. Designate your Designated Territory (Franchise Agreement – Attachment 1).
2. On loan, our Manual, which we may revise during the term of your Franchise Agreement (Franchise Agreement, Article 5). Our manual contains a list of our approved suppliers. The list of approved suppliers is subject to change during the term of your Franchise Agreement (Franchise Agreement, Article 5.8). You must purchase all equipment, signage, fixtures, opening inventory and suppliers from approved suppliers. We will not sell, deliver or install these items for you. Provide you access to our proprietary materials and Manual via our intranet website.

3. Provide our HQ Initial Training at our offices for up to two people (you and your manager), the cost of which is included in your Initial Franchise Fee, excluding transportation, lodging, meals and wages. We will provide you with our HQ Initial Training, which will be located at our headquarters or at another location we designate (Franchise Agreement, Article 5.3). We will not provide you any assistance in the hiring or firing of your employees (Franchise Agreement, Article 13.1.3).

4. If you choose not to operate from your home, you must receive our approval of your request for a site before you lease or purchase it. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. Our site selection approval process is described later in this Item. (Franchise Agreement – Section 9.1.2) (Multi-Territory Development Agreement – Section 2.4).

5. Review of your grand opening advertising campaign to promote the opening of your Business. We reserve the right to create a grand opening advertising campaign for you to conduct or to collect the money for you and conduct the campaign on your behalf (Franchise Agreement, Article 11.4).

#### Site Selection and Commencement Date

We expect that you will operate your Business from your home if permitted in your state. We do not evaluate or approve your home location, as a result, no site selection assistance is provided nor is any criteria issued. If you choose to operate from a leased office space, or if you must operate from a leased office space because your local ordinances or licensure requirements do not permit you to operate a home-based business, it should be in “move-in” condition in an executive suite building. If you chose to operate the Business from a leased space, we must accept your request for the location of the Franchised Business, and our approval will not be unreasonably withheld. You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Business. We do not own the premises and lease it to you, nor will we lease the premises and then sublease it to you.

If you enter into a Multi-Territory Development Agreement, then we will determine or accept the location for future units, and any territories for those units, under the then-current standards for sites and territories.

If we do not accept in writing your request for a proposed site within 30 days from receipt of your request, such site shall be deemed disapproved by us. If we cannot agree on a proposed site, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee.

We estimate that between 60 and 120 days will elapse from when you sign the Franchise Agreement to the opening of your Franchised Business. This could be delayed if your State requires a longer licensing process.

Your Franchised Business must be opened for business not later than 90 days after you sign the Franchise Agreement or within 30 days of receiving your State license (the “Commencement Date”). Any required State license application must be submitted to the state regulator within 90 days of when you sign the Franchise Agreement. The factors that affect this time are the ability to obtain general business permits, training, financing, zoning and local ordinances, shortages, and installation of any office equipment, fixtures and signage.

If you are a Multi-Territory Developer, you must sign your first Franchise Agreement at the same time you sign the Multi-Territory Development Agreement. For each additional Business you commit to develop, you must sign and return the Franchise Agreement as outlined below. The Commencement Date



for each Franchised Business developed under Multi-Territory Development Agreement is the same as for an individual franchisee, which is 90 days from the date of the Franchise Agreement or within 30 days of receiving your State license (if applicable). You must sign each Franchise Agreement for each Franchised Business as outlined below (the “Minimum Performance Schedule”)

Number of Businesses to be Developed	Deadline Date to Execute the Franchise Agreement
2 <sup>nd</sup>	Not later than 36 months from the date of the Multi-Territory Development Agreement
3 <sup>rd</sup>	60 months following the date of the Multi-Territory Development Agreement
4 <sup>th</sup> and each additional Business	Every 24 months following the 60 <sup>th</sup> month from the Multi-Territory Development Agreement

You may not fully open your Franchised Business for business until: (1) you have the materials and supplies in accordance with the specifications we have approved; (2) the HQ Initial Training and any other then current training/certification requirements we provide has been completed to our satisfaction by all required persons; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you have obtained all necessary governmental permits, licenses, authorizations and for the operation of your Franchised Business; (6) we have signed a Franchise Agreement for the Business and you are in full compliance with all the terms of the Franchise Agreement; (7) we have reviewed and approved your grand opening advertising campaign to promote the opening of your Business, or we have collect the money from you and are conducting the campaign on your behalf (Franchise Agreement, Article 11.4); and (8) and the automatic debit program must be ready for use; and (9) all items in our opening checklist have been complied with to our satisfaction. If you do not make reasonable efforts to open your business by the end of nine months, we may terminate the Franchise Agreement and keep all of the money you paid us.

Post-Opening Obligations and Optional Assistance

Post-Opening Obligations. During the operation of your Franchised Business, we will:

1. Provide guidance and assistance in the operation of your Franchised Business. This guidance may be provided in the form of periodic e-mail, telephone communications and/or field visits (Franchise Agreement – Section 5.3.3).
2. Review of your annual advertising plan, which must be submitted to us no later than the week before Thanksgiving Day of each year for the following year (Franchise Agreement, Article 11.3). We will administer the Worldwide Creative Marketing Fund (Franchise Agreement, Article 11.5).

Post-Opening Optional Assistance. During the operation of your Franchised Business, we may:

1. Issue, modify and supplement standards for the System that may regulate any one or more of the following regarding your Franchised Business: (a) hours of operation, (b) marketing and sale of services, (c) checklists, (d) general rules and regulations for employees, and all other matters that in our sole judgment require standardization and uniformity in all Franchised Businesses. (Franchise Agreement – Section 5.4).

2. Provide to you a toll-free support line and an information database. While we currently do not charge a fee, we reserve the right to charge an additional fee for this service. (Franchise Agreement – Section 5.8)
3. Provide advertising and promotional materials to you. Materials provided may include copy-ready print advertising materials, brochures, posters, banners and miscellaneous items. You must pay for production and duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising. You may develop advertising materials for your own use, at your own cost, but we must approve of these advertising materials before you may use them, as described below. (Franchise Agreement – Section 11.4).
4. Cause our representatives to telephone or visit you from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing your overall performance and determining whether you are conducting the Franchised Business in compliance with the standards of the System. (Franchise Agreement – Section 5.3.3).
5. Offer periodic conferences of our franchisees. We will not charge a non-refundable fee for attending the conference, but you must pay for all of your attendees' expenses while attending the conference, including travel, lodging, meals and wages, and you and your attendees must stay at the host hotel. We may state that attendance at these periodic conferences is mandatory for you and/or your manager. If attendance at a conference is mandatory and you do not attend, we may charge you a fee of \$2,000. (Franchise Agreement – Section 5.7).

## Advertising

### *Grand Opening Advertising Campaign*

You must spend \$10,000 on a grand opening advertising campaign to promote the opening of the Franchised Business. You will submit your grand opening advertising campaign to us for our review. We have 60 days to complete our review. In addition to other requirements, you will not be eligible to schedule the training dates for the HQ Initial Training until you have received our approval of your grand opening advertising campaign and you have pre-paid either us or suppliers for the grand opening advertising campaign. We reserve the right to create a grand opening advertising campaign for you to conduct or to collect this money from you and conduct the grand opening advertising campaign on your behalf. If we collect this money from you, it is non-refundable. Your grand opening advertising campaign must include the elements that we require, such as food and merchandise giveaways.

### *Local Advertising*

You must conduct local advertising in your territory which will include social media and internet advertising, lead purchasing, public relations and collateral materials. You must spend the greater of \$1000 or 1% of Gross Revenues each month for local advertising. You may purchase some advertising materials from our approved suppliers, or you may have advertising and promotional materials developed for you. For any materials that we have not approved or that have not been approved within the immediately preceding 12-month period, you must submit these materials to us for our review. We will have 15 days after receipt of the proposed advertising and promotional materials to notify you whether they have been accepted. Unless we provide our specific approval of the proposed materials, they are deemed not approved. Any advertising materials you submit to us for our review will become our property, and we may use or distribute these materials in any manner we deem appropriate, without compensation to you. (Franchise Agreement – Section 11.1).

At our request, you must include certain language in your local advertising, such as “Franchises Available”, “Independently Owned and Operated”, and our Website address and telephone number. You must place advertisements in on-line phone directories for your Franchised Business, and you may purchase additional advertising on-line. Any ads you intend to place in any on-line format must be pre-approved by us. Your on-line advertising may be used to satisfy your local advertising requirement. (Franchise Agreement – Sections 11.1 and 11.4)

#### *Website / Intranet / Social Media*

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Business a “click through” subpage at our website for the promotion of your Business. If we establish one or more websites or other modes of electronic commerce and if we provide a “click-through” subpage at the website(s) for the promotion of your Business, you must routinely provide us with updated copy, photographs and news stories about your Business suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electronic commerce that we establish or maintain, including any mobile applications (“apps”) that we may introduce, may — in addition to advertising and promoting the products, programs or services available at the Businesses — also be devoted in part to offering franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the Marks or any name confusingly similar to the Marks.

You are not permitted to promote your Business or use any of the Proprietary Marks in any manner on any social or networking websites or on the internet without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Business’s operation, including prohibitions on your and the Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, Instagram and Pinterest; professional networks like LinkedIn; live-blogging tools like Twitter and Snapchat; virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We will have the right to establish a website or other electronic system providing private and secure communications (such as an intranet or messaging application) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and sign.

We alone, will be, and will at all times remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

*Worldwide Creative Marketing Fund:*

Recognizing the value of advertising and marketing to the goodwill and public image of the Brand - we reserve the right to establish, administer and control a Worldwide Creative Marketing Fund. The advertising coverage conducted by the Worldwide Creative Marketing Fund will typically be regional and national in nature. You must contribute to the Worldwide Creative Marketing Fund as provided in the below table:

<b>Calendar Months from the Effective Date of the Franchise Agreement</b>	<b>Worldwide Creative Marketing Fee (per Calendar Month)</b>
First (1 <sup>st</sup> ) full month 90 days from the Effective Date of the Franchise Agreement and continuing for 24 months	The greater of 2% of Gross Revenue or \$200
25 <sup>th</sup> through 36 <sup>th</sup> month	The greater of 2% of Gross Revenue or \$300
37 <sup>th</sup> through 48 <sup>th</sup> month	The greater of 2% of Gross Revenue or \$400
49 <sup>th</sup> through 60 <sup>th</sup> month	The greater of 2% of Gross Revenue or \$600
61 <sup>st</sup> and each following month	The greater of 2% of Gross Revenue or \$800

Businesses that we and our affiliates own will contribute to the Worldwide Creative Marketing Fund on the same basis as franchisees. We may, but are not required to, contribute Allowances that we receive from certain approved suppliers to the Worldwide Creative Marketing Fund, but this does not reduce or eliminate the Worldwide Creative Marketing Fee you must pay. When we establish the Creative Marketing Fund, we will provide you with upon 30 days’ notice. During the fiscal year ending December 31, 2021, the Worldwide Creative Marketing Fund had the following expenditures: 12.4% was spent on Internet and Website; 48.7% was spent on Marketing Consultants; 20.7% was spent on Caregiver Recruiting Outreach/Marketing; 17.8% was spent on Marketing Resources, Seminars and Bootcamps; and 0.4% was spent on Miscellaneous Expenses and Materials.

The Worldwide Creative Marketing Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Worldwide Creative Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Businesses operating under the System. We may use monies from the Worldwide Creative Marketing Fund to offset the cost of an annual meeting of our franchisees, and to ensure local marketing is achieved.

2. The Worldwide Creative Marketing Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting digital, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies; social media initiatives; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Worldwide Creative Marketing Fund will be maintained with our general funds. We may reimburse ourselves out of the Worldwide Creative Marketing Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the

Worldwide Creative Marketing Fund and advertising programs for you and the System. Our reimbursements for our personnel and other department costs will not be more than 25% of the Worldwide Creative Marketing Fund. The Worldwide Creative Marketing Fund and its earnings will not otherwise benefit us. The Worldwide Creative Marketing Fund is operated solely as a conduit for collecting and expending the Worldwide Creative Marketing Fees as outlined above. Any sums paid to the Worldwide Creative Marketing Fund that are not spent in the year they are collected will be carried over to the following year. Statements of the operations of the Worldwide Creative Marketing Fund are not available to you.

3. Although the Worldwide Creative Marketing Fund is intended to be perpetual, we may terminate the Worldwide Creative Marketing Fund at any time. The Worldwide Creative Marketing Fund will not be terminated until all monies in the Worldwide Creative Marketing Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Worldwide Creative Marketing Fund, we have the right to reinstate it at any time and you must again contribute to the Worldwide Creative Marketing Fund. Any reinstated Worldwide Creative Marketing Fund will be maintained as described above.

4. No money in the Worldwide Creative Marketing Fund will be used to create and place advertising that is primarily a solicitation of franchise sales.

5. In administering the Worldwide Creative Marketing Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to make sure that any particular franchisee or Business benefits directly or *pro rata* from the placement of advertising in any franchisee's area or territory.

We currently advertise the Businesses and the services offered by the Businesses primarily using point of purchase advertising materials, direct mail, electronic and internet marketing, public relations and promotions, social media and print media. As the number of Businesses in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns, and direct mail and outdoor billboard advertising. The coverage is typically regional and national in nature. We are not obligated to spend any amount on advertising in your area or territory separate from the Worldwide Creative Marketing Fund. The majority of our advertising is developed by members of our staff or third-party consultants.

We are not obligated to spend any amount on advertising in your area or territory other than the amount we would pay to the Advertising Cooperative or the Worldwide Creative Marketing Fund.

#### *Advisory Council*

We may create one or more advisory councils made up of franchisees and our representatives to advise us on matters relating to the System and Golden Heart Senior Care Businesses in general. We may form, merge, change or dissolve any advisory council at any time.

#### *Advertising Cooperative*

We may designate any geographic area in which two or more Businesses are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Businesses, whether operated by us, our affiliate or our franchisees. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval as described above, promotional materials for use by the members in Local Advertising. If a Cooperative has been established

for a geographic area where your Business is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. The Cooperative will operate according to written governing documents which we have approved. If you request a copy of the governing documents for the Cooperative to which you contribute, we will provide them to you.

Each Cooperative member will contribute up to 2% of Gross Revenue to the Cooperative, as determined by the members. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval as described above. The Cooperative is not required to prepare an annual financial statement. Each member of the Cooperative will have one vote on all Cooperative matters, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote. Currently there are no Cooperatives in the System.

### Computer Systems and Software

You must have a computer system that meets our minimum specifications and meets the specifications of the Virtual Office software that is on our approved supplier list. You must have the communication equipment and internet access we specify. Currently you must have a cellular phone with Bluetooth® capability, paper shredder, high speed scanner, and printer. Your computer system must be Windows-based and include the hardware and software components that we specify. Our detailed specifications for your computer system are included in our Manual. The minimum software you will need includes Microsoft® Office, an accounting program, and any other software necessary to allow us access to your computer system. You may purchase your computer system from any vendor, and we estimate that the initial cost of your computer system will be between \$1,000 and \$3,000.

You must use a Virtual Office software that we have approved. The ongoing fees will be a minimum of \$120 per month or \$12 per client, whichever is greater. The “Virtual Office” is a program accessed through the internet from your laptop computer with your secure login which you are required to use, and you are not authorized to use any third-party programs without our express written consent. The Virtual Office software stores data for client management, caregiver management, caregiver training tracking, office scheduling, referral source management, payroll, billing, and report generation. The data that is stored and generated in your Virtual Office makes it easy for you to work from any location using your laptop computer or any other mobile device. You may temporarily work offline if you should lose your internet connection and database synchronization when the internet connection is re-established.

You must have a high-speed internet service with internet access and e-mail. We will use these methods to communicate with our franchisees. We will have unlimited, independent access to your computer system at all times during the term of your Franchise Agreement, and you must make sure that we have this access, at your expense. We may download any data relating to your Business from your computer, with no compensation to you. You are responsible for entering the data into your computer during the initial phase of your Franchised Business.

We strongly recommend, but do not require, that you obtain an on-site maintenance contract for your computer system’s hardware. The cost will depend, in part, on the services you choose and the length of the contract. Some maintenance contracts average \$75 to \$150 per month.

There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn-out hardware or equipment, and there are no

specific contractual limitations on our ability to require you to purchase these upgrades, updates or replacements. However, you may be required to meet the specifications of recommended virtual office vendor software suppliers to operate your Business. Neither we nor any affiliate of ours will provide you with any updates, upgrades or maintenance for your computer system.

### Confidential Operations Manual

Attached to this Disclosure Document as Exhibit F is the Table of Contents of the Confidential Operations Manual. Our Confidential Operations Manual includes approximately 1,164 pages.

### HQ Initial Training

Before the Business opens, we will train you and your manager in operating the Business. If you are a corporation, a limited liability company or a partnership, your duty to complete the HQ Initial Training program must be completed by a shareholder owning at least fifty (50%) percent of the issued and outstanding shares of said corporation, or the chief executive officer thereof, or, in the case of a limited liability company, by any holder of at least fifty percent (50%) of the membership interests, or, in the case of a partnership, by any holder of at least fifty (50%) percent of the partnership's equity.

The HQ Initial Training consists of (1) FAST-Start Pre-Training Modules which will take you approximately eight hours to complete; (2) A series of two Business Start-Up Webinars with follow up conference calls to review action items; and (3) three additional days of on-site interactive training at our Operations Headquarters, or another site that we designate. We reserve the right to modify the HQ Initial Training based on the individual needs or experience of any trainee. The HQ Initial Training is provided to you and your manager with no additional fee, but you must pay all of your expenses and your trainee(s) expenses while attending the initial training program, including travel, lodging, meals and applicable wages. If you request that we provide HQ Initial Training to additional employees or additional training to you, either before your Business opens or while it is operating, you must pay our then-current training fee (currently, \$1,000 per person), and you must also pay for all trainees' expenses while attending training, including travel, lodging, meals, and applicable wages.

You and your manager must satisfactorily complete HQ Initial Training and participate in all other activities required to operate the Business. Within 30 days after the effective date of the Franchise Agreement and receiving your home care agency license (when applicable) you and your manager must have satisfactorily completed our initial training program (the "HQ Initial Training"). If you fail to complete the HQ Initial Training to our satisfaction, we may elect to terminate the Franchise Agreement and keep the entire Initial Franchise Fee. We may require you to replace a manager if we determine that he or she is not qualified to hold that position. You must pay us to train a replacement manager. (Franchise Agreement – Section 5.3.8)

HQ Initial Training will occur after you sign the Franchise Agreement. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. The HQ Initial Training will be held as needed. The materials we use in our HQ Initial Training includes our Manual and any other materials that we believe will benefit our franchisees in the training process. As of the date of this Disclosure Document, we provide the following training:

## HQ INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
FAST-Start Pre-Training Modules	8	0	You will complete the training modules on-line, from your location.
Pre-Training Webinars & Calls	4	0	The webinars will be conducted from your location and will include assigned action items.
Software Training	8	0	You will complete software training by webinar and on-line tutorials, from your location. This training will be facilitated by our Virtual Office Vendor.
DAY 1 – Start-Up and Business Development & Marketing	8	0	Operations Headquarters in Sun City, AZ or Corporate Headquarters in Frisco, Texas or other location designated by us
DAY 2 – Staff Management: Recruiting, Training, HR Policies and Operations, and HR Regulatory Requirements	8	0	Operations Headquarters in Sun City, AZ or Corporate Headquarters in Frisco, Texas or other location designated by us
DAY 3 – Client Management: Services, Quality, Client Policies and Operations, and Elder Care Regulatory Requirements	8	0	Operations Headquarters in Sun City, AZ or Corporate Headquarters in Frisco, Texas or other location designated by us
DAY 4 – General Technology Implementation & Technical Training, Vendor Implementation & Training	4	0	Operations Headquarters in Sun City, AZ or Corporate Headquarters in Frisco, Texas or other location designated by us
<b>Total Hours</b>	<b>48</b>	<b>0</b>	

\*The HQ Initial Training Program does not include industry certification, continuing, professional licenses or accreditations to provide personal care to seniors.



Golden Kennedy and our President, Craig Bass, oversees our HQ Initial Training program. Mrs. Kennedy has been our Senior Vice President of Operations since April 2016. Mrs. Kennedy was Senior Vice President of Operations and Operational Support Specialist from August 2012 to March 2016 for Senior Care Business Investments, Inc. located in Las Vegas, Nevada. From January 2014 to present, she is Partner of Extraordinary Care, LLC, located in Sun City, Arizona and since December 2014 an Area Representative of Golden Heart Senior Care. From August 2011 to present, she is Partner-CEO of Golden Care Partners, Inc., located in Sun City, Arizona which is a Franchisee of Golden Heart Senior Care. Prior to joining Golden Heart Senior Care, Mrs. Kennedy served in executive leadership roles for elder care enterprises in the United States and Australia. During her elder care career, she has piloted ten residential, educational, community, and in-home care programs for seniors and people with disability.

Mr. Bass has been our Owner & President since May 2016 when the assets of Golden Heart Senior Care were purchased by Sarillian Management, LLC. From July 2019 through May 2021, Mr. Bass was the Interim President & Chief Operating Officer of ConcertoHealth located in Aliso Viejo, California. From June 2015 through July 2019, he was a Corporate Vice President and President of Molina Service Solutions, located in Plano, Texas.

In addition to Golden Kennedy and Craig Bass, we may rely on the expertise of certain of our employees to provide training on specific areas. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 2 to 5 years.

We may offer periodic conferences, meetings, or seminars to our franchisees. We may require you and/or your manager to attend a conference, meeting, or seminar. If attendance at the conference is mandatory, we will not charge you a fee for attending the conference, but you must pay for all of your attendees' expenses while attending the conference, including travel, lodging, meals and wages.

### Additional Training Programs

You must utilize an internet-based training system from our list of approved suppliers to help you train the caregivers you hire. Other internet-based training resources may also be made available.

#### *Golden Heart Senior Care Certification Program Standards.*

Caregivers are required to attain specific levels and must pass the test at the end of each online level. The system will generate a certificate of completion for the caregiver and notify you of the completion. After successful completion of one level, the caregiver goes to the next level of training. The training is done at the caregiver's home using the training website. The caregivers must successfully complete the training to our satisfaction. If they do not successfully complete the training, they must continue the training until successful completion. There currently are no fixed training schedules for this home-based caregiver training, but there may be in the future.

### Industry Certifications

We require the caregivers to have at least 6 hours of annual continuing education through our training vendor or other approved training provider. If your State requires more than 6 continuing education hours annually, then you must comply with the State requirement. Many states, counties and local jurisdictions require that home care agencies obtain professional licenses and accreditations to provide personal care to seniors. We reserve the right to increase the minimum number of annual continuing education by providing you with prior written notification.

**ITEM 12**  
**TERRITORY**

Franchise Agreement

Under the Franchise Agreement we grant you the right to operate a Business at a specific street address that you have submitted to us and which request we have approved (“Franchised Location”). We expect your Franchised Location will be your home-based office or a small office space. You may not operate your Business from any location other than the Franchised Location. If you will not operate from your home, you must submit to us your request of a site in writing, including any forms and information we may request.

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.

If you are in compliance with the Franchise Agreement during its term, we will not establish or operate or license others to establish or operate a Golden Heart Senior Care Business within your “Designated Territory.” Your Designated Territory will consist of a geographical area containing not less than 30,000 people age 65 or older, as determined by the latest U.S. Census data. Your Designated Territory will be identified in your Franchise Agreement by contiguous zip codes. The Franchise Agreement does not grant you any territorial rights beyond whatever zip codes that are listed in an attachment to the Franchise Agreement. The actual boundaries of your Designated Territory will not be determined until the Franchised Location has been determined.

Your Designated Territory cannot overlap or interfere with existing trade areas, designated territories or development areas. We reserve the right to provide a 2 mile buffer between trade areas, designated territories and development areas so that we can avoid any overlapping of areas. We reserve the right to adjust the boundaries of the Designated Territory or at any time or if we believe it conflicts with another trade area, designated territory or development area. If you are not operating from a home office, then your office space must be located in the Designated Territory.

You must use your best efforts to promote and increase the sales and services of the Golden Heart Senior Care business to effect the widest and best possible distribution and sale of products and services and to solicit potential customers and accounts for products and related services in conjunction with us. You must meet minimum the below monthly Gross Revenue amounts for non-medical, in-home care services to retain your rights in the Franchise Agreement and to the Designated Territory.

Minimum Gross Revenue Requirement	Minimum Monthly Gross Revenue
25 <sup>th</sup> through 36 <sup>th</sup> month from the signing of the Franchise Agreement	\$15,000
37 <sup>th</sup> through 48 <sup>th</sup> month from the signing of the Franchise Agreement	\$20,000
49 <sup>th</sup> through 60 <sup>th</sup> month from the signing of the Franchise Agreement	\$30,000
61 <sup>st</sup> month and thereafter from the signing of the Franchise Agreement	\$40,000

If you do not achieve and/or maintain these minimums, you will be in default of your Franchise Agreement and you will be provided with a default notice for the first time you do not meet these minimums. If you do not meet and/or maintain the required minimums a second time during the term of the Franchise Agreement or any renewal term of the Franchise Agreement, we have the right to reduce or eliminate the size of your Designated Territory, or to terminate your Franchise Agreement upon notice to you.

We and our affiliates are not prohibited from: (1) operating and franchising others to operate, during the term of the Franchise Agreement, Businesses at any location outside of the Designated Territory; (2) operating and franchising others to operate, after the Franchise Agreement terminates or expires, Businesses at any location, including locations inside the Designated Territory; (3) operating and franchising others to operate at any location, during or after the term of the Franchise Agreement, any type of similar business other than a Golden Heart Senior Care Business.

Except for the Designated Territory granted to you as stated above, the franchise granted to you is non-exclusive. During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) retain the rights set forth below, both within and outside of your Designated Territory.

(a) establish and operate, and grant rights to other franchise owners to establish and operate, Businesses or similar businesses at any locations and on any terms and conditions we deem appropriate outside of the Designated Territory;

(b) offer any products and related services identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Marks or other trademarks or service marks through any method of distribution other than a dedicated Golden Heart Senior Care Business, including sales through channels of distribution such as the internet, wholesale, grocery stores, club stores, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”);

(c) purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or franchise, license, and/or similar agreements for such businesses), regardless of whether those similar or identical businesses are located within or outside of your Designated Territory;

(d) be acquired (regardless of the form of transaction) by a business identical or similar to “Golden Heart Senior Care”, even if the other business operates, franchises and/or licenses competitive identical or similar businesses anywhere inside or outside of your Designated Territory; and

We are not required to pay you if we exercise any of the rights specified above within your Designated Territory.

We maintain the right under the Franchise Agreement, to buy back the Business for any reason. If the Business has been operating less than 12 months, we will pay you a purchase price equal to 200% of the Business’s assets or if you have been in operation longer than 12 months, we will pay you three times your Business’s EBITDA. This buy back right, if exercised, shall be accomplished after we provide you with 90 days’ written notice of our intent to exercise this right. The closing shall occur 30 days following determination of the purchase price.

You may provide services to customers and prospective customers from your Franchised Location only. You may not engage in any promotional activities or sell any related Products or Services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system or any interactive electronic document contained in a central computer linked to communications software service providers (collectively, the “Electronic Media”) or any other devices sent or directed to customers or prospective customers; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers. While you may place advertisements in electronic, social media and/or printed media and on television and radio that are targeted to customers and prospective customers located within

your Designated Territory, as determined and approved by us, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the electronic or printed media or reach of television and radio, are viewed by prospective customers located outside of the Designated Territory, you may not make any sales or perform services to customers outside of the Designated Territory, unless there is not another franchisee in the customer's area. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

You may not use alternative distribution channels to make sales outside or inside your Designated Territory except as described in the following paragraph and you will not receive any compensation for our sales through alternative distribution channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any proprietary products or other products offered by a Golden Heart Senior Care Business calling for delivery or performance in your Designated Territory, then we will offer the order to you at the price we establish. If you choose not to fulfill the order or are unable to do so, then we, one of our affiliates or a third party we designate (including another franchisee) may fulfill the order, and you will not be entitled to any compensation in connection with this.

#### *Other Franchise Systems*

Except for any other franchise program that we may develop in the future, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned facility which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

You are not granted any other options, rights of first refusal or similar rights to acquire additional Businesses under the Franchise Agreement.

#### Multi-Territory Development Agreement:

Under the Multi-Territory Development Agreement, we grant you the right to develop and operate the number of Businesses in the Development Area that is specified in the Minimum Performance Schedule, which is an attachment to the Multi-Territory Development Agreement. The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. The size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population, market conditions and the number of Businesses to be developed. The Development Area will have a population calculated as the number of Franchised Businesses you commit to develop multiplied by 30,000 people age 65 or older, as determined by the latest U.S. Census data.

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.

Your trade areas cannot overlap or interfere with an existing trade area, designated territory or development area. We reserve the right to provide a two mile buffer between trade areas, designated territories and development areas so that we can avoid any overlapping of areas. We reserve the right to adjust or re-assign any of the trade areas in the Development Area if we believe that doing this will serve your best interest, or if we believe that there is a conflict with a trade area, designated territory or development area. We reserve the right to change that trade area to an unoccupied trade area and refund to you the pro-rata portion of the Development Fee that was paid for the number of Businesses located in

those specific trade areas. Other than the above circumstances, the Development Area may not be altered unless we and you mutually agree to do so.

If you will not operate from your home, then you must submit to us your request of a site in writing, including any forms and information we may request. We will determine or accept the location for future units and any territories for those units, under the then-current standards for sites and territories.

Except as described below, during the term of the Multi-Territory Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Businesses to be located within the Development Area. We have the right to terminate your development rights if you are not in full compliance with all of the terms and conditions of the Multi-Territory Development Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Multi-Territory Development Agreement, we and our affiliates retain all rights to: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at the Business and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under the Marks and other trade and service marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Businesses; and (c) the right to acquire and operate a business operating one or more businesses that offer non-medical in-home personal care, supplemental staffing services and/or assisted living/residential care placement services located or operating in your Development Area.

We maintain the right to buy back the development rights for any or all opened or unopened Businesses in the Minimum Performance Schedule. For opened Businesses, as outlined in the Franchise Agreement, if we exercise our right within the first 12 months of that Business's operation, we will pay you a purchase price equal to 200% of the Business's assets (per Business) or it is after the first year of operation, we will pay you three times your Business's EBITDA (per Business). If the Business has not opened, then we will buy back the development right to the Business, and the associated trade area, for the pro-rata portion of the Development Fee that you paid for that Business. This buy back right, if exercised, shall be accomplished after we provide you with 90 days' written notice of our intent to exercise this right. The closing shall occur 30 days following the determination of the purchase price.

To maintain your rights under the Multi-Territory Development Agreement you must have in operation the cumulative number of Businesses as outlined in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial rights or the termination of the Multi-Territory Development Agreement.

Upon completion of the Minimum Performance Schedule, your development rights under the Multi-Territory Development Agreement will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Businesses within the Development Area.

You are not granted any options, right of first refusal or similar rights to acquire additional Businesses in your Development Area under the Multi-Territory Development Agreement.

### **ITEM 13**

### **TRADEMARKS**

Under the terms of the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your business.

The primary service mark is “Golden Heart Senior Care” and design (the “Marks”). We have registered or applied for registration the Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”).

<b>Mark</b>	<b>Serial Number</b>	<b>Application Date</b>	<b>Registration Number</b>	<b>Registration Date</b>
Golden Heart Senior Care	77/883,768	December 1, 2009	3,887,811	December 7, 2010

We have not registered the logo that is on the cover page of this Franchise Disclosure Document. Therefore, this logo does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative logo, which may increase your expenses.

We have filed the affidavit for the Golden Heart Senior Care Mark and intend to file all affidavits and to renew our registration for the Mark when it becomes due.

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving any Marks which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which significantly limit our right to use or to license others to use the Marks in a manner material to the franchise.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take affirmative action against uses by others that may constitute infringement of the Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Marks, you must sign any and all documents and do the acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no superior prior rights or infringing uses actually known to us that could materially affect your use of the Marks in the state where your franchised business will be located or elsewhere.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion, and you must implement any change in or substitution of any Marks at your sole expense.

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

Patents and Copyrights

There are no patents or pending patents that are material to the franchise. We own certain copyrights in the Confidential Operations Manual, marketing materials and other copyrightable items which are part of the System. While we claim common-law copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating your Franchised Business and must stop using them if we direct you to do so. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

There currently are no effective determinations of the Patent and Trademark Office, the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of this information, but we will take all steps we think are appropriate to protect our copyright in the Confidential Operations Manual.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of the Franchised Business, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Franchised Business, Confidential Operations Manual and the System for use by all franchisees, us or any affiliate.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Confidential Operations Manual and in guidance furnished to you during the term of the Franchise Agreement. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of your Agreement.

Examples of confidential information includes: (1) site selection and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Golden Heart Senior Care Businesses; (3) marketing and advertising programs for Franchised Businesses; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain materials, equipment and supplies; (5) knowledge of the

operating results and financial performance of Franchised Businesses other than your Business; (6) terms of the Franchise Agreement; (7) the Confidential Operations Manual; (8) graphic designs and related intellectual property; (9) customer lists and information; and (10) our intranet and the Virtual Office Software system.

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

We do not require you to personally participate in the operation of your Franchised Business, but your Franchised Business must at all times be under the direct supervision of a manager who has satisfactorily completed our initial training program, attains and maintains any then current Golden Heart Senior Care Certification Program standards and who devotes his/her full business time, energy and effort to the management and operation of your Golden Heart Senior Care Business. The manager cannot have any interest or business relationship with any of our competitors. The manager is not required to have an ownership interest in your corporate or partnership franchise. We impose no limitations as to who you may hire as the manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Marks (this requirement may affect who you hire as your manager). It is your responsibility make sure that the Franchised Business is operated according to our requirements and System standards, and compliance with the Manual and the terms of your Franchise Agreement.

We have the right to approve the manager after training. You and your manager must attend and complete our training program and must attain and maintain any then current Golden Heart Senior Care Certification Program standards.

You must obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, your manager and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners). It is your responsibility to have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to, based on their relationship with you. We will be a third-party beneficiary to each agreement with the independent right to enforce the agreement's terms. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph.

**Personal Guarantee**

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. A form of the required Guarantee is attached to the Franchise Agreement.

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

You are not permitted to provide medical care or medical services. You must offer for sale only products and services that have been approved and specified by us in the Confidential Operations Manual and any updates that are incorporated in the Confidential Operations Manual from time to time. You may not offer for sale any products or services not specifically approved by us in writing and you may not use your Franchised Business for any other purpose than the operation of a Business and the sale of products



or services approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Confidential Operations Manual. There are no limits on our ability to make changes to the products or services we require you to sell.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales without our express written approval. The establishment of accounts and/or participation in any social networking sites (including Facebook, LinkedIn, Twitter or any other social or professional networking site or blog) for the purpose of marketing Golden Heart Senior Care must be done with our approval and we must be granted access to those accounts. Use of the Marks in social networking sites or other on-line use may be prohibited unless approved in writing by us. Personal use of all social networking sites must be in compliance with our Social Networking Policy.

**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**

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Article 4	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier
b. Renewal or extension of the term	Article 4	You may renew the Franchise Agreement perpetually every five years, subject to performance of contractual requirements
c. Requirements for franchisee to renew or extend	Article 4	<p>You must provide notice that you wish to renew your Franchise Agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your Business; you must sign a release; sign renewal Franchise Agreement; you must pay a renewal fee</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, except the boundaries of your territory will remain the same and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees</p>
d. Termination by franchisee	Not Applicable	You may seek termination upon any grounds available by state law.

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
e. Termination by franchisor without cause	Not Applicable	Not applicable.
f. Termination by franchisor with cause	Article 17	We may terminate your Franchise Agreement if you are in breach of the Franchise Agreement and on other grounds
g. “Cause” defined – curable defaults	Article 17	Includes failure to pay fees when due, misuse of Marks, sale of an unapproved service, first failure to meet minimum Gross Revenue requirement
h. “Cause” defined – non-curable defaults	Article 17	Includes filing for bankruptcy or assignment for the benefit of creditors, second failure to meet minimum Gross Revenue requirement
i. Franchisee’s obligations on termination/non-renewal	Article 18	Obligations include discontinue using confidential information and materials, return Manual, and payment of amounts due
j. Assignment of contract by franchisor	Article 16	No restriction on our right to transfer
k. “Transfer” by franchisee – defined	Article 16	Includes transfer all or substantially all of the assets of your business
l. Franchisor approval of transfer by franchisee	Article 16	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Article 16	Includes payment of money owed, you are not in default of the Agreement, you sign release, transferee qualifies, transferee signs new agreement and payment of the transfer fee
n. Franchisor’s right of first refusal to acquire franchisee’s business	Article 16	We can match any offer
o. Franchisor’s option to purchase franchisee’s business	Article 18	Upon expiration or termination, we can buy all or a portion of the assets of your Franchised Business
p. Death or disability of franchisee	Article 16	Franchise must be assigned to approved buyer within 90 days
q. Non-competition covenants during the term of the franchise	Article 15	Includes prohibition on owning or operating business which sells similar services

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	Article 15	Includes prohibition on owning or operating business which sells similar services for 2 years and located within 50 miles of any franchise territory in the System (subject to state law)
s. Modification of the agreement	Article 21	Must be in writing by both parties
t. Integration/merger clause	Article 21	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 20	Except for certain claims, all disputes must be arbitrated in Texas. (subject to state law)
v. Choice of forum	Article 20	Collin County, Texas (subject to state law)
w. Choice of law	Article 21	Texas (subject to state law)

### **THE MULTI-TERRITORY DEVELOPER RELATIONSHIP**

<b>Provision</b>	<b>Section in Multi-Territory Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Article 1	Term of Multi-Territory performance schedule
b. Renewal or extension of the term	Article 1	Not renewable, but you may negotiate a new agreement
c. Requirements for Multi-Territory Developer to renew or extend	Not Applicable	Not Applicable
d. Termination by Multi-Territory Developer	Not Applicable	You may seek to terminate your Multi-Territory Development Agreement on any ground permitted by state law
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Multi-Territory Development Agreement	Summary
f. Termination by franchisor with cause	Article 4	We may terminate the Multi-Territory Development Agreement if you are in breach of the Agreement and do not cure the breach (if the breach is curable)
g. "Cause" defined – curable defaults	Article 4	You fail to comply with any provision of the Multi-Territory Development Agreement that is not considered incurable
h. "Cause" defined – non-curable defaults	Article 4	Failure to meet your minimum performance schedule; Unauthorized transfer; a general partnership interest is terminated for any reason (if you are a limited partnership); you or your owners make a material misrepresentation to us in obtaining the development rights; you or your owners are convicted of a felony or other crime that may adversely affect the goodwill associated with the Marks; you fail on three separate occasions in any 12 month period to comply with the agreement; if a Franchise Agreement with us is terminated according to its terms; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
i. Multi-Territory Developer's obligations on termination/ non-renewal	Article 5	Lose development rights, may not continue to develop Franchised Businesses
j. Assignment of contract by franchisor	Article 6	No restriction on our right to transfer
k. "Transfer" by Multi-Territory Developer – defined	Article 6	Includes a transfer of the development rights or an ownership interest in the multi-territory developer
l. Franchisor approval of transfer by Multi-Territory Developer	Article 6	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Article 6	We cannot unreasonably withhold consent; transferee qualifies; transfer fee paid, and we grant an assignment of your Multi-Territory Development Agreement to the transferee

Provision	Section in Multi-Territory Development Agreement	Summary
n. Franchisor's right of first refusal to acquire Multi-Territory Developer's business	Article 16	We have the right to match the offer to purchase your business
o. Franchisor's option to purchase Multi-Territory Developer's business	Article 6	We have the right to buy back your development rights at any time and to change trade areas if there is a conflict with another trade area
p. Death or disability of Multi-Territory Developer	Article 6	Interest must be transferred to an approved party within six months
q. Non-competition covenants during the term of the franchise	Not applicable	
r. Non-competition covenants after the franchise is terminated or expires	Article 5	Includes prohibition on owning or operating business which sells similar services for two years and located within 50 miles of any franchise territory in the System (subject to state law)
s. Modification of the agreement	Article 7	No modifications except by mutual agreement of the parties
t. Integration/merger clause	Article 7	Only the terms of the Multi-Territory Developer Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Multi-Territory Developer Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	Article 8	Except for certain claims, all disputes must be arbitrated in Texas. (subject to state law)
v. Choice of forum	Article 8	Collin County, Texas (subject to state law)
w. Choice of law	Article 8	Texas (subject to state law)

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

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

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

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

We are presenting key performance indicators for our Franchised Businesses that have been open for the full 2021 calendar year. Of our 22 franchise outlets/territories open at the end of 2021, 21 of those outlets were open for the full 2021 calendar year. Our Indiana Franchised Business began operations in September 2021. Those 21 franchise outlets/territories represent 17 Franchised Businesses. Our Franchised Business in Ohio operates 4 contiguous territories as a single Franchised Business and our Franchised Business in North Carolina/South Carolina operates 2 contiguous territories as a single Franchised Business.

<b>Key Performance Indicators</b>	<b>2021 Average Gross Revenue per Franchised Business</b>	<b>2021 Average Gross Margin Per Franchised Business</b>	<b>2021 Average Revenue per Client per Year</b>
Franchised Businesses	<b>\$749,644.87</b> Of 17, 6 (35%) Met/Surpassed	<b>43.54%</b> Of 17, 10 (59%) Met/Surpassed	<b>\$11,672.67</b> Of 17, 8 (47%) Met/Surpassed
	<b>Median of \$333,122</b> Range of \$2,263,186 to \$6,767	<b>Median of 44.6%</b> Range of 57.2% to 35.5%	<b>Median of \$10,515</b> Range of \$139,575 to \$2,256

“Gross Revenue” means the total of all receipts derived from services performed by your Business, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.

The Key Performance Indicators provided in this representation are based on information reported to us based on reports from the virtual office software systems used by our Franchise Owners to operate their Franchised Businesses. The information and performance indicators have not been audited by us.

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

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

Other than the preceding financial performance representation, Sarillian Management, LLC does not make any financial performance representations. We also do not authorize our employees or

representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Craig Bass at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034 or call (800) 601-2792, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

Table No. 1  
**Systemwide Outlet Summary**  
**For years 2019, 2020, 2021**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised Units	2019	21	20	-1
	2020	20	21	+1
	2021	21	22	+1
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	21	20	-1
	2020	20	21	+1
	2021	21	22	+1

Table No. 2  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2019, 2020, 2021**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
None	2019	0
	2020	0
	2021	0
<b>Total</b>	2019	0
	2020	0
	2021	0

Table No. 3  
**Status of Franchised Outlets**  
**For years 2019, 2020, 2021**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Arizona	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
California	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Colorado	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Illinois	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Indiana	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Iowa	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kansas	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Minnesota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Nevada	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2



Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
New Jersey	2019	2	0	0	0	1	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Ohio	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Texas	2019	1	0	0	0	0	1	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Wisconsin	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
<b>Total</b>	2019	21	2	0	0	1	2	20
	2020	20	2	0	0	0	1	21
	2021	21	1	0	0	0	0	22

Table No. 4  
**Status of Company-Owned Outlets**  
**For years 2019, 2020, 2021**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
None	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
<b>Total</b>	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 31, 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
Colorado	1	0	0
Florida	1	1	0
Indiana	2	0	0
Texas	1	0	0
Virginia	1	1	0
<b>Total</b>	6	2	0

A list of the names of all franchisees and the addresses and telephone numbers of their businesses are provided in Exhibit E to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this Disclosure Document when applicable. 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.

There are no trademark-specific organizations formed by our franchisees that are associated with the Golden Heart Senior Care System.

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

Attached to this Disclosure Document as Exhibit G are our audited financial statements for the fiscal year ending December 31, 2019, December 31, 2020 and December 31, 2021.

Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22**  
**CONTRACTS**

The Franchise Agreement is attached to this Disclosure Document as Exhibit C.

The Multi-Territory Development Agreement is attached to this Disclosure Document as Exhibit D.

**ITEM 23**  
**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

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

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance- Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733

State	State Agency	Agent for Service of Process
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

## EXHIBIT B TO THE DISCLOSURE DOCUMENT

### STATE SPECIFIC ADDENDA

#### CALIFORNIA APPENDIX

1. 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 or Multi-Territory Development Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Territory Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. The Franchise Agreement and Multi-Territory Development Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
5. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
6. Neither the franchisor, 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
7. The Franchise Agreement requires binding arbitration. The arbitration will occur The arbitration will occur in Texas with the costs being borne by the parties as the arbitrators determine. 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 to a forum outside the State of California.
8. The Franchise Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.
9. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
10. **OUR WEBSITE, [www.goldenheartseniorcare.com](http://www.goldenheartseniorcare.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCE PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF**

THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dbo.ca.gov](http://www.dbo.ca.gov).

11. You may have to comply with the “Home Care Services Consumer Protection Act” 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.
12. The appropriate sections of the Franchise Agreement and Multi-Territory Development Agreement are amended to state that the highest interest rate allowed under California law is 10% annually.
13. Item 19 of the Disclosure Document is amended to comply with provisions of the California Code of Regulations Section 310.114.1 which states “The earnings claims figure(s) does (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 (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”
14. 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 OFFERING CIRCULAR.
15. **The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and the franchisee is open for business.**



**ADDENDUM REQUIRED BY THE STATE OF ILLINOIS**  
**FOR THE FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the franchise agreement which 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.

Your right 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.

Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

FRANCHISEE/MULTI-TERRITORY  
DEVELOPER

SARILLIAN MANAGEMENT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE STATE OF INDIANA**

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 20 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

## **ADDENDUM REQUIRED BY THE STATE OF MARYLAND**

This will serve as the State Addendum for the State of Maryland for Sarillian Management, LLC Franchise Disclosure Document and for its Franchise Agreement and Multi-Territory Development Agreement. The amendments to the Franchise Agreement and Multi-Territory Development Agreement included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise Agreement and Multi-Territory Development Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Territory Development Agreement are hereby amended accordingly.

3. The Franchise Agreement and Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. The appropriate sections of the Franchise Agreement and Multi-Territory Development Agreement are hereby amended accordingly.

5. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Territory Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

**7. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by Multi-Territory Developers shall be deferred until the first franchise under the Multi-Territory Development Agreement opens.**

## DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (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 six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division  
Attn: Katharyn Barron  
Michigan Department of Attorney General  
525 W. Ottawa Street, 1st Floor  
Lansing, Michigan 48933  
(517) 335-7567

## **ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

This addendum to the Disclosure Document effectively amends and revises said Disclosure Document and Franchise Agreement and Multi-Territory Development Agreement as follows:

1. Item 13 of the Disclosure Document and Article 7 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logos or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document, Articles 4 and 17 of the Franchise Agreement and Article 4 of the Multi-Territory Development Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document, Articles 20 of the Franchise Agreement and Article 8 of the Multi-Territory Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document, Articles 4 and 16 of the Franchise Agreement and Article 6 of the Multi-Territory Development Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Article 20 of the Franchise Agreement and Section 8.2 of the Multi-Territory Development Agreement are hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

6. Article 20 of the Franchise Agreement and Section 8.5 of the Multi-Territory Development Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

7. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. Article 20 of the Franchise Agreement and Section 7.7 of the Multi-Territory Development Agreement are hereby amended accordingly.

## **DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

**DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.



**FOR THE STATE OF SOUTH DAKOTA**

In the state of South Dakota, we will defer the payment of the Initial Franchise Fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

## **ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Sarillian Management, LLC. for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

## **ADDENDUM REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**SARILLIAN MANAGEMENT, LLC**

**FRANCHISE AGREEMENT**

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**FRANCHISEE**

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**EFFECTIVE DATE OF AGREEMENT**

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## ATTACHMENTS

- 1– Location of Franchise and Designated Territory
- 2– Employee Non-Competition and Non-Disclosure Agreement
- 3– Telephone Number Assignment Agreement and Power of Attorney
- 4– Guarantee
- 5– Franchisee Acknowledgment Statement
- 6– Conversion/Qualification Addendum

**SARILLIAN MANAGEMENT, LLC**

**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is by and between SARILLIAN MANAGEMENT, LLC, a Texas limited liability company with its principal office at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034 (“Franchisor”, “we”, “us” or “our”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as “Franchisee”.

**RECITALS**

A. We have developed a system of uniform standards, methods, merchandising, and advertising for the operation of businesses (the “Business” or “Franchised Business”) that will provide the public with non-medical, in-home personal care services, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services (the “Products and Services”), and includes management programs, standards, service programs, business methods, product specifications and Marks and information (the “System”) using the trade name, trademark and service mark of “Golden Heart Senior Care”, together with any trade names, service marks, trademarks, logos, emblems and indicia of origin that we designate for use with the System (collectively, the “Marks”).

B. You desire to enter into the business of owning and operating a Franchised Business in accordance with the System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance provided by us for doing so.

C. You understand and acknowledge the importance of, and benefits to be derived from, the System, as well as our high standards of quality and service and the necessity of operating the Franchised Business in this Agreement in conformity with our standards and specifications.

D. You desire to obtain a franchise to use the System and the Marks at the location described in Attachment 1, under the provisions of this Agreement, and you have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of your own choosing and represent and warrant that you have the business experience and financial ability to operate a Franchised Business.

E. You acknowledge that you have read this Agreement and our Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality at all locations and to protect the goodwill of the Marks.

F. We expressly disclaim the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement.

G. You acknowledge that you have no knowledge of, nor have you received or relied upon, any representations or warranties by us, our officers, directors, shareholders or representatives about the

franchise offered in this Agreement, about us or our franchising programs and policies that are contrary to the statements in our Disclosure Document or to the terms of this Agreement, or regarding the potential revenues, profits or success of the business venture it contemplates.

H. You acknowledge that this Agreement places detailed and substantial obligations on you, including strict adherence to our reasonable present and future requirements regarding facilities, equipment, suppliers, operating procedures, management protocols and procedures, merchandising strategies, sales promotion programs and related matters. You acknowledge that future improvements, changes and developments in the System may require additional expense to be undertaken by you.

**BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH ASSISTANCE OF LEGAL COUNSEL.**

**NOW, THEREFORE**, for and in consideration of the mutual undertakings, covenants, premises and commitments contained in this Franchise Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree:

**ARTICLE 1**  
**DEFINITIONS**

1.1 In addition to any other terms defined in this Agreement, the following definitions shall govern this Agreement:

1.1.1 “Confidential Information” means all of our Know How (as defined below) and other information we designate as confidential and which includes, but is not limited to: (1) site selection and design specifications; (2) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Golden Heart Senior Care Businesses; (3) marketing and advertising programs for Franchised Businesses; (4) knowledge of specifications for and suppliers of, and methods of ordering, certain materials, equipment and supplies; (5) knowledge of the operating results and financial performance of Franchised Businesses other than your Business; (6) terms of this Agreement or any other agreement between you and us; (7) the Operations Manuals; (8) graphic designs and related intellectual property; (9) customer lists and information; and (10) our intranet.

1.1.2 “Copyrights” means all work rendered in a tangible medium of expression as defined under U.S. Copyright Law, 17 U.S.C. Sec. 101, *et seq.*, that relates to the Franchised Business, whether published or unpublished, whether confidential or not, whether created by us or one (1) or more of our affiliates or franchisees, assigned in this Agreement to and owned by us and licensed for use by you as part of the Franchised Business under this Agreement, including without limitation, the Confidential Operations Manual.

1.1.3 “Know How” means our: (a) trade secrets and know-how, whether existing now or created during the term of this Agreement by us and/or one (1) or more of our affiliates or franchisees (and assigned back to us), as conveyed to you, that relates to, *inter alia*, our services and/or processes, marketing practices, and business methods, affairs, tools and techniques, as well as including our customer or prospective customer lists and trade relationships including pricing information, which tends to give us and our network of franchisees a competitive edge over others who provide the same or similar products or services; (b) inventions that may be protected by the filing of U.S. patent applications under Title 35 of the United States Code and/or foreign statutory counterparts; and (c) all unpublished or otherwise confidential work that has been rendered and “work made for hire” protected under Title 17 of the United States Code and other applicable foreign copyright statutes. Know How need not take the form of any particular tangible

medium of expression, but may also be found or contained in the form of records, magnetic media, papers, photographs, catalogs, books, cassettes, videotapes, computer files, or stored or fixed on computer hard or soft disks or diskettes.

1.1.4 “Marks” means all the trademarks, service marks, logos, emblems, and indicia of origin licensed to and used or contemplated to be used by us and/or one (1) or more of our affiliates, area representatives or franchisees, including, but not limited to, the trade dress, the mark and logo of “Golden Heart Senior Care”, and other such trade names, service marks and trademarks as may be designated now or later by us.

1.1.5 “Proprietary Properties” means the Confidential Information, Copyrights, Know How, and Marks.

1.1.6 “Designated Territory” means the territory granted to you as described on Attachment 1 hereto.

## **ARTICLE 2**

### **GRANT OF FRANCHISE AND LICENSE**

2.1 Subject to the provisions of this Agreement and all documents or other agreements ancillary to it (the “Agreement”):

2.1.1 We grant to you, and you accept, the franchise and license to operate a Franchised Business in accordance with our specifications and subject to our approval.

2.1.2 You agree to use the Proprietary Properties solely for the Franchised Business and for no other purpose.

2.1.3 In order to maintain your rights under this Agreement, you must meet the Minimum Performance Requirements in Section 9.21.

#### 2.2 Forms of Agreement

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

#### 2.3 Negotiated Changes

If we mutually agree to certain negotiated changes during the term, then you acknowledge and agree to sign an addendum, and that the revisions contained in the addendum are added terms to this Agreement.

## **ARTICLE 3**

### **YOUR RESTRICTIONS AND OUR RESERVED RIGHTS**

#### 3.1 Your Restrictions

Your activities are limited to offering and selling those Products and Services permitted under the System from the Accepted Location and within your Designated Territory. You have been granted no right of ownership in and/or to any part or all of the Proprietary Properties.

### 3.2 Rights Reserved to Us

We reserve the right: (i) of ownership in, and control over the Proprietary Properties; (ii) to grant additional franchises, whether similar or dissimilar to the franchise we grant you, anywhere we deem reasonably appropriate; (iii) to engage fully and freely and without limitation in each and every aspect of the business of selling related services, products and equipment; (iv) to offer to the public-at-large, separately, jointly or with others, all related services and/or products of every type and kind; and (iv) to employ and exploit the Marks, Copyrights, and Know How in connection with them.

3.2.1 We and our affiliates are not prohibited from: (1) operating and franchising others to operate, during the term of the Franchise Agreement, Businesses at any location outside of the Designated Territory; (2) operating and franchising others to operate, after the Franchise Agreement terminates or expires, Businesses at any location, including locations inside the Designated Territory; (3) operating and franchising others to operate at any location, during or after the term of the Franchise Agreement, any type of similar business other than a Golden Heart Senior Care Business.

3.2.2 If you are in compliance with the Franchise Agreement during its term, we will not establish or operate, or license others to establish or operate, a Business within your Designated Territory. Except for your Designated Territory, we reserve the right to establish or operate, or license any other franchisee to establish or operate, a Franchised Business at any location. We (and any affiliates that we periodically might have) reserve the right to:

(a) establish and operate, and grant rights to other franchise owners to establish and operate, Businesses or similar businesses at any locations and on any terms and conditions we deem appropriate outside of the Designated Territory;

(b) offer any products and related services identical or similar to, or dissimilar from, those your Franchised Business sells, whether identified by the Marks or other trademarks or service marks through any method of distribution other than a dedicated Golden Heart Senior Care Business, including sales through channels of distribution such as the internet, wholesale, grocery stores, club stores, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”);

(c) purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or franchise, license, and/or similar agreements for such businesses), regardless of whether those similar or identical businesses are located within or outside of your Designated Territory;

(d) be acquired (regardless of the form of transaction) by a business identical or similar to “Golden Heart Senior Care”, even if the other business operates, franchises and/or licenses competitive identical or similar businesses anywhere inside or outside of your Designated Territory; and

(e) engage in any other business activities not expressly prohibited by this Agreement, anywhere.

3.2.3 The restrictions contained in this Section do not apply to Golden Heart Senior Care Businesses in operation, under lease or construction or other commitment to open in the Designated Territory as of the Effective Date.

3.2.4 Except as expressly limited by this Section, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to the Business or the economic effect on the Business or activities under this Agreement.

### 3.3 Designated Territory

3.3.1 You will be assigned a designated geographical area (the “Designated Territory”) that will be described in Attachment 1 hereto. You further understand and acknowledge that the Designated Territory is not exclusive to you, and we may choose to exercise the rights reserved to us in Section 3.2 above. Except as provided in this Agreement, and subject to you and your principals’ material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Franchised Business in the Designated Territory during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of the Golden Heart Senior Care Business. You acknowledge and agree that our parents and/or affiliates may currently operate, or may in the future operate, senior care or health care service businesses under different marks and with operating systems that are the same as or similar to the System, and that any such businesses might compete with your Business. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Franchised Business and from the Accepted Location, as hereinafter defined.

3.3.2 The Designated Territory cannot overlap or interfere with existing trade areas, designated territories or development areas granted to other franchisees or multi-territory developers. We reserve the right to provide a two (2) mile buffer between trade areas, designated territories and development areas to prevent any overlapping of areas. We reserve the right to adjust the boundaries of the designated territory at any time if we believe it conflicts with another trade area, designated territory or development area.

## **ARTICLE 4**

### **TERM AND OBTAINING A SUCCESSOR FRANCHISE**

#### 4.1 Term

The term of this Agreement shall be ten (10) years commencing on the date appearing on the first line, unless sooner terminated in accordance with the provisions of this Agreement (the “Initial Term”).

#### 4.2 Successor Franchise Term

If you shall have complied with the conditions for renewal set forth in Section 4.3 below, you shall have the right, but not the obligation, to enter into a renewal Franchise Agreement for additional five (5) year terms (the “Successor Franchise Term”).

#### 4.3 Requirements for Obtaining a Successor Franchise

Your right to enter into the Successor Franchise Term is contingent upon your fulfilling the following conditions:

4.3.1 Upon your exercise of such right and at the commencement of any Successor Franchise Term, you shall have fully performed all of your obligations under this Agreement.

4.3.2 You, at the commencement of a Successor Franchise Term, shall satisfy: (i) our then-current standards applicable to the System; (ii) the requirements of the then-current Franchise Agreement and all other agreements ancillary thereto; (iii) our training requirements, including your

demonstrable ability to perform all services which are part of the System at the time of renewal; (iv) the standards set forth in our then-current Confidential Operations Manual (the “Manual”) which includes but is not limited to our training, business, operations, employee, safety, emergencies manuals and materials; and (v) our requests for disclosure of or access to information requested by us to evaluate your ability to perform.

4.3.3 You are not in default of any provision of this Agreement or any other agreement with us, our affiliates, subsidiaries, and designees, if any.

4.3.4 You have satisfied all monetary obligations to us, our affiliates, subsidiaries, and designees, if any, and have met such obligations in a timely and responsible manner throughout the Initial Term.

4.3.5 You have executed a general release, in form and substance satisfactory to us and/or our counsel, of any and all present as well as future claims against us and our affiliates, subsidiaries, and designees, if any, and their respective officers, directors, shareholders, agents, contractors, and employees, in their corporate and individual capacities, arising out of or related to the Agreement.

4.3.6 You are in compliance with our then-current qualification and training requirements as set forth in the Manual or elsewhere.

4.3.7 You pay us a renewal fee equal to Five Thousand Dollars (\$5,000).

#### 4.4 Successor Franchise Agreement

If you wish to exercise your right to enter into a successor Franchise Agreement, you must do so by executing our then-current form of Franchise Agreement, which agreement will supersede this Agreement.

4.4.1 The terms of any successor Franchise Agreement may differ from the terms of this Agreement. Such differences may include, without limitation, a change in the Royalty Fee, Worldwide Creative Marketing Fee and other fees imposed upon you for any such Successor Franchise Term.

4.4.2 You shall exercise your right to obtain a successor franchise for a Successor Franchise Term in the following manner:

(a) Not less than one hundred eighty (180) days, but no more than two hundred forty (240) days, prior to the expiration of the Initial Term, you shall, by written notice, inform us of your intention to exercise your successor franchise right.

(b) Within thirty (30) days after receipt of your request, if you have complied with all conditions precedent to obtaining a successor franchise stated in Section 4.3, we will deliver to you a copy of our then-current Disclosure Document (including our then-current Franchise Agreement), and promptly upon receiving it you must acknowledge having received it.

(c) No sooner than fourteen (14) days but no more than twenty (20) days after you receive our then-current Disclosure Document (including our then-current Franchise Agreement), you must, by written notice, notify us as to whether or not you elect to execute our then-current form of Franchise Agreement.



(d) Promptly upon receipt of your notice of your election to execute our then-current Franchise Agreement, we will deliver to you then current Franchise Agreement for your execution. Promptly upon receipt thereof you shall execute said Franchise Agreement and return the same to us with the Renewal Fee then due and payable.

(e) If you fail to perform any of the acts or fail to deliver any of the notices required pursuant to the provisions of subsections (a), (b), (c) or (d) of this Section 4.4.2 in a timely fashion, your failure will be deemed an election by you not to obtain a successor franchise, and your renewal right will expire without further notice or action by us.

(f) If you exercise your right to obtain a successor franchise in the manner described above, and if on the date the Initial Term expires you have complied with all of the conditions set forth in Section 4.3, we will execute the successor Franchise Agreement previously executed by you and shall, promptly after expiration of the Initial Term, deliver one (1) fully executed copy of the successor Franchise Agreement to you.

#### 4.5 Notice Requirement

If applicable law requires that we give notice of expiration to you prior to the expiration of the Initial Term, this Agreement shall be deemed to remain in effect on a month-to-month basis until we have given to you that notice of expiration so required and the applicable period required to pass before the notice becomes effective shall have expired.

### **ARTICLE 5** **OUR DUTIES**

#### 5.1 Confidential Operations Manual

5.1.1 We will, in conformity with the terms and conditions of this Agreement, provide to you with access to our Confidential Operations Manual (the “Manual”) via the intranet website that we have established. Use of any part or all of the Manual shall be only as permitted under this Agreement and during the Initial Term.

5.1.2 You acknowledge that we have developed or we may in the future develop a restricted intranet or another Website for the convenience of us, our franchisees and other parties we designate. You further acknowledge that we may post the Manual and other communications on this intranet or another website to which you will have access. You agree to periodically monitor the site for any updates to the Manual or other standards, specifications and procedures. Any passwords or other digital identifications necessary to access the Manual on such a site will be deemed to be part of the Confidential Information. Further, you agree that you will establish the channels of communication with us and your customers as required by us from time to time, including e-mail, internet and other electronic forms of communication, and that you will acquire and maintain any computer or other components necessary for the transmission of such communications. Further, you agree that you will actively and regularly monitor these communication channels and communications from us every 24 hours. We may establish policies and procedures for the intranet’s and extranet’s use that will be outlined in the Manual. You acknowledge that, as administrator of the extranet, we can access and view any communication that any person posts on the extranet. You further acknowledge that the extranet facility and all communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert.

## 5.2 Additional Materials

In addition to any other training offered to you, we may from time to time furnish to you other documents and things comprising Copyrights or Know How, including instructions, data, materials, forms or other information developed by us in connection with the operation of the System. We have the right to incorporate such matters in our Manual and you shall be required to conduct the operations of the Franchised Business in accordance with them.

## 5.3 HQ Initial Training

With respect to new franchisees (and not renewal franchisees), within thirty (30) days after the execution of this Agreement and receiving your home care agency license when applicable, you and your manager must have satisfactorily completed our initial training program (the "HQ Initial Training") at our headquarters or at such other location(s) as we will designate. If you and your manager fail to complete the HQ Initial Training to our satisfaction within such thirty (30) days, we may elect to terminate the Franchise Agreement. If you are a corporation, a limited liability company or a partnership, your duty to complete the HQ Initial Training shall be discharged by the completion of such HQ Initial Training by any shareholder owning at least fifty (50%) percent of the issued and outstanding shares of said corporation, or the chief executive officer thereof, or, in the case of a limited liability company, by any holder of at least fifty percent (50%) of the membership interests, or, in the case of a partnership, by any holder of at least fifty (50%) percent of the partnership's equity. HQ Initial Training will include training regarding operational, management and marketing training. HQ Initial Training will be offered to you and your manager (for a maximum of two (2) trainees), but you are solely responsible for your trainees' expenses, as described below. If you request additional trainees attend the HQ Initial Training with you and your manager, then you will pay then-current per person training fee as well as the trainees' expenses, as described below.

5.3.1 We will pay no compensation for any services performed by you in the course of training. You shall pay all reasonable expenses incurred by you and your trainee(s) in connection with and during such training, including, but not limited to, transportation, meals, lodging, applicable wages and other expenses.

5.3.2 We reserve the right to determine the subject matter and content of our Training Program. We will provide to you our FAST-Start Pre-Training Modules that you must complete at your home prior to attending the Training Program. We may include other forms of online training, including but limited to webinars and tutorials.

5.3.3 We will provide such additional advisory assistance and training as we deem advisable in the operation of the System, on such terms and conditions as we determine and as set forth in our Manual or otherwise. We may, in our sole and exclusive discretion, cause our representatives to telephone or visit you from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing your overall performance and determining whether you are conducting the Franchised Business in compliance with the standards of the System. You shall comply with all such requests and visitations, and provide all information requested.

5.3.4 We reserve the right to elect or decline to train any number of individuals representing any number of franchises individually, or at the same time.

5.3.5 In the event of a valid and complete assignment of the Franchised Business by you to a third party (as provided for later), we will train such third party in the same manner and under the same circumstances as those described above, except that the new franchisee must pay to us our then-current

training fee for each individual required or designated to be trained (in addition to any fees or other requirements attendant to the assignment).

5.3.6 We may waive the training requirements of any personnel if we will determine, in our sole discretion, that such personnel have the skill, experience and/or training necessary to operate in accordance with the System.

5.3.7 Additional On-Site Training or Assistance. If you request that we provide additional on-site training or assistance, you shall pay our then-current per diem fee for each trainer/representative we send to provide the training or assistance, and you must reimburse the costs our personnel incur, including, but not limited to, travel, lodging and meals.

5.3.8 If we determine that any of your managers are not qualified to act as your manager, we reserve the right to require you to replace that manager and send the replacement manager to our HQ Training. You must pay our then-current training fee for any replacement manager(s), and you must pay your manager's costs while attending the Training Program, as described in Section 5.3.1 above.

5.3.9 Before you can schedule your HQ Initial Training, you must receive our approval of your grand opening advertising plan, you have pre-paid us or your third-party suppliers of the grand opening advertising campaign, and the automatic debit program must be ready for use.

5.3.10 If you request that we provide our HQ Initial Training to you, additional employees, new employees or if any individual will attend more than one (1) session during the term of your Franchise Agreement, you must pay our then-current training fee and your trainees' expenses, including transportation, lodging, meals and wages. .

#### 5.4 Compliance with Manual

In order to maintain uniformity of concept and quality, all proprietary materials and forms used by you shall be purchased from us, our affiliates or other suppliers we designate in accordance with the terms and procedures set forth in the Manual. The use or sale of unapproved products or services will be a material and incurable breach of this Agreement. We will, at all times during the term of this Agreement, provide information pertaining to sources of supply of any products or materials which may be used in the System.

#### 5.5 Computer System

We may specify the particular computer system (including hardware, software and peripheral equipment) which you must purchase or lease, or we may set forth our minimum specifications for your computer hardware and peripheral equipment (the "Computer System"). We may also designate vendors, approved suppliers or service providers you must use in the operations of your Franchise Business. Our specifications will be contained in the Manual. Our detailed specifications for your computer system are included in our Manual.

You must have a high-speed internet service with internet access and e-mail. We will have unlimited, independent access to your computer system at all times during the term of your Franchise Agreement, and you must make sure that we have this access, at your expense. We may download any data relating to your Business from your computer, with no compensation to you. Y

You shall comply with all specifications issued by us with respect to the Computer System, and with respect to upgrades to the Computer System. You shall also afford us unimpeded access to your Computer System as we may request, in the manner, form, and at the times requested by us.

#### 5.6 Force Majeure

Delays in the performance by us or our designee of any obligations in this Agreement which are not our fault of or within our reasonable control including, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, shall not give rise to a default by us in this Agreement. Rather, you will be required to extend the time of performance of any such obligations for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances.

#### 5.7 Conferences, Meetings, Seminars

We may offer periodic conferences, meetings, or seminars to our franchisees. We may charge for you and/or your manager to attend a conference, meeting, or seminar. We may require you and/or your manager to attend a conference, meeting, or seminar. If attendance at the conference is mandatory, we will not charge you a fee for attending the conference, but you must pay for all of your attendees' expenses while attending the conference, including travel, lodging, meals and wages. If attendance at a conference is mandatory and you do not attend, we may charge you a fee of Two Thousand Dollars (\$2,000).

#### 5.8 Approved Suppliers

We shall provide a list of approved suppliers from time to time as we deem appropriate.

#### 5.9 Advertising Cooperative

We may establish and administer advertising cooperatives in accordance with Article 11

### **ARTICLE 6** **CONFIDENTIAL OPERATIONS MANUAL**

#### 6.1 Conduct of Franchised Business

In order to protect our reputation and goodwill, as well as the System and Proprietary Properties, and in order to maintain requisite operating standards under the Marks, you must conduct your Franchised Business in strict accordance with the provisions, standards, policies and procedures set forth in this Agreement and in the Manual.

#### 6.2 Confidential Information

You must at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in this Agreement as Confidential Information and Know How, and must use all efforts to maintain such information as secret and confidential in accordance with the terms and conditions governing Know How and Copyrights, including, without limitation, the following: you must not, at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The persons who are authorized will include your management personnel who have executed the Employee Non-competition and Non-disclosure Agreement, annexed hereto as Attachment 2.

#### 6.3 Our Sole Property

The Manual will always be our sole property, and must be returned to us, destroyed or electronically deleted immediately upon expiration or termination of this Agreement.

#### 6.4 Revisions

We may, from time to time, revise the contents of the Manual when we reasonably consider such revisions to be necessary to improve or maintain the standards of the System, and you expressly agree to comply with each new or changed standard, provided, however, that such revisions are made for all franchisees and are reasonable in nature. Any revisions to the contents of the Manual are effective seven (7) days after the date of mailing or providing same electronically of such revisions to you, unless we otherwise specify.

You acknowledge the contents of the Manual and any revisions or modifications we make to it will constitute additional provisions of and modifications to this Agreement, as if fully set forth in this Agreement.

#### 6.5 Modification of Standards

We and you acknowledge there may be circumstances that require you to modify the implementation of the standards and guidelines set forth in the Manual. We and you recognize the Manual is an operational guideline for conducting your business operations and, although you shall use your best efforts to faithfully follow the standards and guidelines set forth in the Manual, we will be permitted to make additions to, deletions from, or revisions to the Manual (“Supplements to the Manual”), all of which will be considered a part of the Manual. Supplements to the Manual will become binding on you as if originally set forth in the Manual, upon our delivering them to you. The Manual and any Supplements to the Manual are material in that they will affect the operation of the Franchised Business, but they will not conflict with or materially alter your rights and obligations under this Agreement. We are permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Manual at any time, by addition, deletion or other modification to the provisions thereof, and such modification shall be made in our sole judgment. Such modifications may obligate you to invest additional capital in the Franchised Business (“Capital Modifications”) and/or incur higher operating costs.

#### 6.6 Improvements

To the extent that any improvements, inventions or discoveries are made by you, or your employees or agents, during the course of this Agreement and relating to the Proprietary Properties or System (“improvements”), such improvements will be deemed assigned to and owned by us for the purpose of improving the entirety of the franchised network and the provision of services in accordance with the System. All documents and other information concerning any such improvements shall be disclosed to us promptly after creation or invention. We will, in our sole discretion, decide whether such improvements are worthy of inclusion in the System and the best and most practical method of implementation and protection. You promise to assign to us any rights you may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights to the Improvement. You agree to assist us in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights.

### **ARTICLE 7**

#### **MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS**

##### 7.1 Ownership of Marks

We are the owner of the Marks. The license granted to you in Section 2.1 does not grant to you any right, title or interest, at law or in equity, in or to any of the Proprietary Properties, including the Marks, Copyrights, and Know How, except as provided by said license. Further, such license applies only to those portions of the Proprietary Properties which have been, or may be, designated in writing by us for use by

you in conjunction with the operation of the Franchised Business. You shall not represent to others, or conduct yourself in any manner that might indicate to others, that you possess any other legal or equitable rights in or to the Proprietary Properties by virtue of the limited license granted in this Agreement. Your execution of this Agreement constitutes your consent that the Marks, Copyrights and Know How are valid and enforceable (without defense or recourse). You represent and warrant that you will not attack the validity or enforceability of any of the Proprietary Properties, or assist another in any such attack, during the course of this Agreement or later. The terms of this paragraph will survive termination or expiration of this Agreement for any reason, in addition to any of the other remedies or survival provisions otherwise contained in this Agreement.

## 7.2 Quality Standards

You agree that the nature and quality of all services rendered by you in connection with the Marks; all goods sold by you under the Marks; and all related advertising, promotional and other related use of the Marks by you will conform to standards set by us and be under our control.

## 7.3 Quality Maintenance

You agree to cooperate with us in facilitating our control of the nature and quality of our Marks, to permit reasonable inspection of your operation, and to supply us with specimens of all uses of the Marks upon request. You shall comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, distribution and advertising of services and goods which may be covered by this Agreement.

## 7.4 No Act in Derogation

You shall not do or permit any act in derogation of any of our rights to the Proprietary Properties.

## 7.5 No Dispute

You shall not contest or dispute our title to any part or all of the Proprietary Properties.

## 7.6 Use of Proprietary Properties

You shall use the Proprietary Properties solely in accordance with this Agreement and the Manual.

You agree to use the Marks only in the form and manner and with appropriate legends as prescribed from time to time by us, and not to use any other service marks or trademark in combination with any of the Marks without our prior written approval.

## 7.7 Trade Name; Doing Business As

You shall not use the Proprietary Properties, or any words, phrases, symbols, trade dress, colors, logos or materials which we deem confusingly similar thereto (including, but not limited to “Golden”, “Heart” or “Golden Heart”), in your trade name, corporate name or other legal name or identification (or for any other purpose) without our prior written approval. In that connection, you must identify yourself to the public as doing business as “Golden Heart Senior Care” in the form and using such language as we may designate.

During the term of this Agreement and any renewal or extension hereof, you shall identify yourself as an independent owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate in writing. The identification shall be in the form which states your name, followed

by the words “Independent Owner & Operator” or “Independently Owned & Operated” or “Independently Owned & Operated Franchise”, or such other identification as shall be approved by us.

#### 7.8 Discontinuance of Use of Telephone Numbers

In addition to all post-termination provisions contained in this Agreement, you agree that after the expiration or termination of this Agreement, you must discontinue the use of the telephone number(s) of the Franchised Business and must not advertise in any telephone directory under the name “Golden Heart Senior Care” or any other name, phrase or logo used by the System, must discontinue use of any or all of the Proprietary Properties, and not use any words, phrases, logos, designs, colors, trade dress or the like that in any manner may cause customer confusion, or resemble, be confusingly similar to, or be a colorable imitation of the Proprietary Properties. Additionally, upon our demand, you must direct your local telephone company to transfer such telephone number(s) to us or our designee by utilization of the Assignment of Telephone Numbers form to be executed by you (attached as Attachment 3). If you fail promptly to direct your telephone company to effect such transfer, by executing this Agreement you irrevocably appoint us as your attorney-in-fact to so act.

#### 7.9 Our Right to Defend

If you receive notice of or learn of any actual or potential claim, suit or demand that has been or may be asserted against you or us involving any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Properties, you must promptly notify us of any such actual or potential claim, suit or demand. Thereupon, we will promptly take such action as we may deem necessary in our sole discretion to address any such claim. We have the sole right to defend, compromise or settle any such claim, using attorneys of our own choosing, and you agree to cooperate fully with us in connection with the defense of any such claim. We will protect, defend and indemnify you in connection with such claim unless the claim, suit or demand arises out of or relates to your use of the Proprietary Properties in violation of this Agreement, the Manual or otherwise.

#### 7.10 Notification of Infringement

If you learn of any unauthorized use of the Proprietary Properties, you must promptly notify us of the facts relating to such alleged infringing use. We will, in our discretion, determine whether or not to take any action with respect to such information. You will have no right to take any action with respect to any unauthorized use of the Proprietary Properties without our prior written consent.

You agree to notify us of any unauthorized use of the Marks by others promptly as it comes to your attention. We will have the sole right and discretion to bring infringement or unfair competition proceedings involving the Marks.

#### 7.11 Limited License; Modification of Proprietary Properties

You understand and agree that the limited license to use the Proprietary Properties granted hereby applies only to such properties as are designated by us, together with those which may later be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Proprietary Properties by virtue of the limited license granted in this Agreement, or by virtue of your use or creation of any of the Proprietary Properties, or upon any other basis.

If it becomes advisable at any time, in our discretion, to modify or discontinue use of any aspect of the Proprietary Properties and/or to adopt or use one or more additional or substitute items, then you shall be obligated to comply with any such instruction by us. You waive any claim arising from or relating to any change, modification or substitution to the Proprietary Properties. We will not be liable to you for any

expenses, losses or damages sustained by you as a result of any such addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

**ARTICLE 8**  
**PAYMENTS TO US**

**The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and the franchisee is open for business.**

**Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by Multi-Territory Developers shall be deferred until the first franchise under the Multi-Territory Development Agreement opens.**

**In the state of South Dakota, we will defer the payment of the Initial Franchise Fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.**

8.1 Initial Franchise Fee

8.1.1 Upon execution of this Agreement and to initiate the franchise rights conveyed in this Agreement, you shall pay to us an non-refundable Initial Franchise Fee in the amount of Forty Five Thousand Dollars (\$45,000) with not less than thirty thousand (30,000) people aged sixty five (65) and older, as determined by U.S. Census data. The Initial Franchise Fee shall be paid in a lump sum upon execution of this Agreement in the manner we prescribe and is fully earned when paid to us.

8.1.2 In the event this Agreement is for a Franchised Business being developed pursuant to a multi-territory development agreement, then the initial franchise fee shall be reduced by any amount applied by us from the development fee paid by you pursuant to the terms of such multi-territory development agreement. Any remaining portion of the initial franchise fee due shall be paid on the date you execute this Agreement.

8.2 Continuing Royalty Fee, Definition of Gross Revenue

8.2.1 During the term of this Agreement, and any Successor Franchise Term, we shall collect from you, in partial consideration for the rights herein granted, a continuing monthly royalty fee (“Royalty Fee”). Such Royalty Fee shall be due and payable each month based on the Gross Revenue of the Franchised Business for the preceding calendar month so that it is received by us by electronic funds transfer (“EFT”) on or before the fifth (5<sup>th</sup>) day of each month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day. The first Royalty Fee due and payable to us during the Initial Term of this Agreement shall be for the first full calendar month ninety (90) days following the Effective Date of this Agreement, and thereafter as provided in the below table:

<b>Calendar months from Effective Date</b>	<b>Royalty Fee (per calendar month)</b>
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Forth (4 <sup>th</sup> ) through twenty fourth (24)	The greater of five percent (5%) of Gross Revenue or Five Hundred Dollars (\$500)
Twenty fifth (25 <sup>th</sup> ) through thirty sixth (36 <sup>th</sup> )	The greater of five percent (5%) of Gross Revenue or Seven Hundred Fifty Dollars (\$750)
Thirty seventh (37 <sup>th</sup> ) through forty eighth (48 <sup>th</sup> )	The greater of five percent (5%) of Gross Revenue or One Thousand Dollars (\$1,000)
Forty ninth (49 <sup>th</sup> ) through fifty ninth (59 <sup>th</sup> )	The greater of five percent (5%) of Gross Revenue or Fifteen Hundred Dollars (\$1,500)
Sixtieth (60 <sup>th</sup> ) and each following month	The greater of five percent (5%) of Gross Revenue or Two Thousand Dollars (\$2,000)

8.2.2 The term “Gross Revenue” means the total of all billed or billable revenue derived from services performed by your Business, whether owed to you or paid to you and including all receipts evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.

8.2.3 Each such Royalty Fee shall be preceded by a royalty report itemizing the Gross Revenue for the preceding calendar month in the format that we require (“Royalty Report”). You shall provide us with Royalty Report by the fifth (5<sup>th</sup>) day of each month for the previous calendar month (or next business day if such day is not a business day) by email or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct.

### 8.3 Delayed Opening Fee

You will be to us an ongoing non-refundable fee if the Business is not operating by the Commencement Date (“Delayed Opening Fee”). You will pay to us a Delayed Opening Fee if:

- (a) if a home care agency license is required by applicable law and you have not submitted an application for to operate as a home care agency, or similar entity, to your State Agency within one hundred eighty (180) days of the date of the Franchise Agreement, or you have not completed HQ Initial Training within one hundred eighty (180) days of the date of the Franchise Agreement. You shall pay to us a daily ongoing non-fundable fee of One Hundred Dollars (\$100.00) until you the date you have submitted the application to the proper State Agency and have satisfactorily completed HQ Initial Training. If two hundred seventy (270) days from the date of the Franchise Agreement, you still have not applied for a home care agency license or satisfactorily completed the HQ Initial Training, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have provided us with proof that you have applied for a home care agency license and completed HQ Initial Training.
- (b) if a home care agency license is not required by applicable law and after one hundred eighty (180) days from the Effective Date of this Agreement, you have not completed the HQ Initial Training, you shall pay to us a daily ongoing non-fundable fee of One Hundred Dollars (\$100.00) until you have satisfactorily completed the HQ Initial Training. If two hundred seventy (270) days from the date of the Franchise Agreement, you have not satisfactorily completed the HQ Initial Training, we may terminate your Franchise Agreement or we may require you to continue paying this fee until you have satisfactorily completed the HQ Initial Training.

#### 8.4 Prompt Payment

You agree to pay promptly, when due, all taxes and assessments that may be assessed or otherwise due against your income, premises, equipment and/or supplies used in connection with your business, to discharge all liens and encumbrances of every kind and character created or placed upon or against any of said property and to pay all accounts and other indebtedness of every kind incurred by you in the conduct of said business. In the event you should default in making any such payment, we will be authorized, but not required, to pay the same on your behalf, and you covenant promptly to reimburse us for any such payment. We will also maintain the right of set off to permit deductions of any such amounts from payments that may be due you in this Agreement. Any such amounts advanced by us shall be due and payable immediately on your receipt of written demand from us.

#### 8.5 Default

Any default by you in the timely payment of any indebtedness of yours owing to us, or to any affiliate of ours, or your default in the payment of any indebtedness with respect to which we or any of our affiliates is a guarantor, co-signer, endorser or obligor, shall constitute a breach of this Agreement, rendering the same subject to termination in accordance with the provisions of Article 17 hereof.

#### 8.6 Application of Funds; Our Right of Set Off

You waive any and all existing and future claims and set offs against any amounts due us in this Agreement, which amounts shall be paid when due regardless of any other claims which you may have against us. However, we will be entitled to apply or cause to be applied against amounts due to us any amounts which may from time to time be held by us on your behalf or be owed to you by us. Notwithstanding any designation by you, we will use sound business judgment and be reasonable in applying any payments received from you, whether designated as payable to us, our affiliates or otherwise, to any past due or other indebtedness of yours for fees, purchases, interest or otherwise. We may set off from any amounts that may be owed to you any amount that you owe to us or with respect to any payment. You agree that you will not withhold any amounts otherwise due us as a result of any dispute of any nature, but will pay such amounts to us and only later seek reimbursement.

#### 8.7 Interest on Late Payments

All amounts which you owe us (including Royalty Fees), if not paid within three (3) business days after the due date, will bear interest beginning after their original due date at one percent (1%) per month or the highest commercial contract interest rate the law allows, whichever is less. We use an automatic debit program for the Business, and may debit your account automatically for these amounts. You acknowledge that this Section 8.7 is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Business. You further acknowledge that your failure to pay all amounts that you owe us when due constitutes grounds for our terminating this Agreement under Article 17, notwithstanding this Section.

#### 8.8 Method of Payment – Automatic Debit Program

At our request, you must sign and deliver to us the documents we require to authorize us to debit your business operating account automatically for the Royalty Fee, and other amounts due under this Agreement or any related agreement between us (or our affiliates) and you. We use an automatic debit program for the Golden Heart Senior Care Business, and we will debit your account for these amounts on the applicable dates. You agree to make the funds available for withdrawal by electronic funds transfer (“EFT”) manner we require, including but not limited to wire transfers and Automatic Clearing House (“ACH”) payment, before each due date.

### 8.9 Worldwide Creative Marketing Fee

In addition to the Royalty Fee described in Section 8.2 above, you agree to pay to us a worldwide creative marketing fee (“Worldwide Creative Marketing Fee”). The Worldwide Creative Marketing Fee shall be paid to us as follows:

<b>Calendar months from Effective Date</b>	<b>Worldwide Creative Marketing Fee (per calendar month)</b>
First (1 <sup>st</sup> ) full month ninety (90) days from the Effective Date of this Agreement and continuing for twenty four (24) months	The greater of two percent (2%) of Gross Revenue or Two Hundred Dollars (\$200)
Twenty fifth (25 <sup>th</sup> ) through thirty sixth (36 <sup>th</sup> )	The greater of two percent (2%) of Gross Revenue or Three Hundred Dollars (\$300)
Thirty seventh (37 <sup>th</sup> ) through forty eighth (48 <sup>th</sup> )	The greater of two percent (2%) of Gross Revenue or Four Hundred Dollars (\$400)
Forty ninth (49 <sup>th</sup> ) through sixtieth (60 <sup>th</sup> )	The greater of two percent (2%) of Gross Revenue or Six Hundred Dollars (\$600)
Sixty first (61 <sup>st</sup> ) and each following month	The greater of two percent (2%) of Gross Revenue or Eight Hundred Dollars (\$800)

Such Worldwide Creative Marketing Fee shall be contributed to a Worldwide Creative Marketing Fund maintained by us, as described in Section 11.4 below. The Worldwide Creative Marketing Fee is payable to us at the same time and in the same manner as the Royalty Fee. If we elect to contribute any allowances, rebates or other payments to the Worldwide Creative Marketing Fund, it shall not diminish or eliminate your obligation to pay the Worldwide Creative Marketing Fee.

### 8.10 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account by EFT in the amount of the Royalty Fee, Worldwide Creative Marketing Fee and any other payments due to us and/or our affiliates. If you do not report the Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Worldwide Creative Marketing Fee that we debited. If the Royalty Fee and Worldwide Creative Marketing Fee we debit are less than the Royalty Fee and Worldwide Creative Marketing Fee you actually owe to us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Worldwide Creative Marketing Fee we debit are greater than the Royalty Fee and Worldwide Creative Marketing Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account for the next payment due. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Section 8.7. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

You understand and acknowledge that we have the right, at our sole option upon thirty (30) days prior notice to you, to change periodically the timing and terms for payment of Royalty Fees, Worldwide Creative Marketing Fees and other amounts payable to us under this Agreement.

**ARTICLE 9**  
**YOUR OBLIGATIONS**

9.1 Your Obligations

Each component of the System is vital to us, to the network of other franchisees of the System and to the operation of the Franchised Business, as well as to the members of the public who have come to rely upon us and our franchise network for reliability and promptness. Compliance with each such component is of the essence to this Agreement. Hence, you undertake to conduct the Franchised Business at all times in full compliance with the System and each of its components. We may, from time to time, conduct market research and testing to determine consumer trends and salability of new products and services. You must cooperate by participating in our market research programs, test marketing new products and related services and providing timely reports and other relevant information regarding marketing research. In connection with such test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products and related services.

9.1.1 You shall operate the Franchised Business in an efficient and professional manner in accordance with the highest ethical and moral standards. You shall, as well, comply with all recommendations and standards of quality and service prescribed from time to time by us in the Manual or otherwise.

9.1.2 You shall be required to operate from your home or from a small office space approved by us, and all service calls will originate from your Accepted Location set forth in this Agreement. We do not evaluate or approve your home location, as a result, no site selection assistance is provided nor is any criteria issued. If you choose to operate from a leased office space, or if you must operate from a leased office space because your local ordinances or licensure requirements do not permit you to operate a home-based business, you must submit to us your written request of a site and include the forms and information we may request. If we do not accept in writing your request for a proposed site within thirty (30) days from receipt of your request, such site shall be deemed disapproved by us. If we cannot agree on a proposed site, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee. You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Business. We do not own the premises and lease it to you, nor will we lease the premises and then sublease it to you. You acknowledge and agree that our approval of your request is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the site or that your Franchised Business will be profitable. The Accepted Location shall be described in Attachment 1.

9.2 Development of Business

9.2.1 You acknowledge that time is of the essence. Subject to your compliance with the conditions stated in this Agreement, you shall open and commence business by thirty days (30) days following the date the Franchised Business is licensed to operate as a home care agency or similar entity, however, if a license to operate as a home care agency, or similar entity is not mandated by law, then you shall open and commence business no later than ninety (90) days following the Effective Date of this Agreement (“Commencement Date”).

9.2.2 You may not commence operations of your Franchised Business until: (1) you have the materials and supplies in accordance with the specifications we have approved; (2) the HQ Initial Training and any other then current training/certification requirements we provide has been completed to our satisfaction by all required persons; (3) the initial franchise fee and all other amounts due to us have been paid; (4) you have furnished us with all certificates of insurance required by the Franchise Agreement; (5) you have obtained all necessary governmental permits, licenses, authorizations and for the operation of

your Franchised Business; (6) we have signed a Franchise Agreement for the Business and you are in full compliance with all the terms of the Franchise Agreement; (7) we have reviewed and approved your grand opening advertising campaign to promote the opening of your Business, or we have collect the money from you and are conducting the campaign on your behalf (Franchise Agreement, Article 11.4); and (8) and the automatic debit program must be ready for use; and (9) all items in our opening checklist have been complied with to our satisfaction. If you do not make reasonable efforts to open your business by ninety (90) days from the Effective Date, we may terminate the Franchise Agreement without any refund any portion of the Initial Franchise Fee or other payments you have made to us.

### 9.3 Compliance with Laws and Good Business Practices

You must secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your Business. You must operate your Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You must, in all dealings with your customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Golden Heart Senior Care Businesses. You and your employees must wear any uniforms that we require, in the best interests of the System, to have all of our franchisees and their employees wear. Failure to wear such designated uniforms must cause us to provide you notice of violations of our systems and procedures and which could, in turn, lead to a notice of termination of this Agreement.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, will be good cause for immediate termination of this Agreement, as provided in Section 17.2 below.

### 9.4 Supervision of Franchised Business

You or your manager, who has completed the HQ Initial Training to our satisfaction and who has been approved by us, shall personally and directly operate and exercise daily supervision over the operation of the Franchised Business. You understand and acknowledge that even if you have a manager operate and exercise daily supervision over the operation of the Franchised Business, you shall nevertheless remain responsible for ensuring that the Franchised Business is operated according to our requirements and System standards, as well as our Manual and the terms of this Agreement. If you are a corporation, a limited liability company or a partnership, Section 5.3 provides the parameters for the individual approved to supervise the Franchised Business on your behalf.

### 9.5 Acknowledgments

You acknowledge that you are one of a number of franchisees, each of whose success depends in substantial part on the integrity, reputation and marketing efforts of each other franchisee. You further acknowledge that the value of the Marks and of membership in the System to you, to us and to each other

franchisee depends on the maintenance of uniform standards of quality, integrity and appearance. You further acknowledge that any action which impairs the reputation and goodwill of the Marks, impairs or adversely affects our objectives or brings us into disrepute, or departs from the uniform practices specified by us, will be likely to injure all members of the System.

#### 9.6 Our Directives

You agree that you will at all times adopt and follow all our directives concerning the appearance of your Premises, the quality and appearance of goods and services offered, the appearance of you and your staff, other business practices and other matters likely to affect the public perception of the System as a unified and reliable network of companies. You will offer all of, and only, the goods and services which we authorize.

#### 9.7 Variances

Complete and detailed uniformity under many varying conditions may not be possible or practicable, and we therefore reserve the right and privilege, at our sole and absolute discretion and as we may deem in the best interest of all concerned in any specific instance, to vary standards to accommodate special needs of you, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition which we deem to be of importance to the successful operation of such franchisee's business. Further, we may from time to time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of our rights, or an excuse from performance of any of your duties in this Agreement. We may at any time require you to commence full compliance with all of our standards and procedures. We will not under any circumstances be required to grant any variance to you. Nothing contained in this Article is intended to confer on you any right to compel us to grant a variance to you or to grant, withdraw or modify any variance given to any other franchisee. Such matters shall at all times remain within our sole and absolute discretion.

#### 9.8 Former Franchisees

You acknowledge that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with us, you and/or other members of the System, and to cause great injury to the reputation of the System and/or the Marks. You therefore agree as follows:

9.8.1 You will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by the Fund or by us or which bear any of the Marks; any other of our materials or publications, including, without limitation, the Manual; any directory or roster of franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the Golden Heart Senior Care Business or the System which is not available to the public.

9.8.2 You will not refer prospective customers to any former franchisee.

9.8.3 You will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.

9.8.4 If you observe any former franchisee using any of the Marks in any way, or utilizing business premises or motor vehicles from which the Marks and/or distinctive color scheme have

not been completely obliterated, you shall immediately report such observation to us, along with all details available to you.

9.8.5 You will not have any dealings with a former franchisee which you, under this Agreement, could not have with a person who has never been a Golden Heart Senior Care franchisee.

9.8.6 The provisions of this Section 9.8 shall apply to you as soon as you are on notice of the expiration or termination of another franchise agreement.

#### 9.9 Computer Hardware/Software

You shall (at your sole cost and expense) acquire computer hardware and software meeting our specifications including the Virtual Office Software selected and approved by us. You understand and acknowledge that the provider of our selected Virtual Office Software may, at any time and in their discretion, increase or decrease the fees you are required to pay to them and that such changes in pricing are outside of our control. You shall allow for unrestricted access to the Virtual Office software by us.

#### 9.10 Authorized Products and Services

Our reputation and goodwill are based upon, and can be maintained and enhanced only by the use of, high quality Products and Services and other related products and services. You agree, therefore, that you will only offer such Products and Services and other products and services that we will authorize for the Golden Heart Senior Care Business, including but not limited to any newly developed proprietary products or equipment by us. You further agree that you will not sell your Golden Heart Senior Care customer list(s) or customer contracts, or otherwise use your Golden Heart Senior Care customer list(s) for any purpose other than in connection with the operation of your Franchised Business. You agree that you will not, without our prior written approval, offer or sell any type of service or offer, sell or use any product that is not authorized by us for the Franchised Business. You further agree that any equipment used in Franchised Businesses shall not be used for any purpose other than the operation of your Franchised Business in compliance with this Agreement.

#### 9.11 Approved Products and Supplies

You agree that all products and supplies used in your Franchised Business shall comply with our specifications and quality standards. We will provide you with a list of approved products and supplies and shall from time to time issue revisions to it. If you wish to use any type or brand of product or supply item or wish to purchase products or supplies from a supplier that is not currently approved by us, you shall request from us approval of the proposed product, supply or supplier, and submit to us specifications, photographs, samples and/or other information requested by us. We will, within a reasonable time, determine whether such products, supplies or such supplier meets our specifications and standards and notify you whether you are authorized to use such product or supply item or purchase from such supplier. We may, in our discretion, assess a fee for the review of a proposed supplier, not to exceed One Thousand Dollars (\$1,000).

#### 9.12 Employees

You are required to meet our minimum standards for the selection of employees and independent contractors as set forth in the Manual. However, in no case shall we be considered an employer of your employees.

### 9.13 Caregiver Training; Industry Certifications

9.13.1 You shall offer such continuing training programs to your employees as are specified in the Manual at your sole expense. Caregiver training shall be completed utilizing an internet-based training system or other training methods as we may designate from time to time. If you are not able or qualified to train caregivers, you must use an internet-based training system from an approved third-party provider to train your caregivers, at your sole expense. If the state government or agency where the Franchised Business is located requires the use of a specific training program, then you must use the required program.

9.13.2 We require the caregivers to have a minimum of six (6) hours of annual continuing education through our training vendor or other approved training provider. If your State requires more than six (6) continuing education hours annually, then you must comply with the State requirement. Many states, counties and local jurisdictions require that home care agencies obtain professional licenses and accreditations to provide personal care to seniors. You acknowledge and agree that we shall retain the right to increase the minimum hours of annual continuing education by providing you with prior written notification.

### 9.14 Advertising

You shall comply with all of the obligations regarding advertising as are set forth in Article 11 of this Agreement.

### 9.15 Hours of Operation

You shall operate your Franchised Business during those hours as may be prescribed in the Manual, subject to applicable law.

### 9.16 Inspection

We or any of our authorized agents or representatives may, upon reasonable notice, inspect the Franchised Business during normal business hours to determine whether it is in compliance with this Agreement and with the System. You understand and consent to our ability to access all files, data, accounts, reports and the like resulting from your transmission of any required reports to us via computer.

### 9.17 Reports

You shall submit to us such reports regarding the Franchised Business as we reasonably request or as we prescribe in the Manual.

### 9.18 Good Faith

You shall act in good faith and use your best efforts to comply with your obligations under this Agreement, and shall cooperate with us in accomplishing the purposes of this Agreement. Further, you shall not directly or indirectly engage in any activities which would be detrimental to or interfere with the operation or reputation of the Franchised Business, us, the System, or the operations of any other franchisee.

### 9.19 Ethics

You agree to conduct your Business in a manner that complies with the terms and intent of this Agreement; with national, state and local laws, regulations and ordinances; and with our Code of Ethics (if and when adopted and published by us). You hereby authorize any federal, local or state body regulating or supervising businesses similar to the Franchised Business to release to us information related to complaints and to any disciplinary actions taken based upon your practices. You agree to notify us within



five (5) business days of any such complaints or disciplinary actions. You also agree to maintain all permits, certificates and licenses (necessary for your franchise operation) in good standing and in accordance with applicable laws and regulations.

9.20 Guarantee

Upon execution of this Agreement, your majority owners (if you are a corporate or limited liability entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership) shall each execute the Guarantee in the form annexed hereto as Attachment 4 of all obligations in this Agreement, including those of payment of money.

9.21 Minimum Performance Requirements

In order to maintain your rights under this Agreement, you shall, beginning with the twenty-fifth (25<sup>th</sup>) month from the Effective Date of this Agreement and continuing during the Initial Term, achieve a minimum level of Gross Revenue amounts for non-medical, in-home care services to retain your rights in the Franchise Agreement and to the Designated Territory.

Months from the Effective Date of the Agreement	Minimum Monthly Gross Revenue
25 <sup>th</sup> through 36 <sup>th</sup> month	\$15,000
37 <sup>th</sup> through 48 <sup>th</sup> month	\$20,000
49 <sup>th</sup> through 60 <sup>th</sup> month	\$30,000
61 <sup>st</sup> month and thereafter	\$40,000

If you do not achieve and/or maintain these minimums, you will be in default of your Franchise Agreement and you will be provided with a default notice for the first time you do not meet these minimums. If you fail to meet this minimum in any calendar month, you will receive a default notice from us for which you must cure the default (*i.e.*, achieve the minimum Gross Revenue amount) in the next calendar month. If you fail to achieve this minimum a second time during the term of this Agreement, we have the right to reduce or eliminate the size of your Designated Territory or we may terminate this Agreement upon notice to you, without providing you another opportunity to cure the default. Nothing in this Section 9.21 is intended to be construed as a representation of actual or potential financial performance of your Franchised Business, or a guarantee, warranty, or other representation of success or that you will achieve any particular level of revenue.

**ARTICLE 10**  
**INSURANCE**

10.1 You must have the required insurance policies within sixty (60) days of the Effective Date and prior to opening the Franchised Business for business. You must obtain the following insurance coverage under policies of insurance issued by the insurance carrier(s) that we designate or, if we do not designate a specific insurance carrier, by carriers having an A.M. Best rating of “A” or better: (1) comprehensive general and professional liability insurance coverages including Errors and Omissions coverage; (2) Workers’ Compensation or other employer’s liability insurance as well as any other insurance as may be required by statute or rule in the state in which your Franchised Business is located; (3) a surety bond; (4) Umbrella for Employment Practices Liability Insurance; and (5) automobile liability coverage, including coverage of owned, non-owned and hired vehicles. If you lease a space for your Business, you may need to obtain additional insurance coverages according to the terms of your lease. You must maintain all required policies in force during the entire term of this Agreement and any renewals thereof. We may periodically increase or decrease the amounts of coverage required under these insurance policies and

require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we so request, our directors, employees or shareholders) as additional insureds and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy.

10.2 Before the expiration of the term of each insurance policy, you must furnish us with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do that, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Franchised Business which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur.

10.3 Your obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Article 10.

10.4 If you fail or refuse to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Article 10, we will have the right, without waiver of any other remedies, to secure such insurance on your behalf, at your expense, through agents and insurance companies of our choosing, and to take all other action necessary to protect our interests in this Agreement, or in the alternative, we will have the right to terminate this Franchise Agreement.

## **ARTICLE 11** **ADVERTISING**

### 11.1 Our Approval of Materials

You shall use for your advertising and promotional activities only those materials, concepts and programs which have been furnished or approved in advance by us by specification in the Manual or otherwise. For any materials that we have not approved or that have not been approved within the immediately preceding twelve (12) month period, you must submit these materials to us for our review. We will have fifteen (15) days after receipt of the proposed advertising and promotional materials to notify you whether they have been accepted. Unless we provide our specific approval of the proposed materials, they are deemed not approved. Any advertising materials you submit to us for our review will become our property, and we may use or distribute these materials in any manner we deem appropriate, without compensation to you.

### 11.2 Website

At our option, we may establish one or more websites to advertise, market and promote Golden Heart Senior Care Businesses, the services they offer and sell, and/or the Golden Heart Senior Care Business franchise opportunity. You must not maintain a World Wide Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business without our prior written consent. We will establish your Internet domain name and Website, which will be a Website separate from our Website with a distinct domain name. We will have the sole authority to establish such domain name and Website, and you agree to assist us in customizing your Website for your Designated Territory. We will, at all times during the term of this Agreement, own your Website and

domain name, and we reserve the right to suspend your Website if it includes any unapproved or objectionable content.

### 11.3 Local Advertising

You acknowledge that the proper conduct of all promotion programs is not only necessary to the success of the Franchised Business, but is also likely to affect the goodwill and reputation of us, the Marks, and that of the System. In addition to the ongoing advertising contributions set forth herein, and subject to any allocation of your expenditures for local advertising to a Cooperative as described in Section 11.7, subject to our prior written approval, you shall conduct local and Web-based advertising and marketing in your Designated Territory, and you agree to spend the greater of One Thousand Dollars (\$1000) or one percent (1%) of Gross Revenue each month for local advertising in your Designated Territory, which may include internet advertising that has been pre-approved by us as described in Section 11.1 (“Local Advertising”). During the first three (3) months after the Commencement Date, you must submit to us a bi-weekly advertising report, in a form we specify, showing the advertising activities you conducted (the “Advertising Report”) during the previous period. Thereafter, you must submit the Advertising Report to us once every month. You shall also provide to us for our review and approval, not later than the week before Thanksgiving Day of each year, a proposed advertising budget and plan for the next calendar year.

We may, in our discretion, provide advertising, promotional materials, and services to you. Materials provided may include video and audiotapes, copy-ready print advertising materials, posters, banners and miscellaneous items. If we provide these items, you will receive one sample of each at no charge. If you want additional copies you must pay duplication costs. We may use both outside advertising and marketing agencies and internal staff to create advertising.

### 11.4 Grand Opening Advertising Campaign

You agree to expend Ten Thousand Dollars (\$10,000) on a grand opening advertising campaign to promote the opening of the Business (“Grand Opening Advertising Campaign”). You may not use the Grand Opening Advertising Campaign until it has received our approval. Any alterations made to the Grand Opening Advertising Campaign after we have approved it must be submitted to us for approval. We shall have sixty (60) days after receipt of your proposed Grand Opening Advertising Campaign to complete our review. We reserve the right to: (i) create a grand opening advertising campaign for you to conduct, or (ii) collect a non-refundable fee of Ten Thousand Dollars (\$10,000) and conduct the grand opening advertising campaign on your behalf. You agree to render such assistance to us as necessary to finalize the Grand Opening Advertising Campaign. Your grand opening advertising campaign must include the elements that we require, such as social media and internet advertising, lead purchasing, public relations and collateral materials/merchandise giveaways.

### 11.5 Worldwide Creative Marketing Fund

We may, in our discretion, administer a Worldwide Creative Marketing Fund for the purpose of advertising the System on a regional or national basis (the “Worldwide Creative Marketing Fund”). You agree to contribute to the Worldwide Creative Marketing Fund as described in Section 8.9 above. You agree that the Worldwide Creative Marketing Fund shall be maintained and administered by us or our designee as follows:

11.5.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Worldwide Creative Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Golden Heart Senior Care Businesses operating under the System. We may use monies from the

Worldwide Creative Marketing Fund to offset the cost of an annual meeting of our franchisees, and to ensure local marketing is achieved. We and our affiliates shall, with respect to Businesses operated by us, contribute to the Worldwide Creative Marketing Fund generally on the same basis as you. In administering the Worldwide Creative Marketing Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Worldwide Creative Marketing Fund for our reasonable expenses in managing the Worldwide Creative Marketing Fund; provided, however, that our reimbursements will not exceed twenty five percent (25%) of the Worldwide Creative Marketing Fund.

11.5.2 You agree that the Worldwide Creative Marketing Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting digital, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; Internet marketing; public relations activities; employing advertising agencies to assist therein; employing mystery shopper services; social media initiatives; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums you pay to the Worldwide Creative Marketing Fund will be maintained with our general funds and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Worldwide Creative Marketing Fund, such as salaries and overhead costs, and advertising programs for franchisees and the System, as described above. The Worldwide Creative Marketing Fund and its earnings shall not otherwise inure to our benefit. The Worldwide Creative Marketing Fund is operated solely as a conduit for collecting and expending the Worldwide Creative Marketing Fees as outlined above.

11.5.3 We will prepare an annual report regarding the operations of the Worldwide Creative Marketing Fund and we will share that with the Advisory Council annually.

11.5.4 Any monies remaining in the Worldwide Creative Marketing Fund at the end of any year will carry over to the next year. Although the Worldwide Creative Marketing Fund is intended to be of perpetual duration, we may terminate the Worldwide Creative Marketing Fund at any time. The Worldwide Creative Marketing Fund shall not be terminated, however, until all monies in the Worldwide Creative Marketing Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses, including those operated by us, without interest, on the basis of their respective contributions.

11.5.5 If we elect to terminate the Worldwide Creative Marketing Fund, we may, in our sole discretion, reinstate the Worldwide Creative Marketing Fund at any time. If we so choose to reinstate the Worldwide Creative Marketing Fund, said reinstated Worldwide Creative Marketing Fund shall be maintained as described herein.

11.5.6 No money in the Worldwide Creative Marketing Fund will be used to create and place advertising that is primarily a solicitation of franchise sales.

## 11.6 Advisory Counsel

We reserve the right to establish an advisory council to work with us to improve various aspects of our System, including advertising, merchandising, food products, and other items. If we choose to establish an advisory council, its members will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time. You understand and

agree that if you participate in an advisory council, you shall pay any expenses you incur related to such participation, such as travel and living expenses to attend meetings.

#### 11.7 Advertising Cooperative Funds

We may, in our discretion, create a regional advertising cooperative (“Cooperative”) in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area where your Business is located. In no event may the Business be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto. You shall contribute such amounts at the times and in the manner as determined by the Cooperative members. Any funds contributed to a Cooperative will be credited against your obligation to pay for Local Advertising as set forth in Section 8.2 above; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

11.7.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

11.7.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members’ use in Local Advertising within the Cooperative’s area;

11.7.3 the Cooperative must have written governing documents of its rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

11.7.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Business having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Businesses owned;

11.7.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

11.7.6 the Cooperative may require its members to contribute to it quarterly and in such amounts as it determines; provided, however, that in no event may contributions to the Cooperative exceed two percent (2%) of Gross Revenue;

11.7.7 no later than the fifteenth (15<sup>th</sup>) day following the close of each quarter, each member/franchisee must submit its contribution under Section 8.4.6 for the preceding quarter to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

11.7.8 if an impasse occurs because of a Cooperative members’ inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative’s establishment or effective functioning,

upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

## **ARTICLE 12**

### **REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS**

#### 12.1 Record Keeping

You promise to keep true and accurate records, including those which may be specified by us from time to time, from which all sums payable under this Agreement and the dates for which they accrued may be readily determined. You shall keep such records on your business premises at all times, unless we permit them to be kept at another location. In any event, you must at all times inform us of any change in the location of your records. You shall be required to make all data and records available to us, twenty-four (24) hours per day, seven (7) days per week, via a high speed internet connection.

#### 12.2 Reporting Systems

You agree to utilize such reporting and financial control systems as we may direct.

12.2.1 You must maintain on forms approved or provided by us the Royalty Report, monthly sales report and monthly profit and loss statement accurately reflecting the operations and condition of your Business.

12.2.2 You must employ such methods of filing, record-keeping, bookkeeping, accounting and reporting as we will from time to time reasonably require.

12.2.3 You must adopt and shall strictly adhere to such methods for control and protection of cash receipts (and of records pertaining thereto) as we may from time to time direct.

#### 12.3 Reports

To enable us to verify the Royalty Fees and other payments and contributions due in this Agreement and to monitor your progress and your compliance with this Agreement, in addition to reports otherwise required under this Agreement, you shall provide to us reports in such form as we may prescribe. In addition, we will, at all times, have on-line access to your reports.

Reports shall be deemed timely made if personally delivered to our offices, electronically transmitted to and received by us, or postmarked by the U.S. Postal Service (with proper first-class postage prepaid) on or before the required date.

#### 12.4 Audit

We and our authorized representatives shall have the right at all times during the business day to enter your Franchised Business or any other location where books and records relative to the Franchised Business are kept, and to inspect, copy and audit such books and records, including, without limitation, your state and federal income tax returns and state sales and use tax and personal property tax returns, and you hereby waive any privileges with regard to any tax returns. You must cooperate completely and in good faith with such audit, and shall provide and explain all records requested by such auditor or necessary to provide information sought by such auditor.

12.4.1 If such audit or inspection discloses that you have underpaid any sums due us under this Agreement, you shall pay the same immediately, together with interest thereon at the rate specified in Section 8.8.

12.4.2 If the audit is conducted due to your failure to provide required reports to us, or if any such inspection or audit reveals an understatement of two percent (2%) or more of any amounts reported by you to us, then you shall (a) pay to us any underpaid amounts together with interest thereon as described in Section 8.8, and (b) you shall reimburse us for the cost of such audit. In addition to any other rights we may have, including the right of termination of this Agreement, we may conduct such further periodic audits or inspections of your books and records as we reasonably deem necessary for up to one (1) year later at your sole expense, including, without limitation, reasonable professional fees, travel, and lodging expenses directly related to the audits or inspections.

12.4.3 In the event that there is a deficiency two (2) times in any twelve (12) month period, the second deficiency will be a material default of this Agreement and we will have the right to terminate this Agreement without providing you the opportunity to cure the default.

### **ARTICLE 13**

#### **INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

##### 13.1 Independent Parties

You and we agree that this Agreement establishes between us and you the relationship of franchisor and franchisee. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose whatsoever. Neither we nor you is the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent from one another. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither of us has the power to bind or obligate the other except specifically as set forth in this Agreement. You and we agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

13.1.1 We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in us being held liable for your debts or obligations.

13.1.2 All employees hired by or working for you shall be your employees and shall not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Each of the parties must file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments, with respect to its respective employees and operations, saving and indemnifying the other party of and from any liability of any nature whatsoever relating to those acts.

13.1.3 We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in us the power to hire, fire or control any such employee.

13.1.4 You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures

of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

### 13.2 Independent Contractor

During the Initial Term and any renewal, you must hold yourself out to the public as an independent contractor operating the business pursuant to a franchise granted by us. You must take such affirmative action as may be necessary to indicate same, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Premises, business cards and stationery, the content of which we reserve the right to specify.

### 13.3 Indemnification by You

You agree at all times to defend, at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (referred to collectively as “Indemnitees”) from all losses and expenses (as defined in this Agreement) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: your infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you; your violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions by you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; the inaccuracy, lack of authenticity, or non-disclosure of any information by you; any unapproved service provided by you at, from, or related to the operation at the Accepted Location; or any services provided by any affiliated or non-affiliated participating entity. For the purpose of this Section, the term “losses and expenses” shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys’ fees, experts’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. You agree to give us notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from our gross negligence or willful acts.

13.3.1 At your expense and risk, we may elect to assume (but under no circumstance are obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek your advice and counsel and shall keep you informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish your obligation to indemnify us and to hold us harmless.

13.3.2 All losses and expenses incurred under this Section 13.3 shall be chargeable to and paid by you pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense.



13.3.3 Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You shall hold harmless and indemnify Indemnitees for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

13.3.4 Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from you.

#### 13.4 Indemnification by Us

We agree at all times to defend, at our own cost, and to indemnify and hold harmless to the fullest extent permitted by law, you, your corporate parent, the corporate subsidiaries, affiliates, successors, assigns, and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses (as defined in this Agreement) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (a) our infringement or any other violation of any patent, trademark, or copyright or other proprietary right owned or controlled by third parties; (b) our violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; (c) libel, slander, or any other form of defamation by us; or (d) our violation or breach of any warranty, representation, agreement, or obligation in this Agreement. For the purpose of this Section, the term “losses and expenses” shall be deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys’ fees, experts’ fees, court costs, settlement amounts, judgments, compensation for damages to your reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. We agree to give you notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from your gross negligence.

### **ARTICLE 14** **CONFIDENTIAL INFORMATION**

14.1 You acknowledge that you will obtain knowledge of Confidential Information and Know How that is essential to the operation of the Franchised Business, without which information you could not effectively and efficiently operate. You further acknowledge that such Confidential Information was not known to Franchisee prior to execution of this Agreement. You further acknowledge and agree that all of the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

14.2 You shall not, during the term of this Agreement or at any time after it ends, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any Confidential Information or Know How concerning, among other things, customer identities and information, as well as the methods of operation of the Franchised Business in this Agreement which may be communicated to you, or of which you may become apprised, by virtue of your operation at the Accepted Location under this Agreement. You shall divulge such Confidential Information only to such of your employees or officers and directors who must have access to it in order to operate the Franchised Business. Any and all information, knowledge and Know How, including, without limitation, the materials, equipment, specifications, techniques, and other data which we designate as confidential shall be deemed

confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to our disclosure thereof; or which, at the time of disclosure by us to you, had become a part of the public domain through publication or communication by others; or which, after disclosure to you by us, becomes a part of the public domain through publication or communication by others.

14.2 You shall require all personnel having access to any Know How or Confidential Information provided by us, or otherwise playing a role in the solicitation or provision of the services or related services to customers, to execute covenants that they will maintain the confidentiality of information they received in connection with their employment or engagement by you, in accordance with the form provided as Attachment 2 hereto. It is expressly understood that we are designated as a third party beneficiary of such covenants with the independent right to enforce them.

14.3 You acknowledge that any actual or threatened failure to comply with the requirements of this Article 14 will cause us to suffer immediate and irreparable injury, non-compensable by the payment of mere money damages, permitting us with or without notice to seek immediate injunctive relief. You agree to pay all court costs and reasonable attorneys' fees incurred by us when we seek to obtain specific performance or an injunction against violation of the requirements of this Article 14.

## **ARTICLE 15**

### **COVENANTS NOT TO COMPETE**

#### 15.1 In-Term Covenants

You specifically acknowledge that, pursuant to this Agreement, you shall receive valuable training and Confidential Information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of us and the System, and that the covenants not to compete set forth below are fair and reasonable and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which afford you the opportunity to derive income from other endeavors. You covenant that during the term of this Agreement and for a period of two (2) years after it ends, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

15.1.1 Divert or attempt to divert any business or customer of the Franchised Business in this Agreement to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

15.1.2 Knowingly employ or seek to employ any person who is at that time employed by us or by any other franchisee of ours, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; or

15.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by you, and any other type of service which you may be authorized to render in this Agreement and sell any other products and services which you may be authorized to sell in this Agreement.

#### 15.2 Post-Term Covenants

You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article 16 hereof, and continuing for two (2) years later (and, if you are in violation of this covenant, for a period of two (2) years after you stop violating it), either directly or indirectly, for yourself, or through, on behalf of,

or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by you or any other type of service which you may be authorized to render in this Agreement:

15.2.1 Within a radius of fifty (50) miles of your premises or Accepted Location; or

15.2.2 Within a radius of fifty (50) miles of the location of any business using the System and/or the Marks, whether franchised or owned by us or our subsidiary or affiliated companies.

### 15.3 Amendment of Covenants

The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made part of this Article 15.

### 15.4 We May Amend Covenants

You understand and acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in Sections 15.1 and 15.2 of this Agreement, or any portion thereof, without your written consent, effective immediately upon your receipt of written notice thereof. You agree that you shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Article 15.

### 15.5 Existence of Claim

You expressly agree that the existence of any claim that you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article 15.

### 15.6 Injunction

You acknowledge that any threatened or actual failure to comply with the requirements of this Article 15 would cause us to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to the *ex parte* entry of an injunction prohibiting any conduct by you in violation of the terms of this Article 15. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement, statute, common law or otherwise.

### 15.7 Additional Covenants

At our request, you shall require and obtain execution of covenants identical in scope to those set forth in this Article 15 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

15.7.1 Any key persons employed by you who have received training from us;

15.7.2 All officers, directors and holders of a beneficial interest of five (5%) percent or more of the securities or interests of you, and of any corporation directly or indirectly controlling you, if you are a corporation or limited liability company;

15.7.3 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five (5%) percent or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership; and

15.7.4 Each covenant required to be executed pursuant to this Section 15.7 shall be on a form supplied by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 15.7 shall constitute a default under Section 17.2 hereof.

## **ARTICLE 16**

### **ASSIGNMENT AND RIGHT OF FIRST REFUSAL**

#### 16.1 Assignment by Us

We will have the right, without the need for your consent, to assign, transfer or sell our rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by us in this Agreement and you receive a statement from both us and our transferee to that effect. Upon such assignment and assumption, we will be under no further obligation in this Agreement, except for accrued liabilities, if any. You further agree and affirm that we may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, Marks (or any variation thereof) and System and/or the loss of association with or identification of Sarillian Management, LLC as Franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing.

You agree that we have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business, regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as "Golden Heart Senior Care" facilities operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which you acknowledge may be proximate to your location.

If we assign our rights in this Agreement, nothing in this Agreement shall be deemed to require us to remain in the business of providing non-medical in-home personal care, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services or to offer or sell any products or related services to you.

You acknowledge that we may assign this Agreement as part of a sale, transfer or other disposition of all or part of the System to an entity or entities which engage(s) in similar or competitive businesses. You acknowledge that any such successor shall be deemed to possess, in addition to all other rights, those specific rights reserved to us in Section 3.2 hereof.

## 16.2 Assignment by You

Neither your interest in this Franchise Agreement nor any of your rights or privileges in this Agreement, nor the Franchised Business nor any interest in this Agreement, may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, without our prior written consent, which shall not be unreasonably withheld, and without your first complying with Section 16.2.1 hereof. (The use of the term “assignment” in this Agreement encompasses any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting ownership or control interests in the Franchised Business.) Any actual or purported assignment of this Agreement or of the Franchised Business in violation of the terms hereof shall be null and void and shall constitute an incurable breach of this Agreement. The actual or purported transfer in the aggregate of more than fifty (50%) percent of the Franchised Business shall be deemed to be an “assignment” in this Agreement.

16.2.1 Our consent (such consent not to be unreasonably withheld) to any assignment is subject to the following conditions:

(a) The assignee must demonstrate that it has the skills, qualifications, licensing and economic resources necessary, in our judgment, to conduct the Franchised Business and to fulfill its obligations to you and to us.

(b) The assignee must expressly assume in writing all of your obligations under this Franchise Agreement.

(c) As of the date of any such assignment, you shall have fully complied with all of your obligations to us, whether under this Agreement or any other agreement, arrangement or understanding with us.

(d) The assignee must execute a new Franchise Agreement in the form and on the terms and conditions then being offered by us to franchisees (except that the assignee shall not be obligated to pay another Initial Franchise Fee). The term of such new Franchise Agreement shall expire on the expiration date of this Franchise Agreement.

(e) You shall pay us a transfer fee of Ten Thousand Dollars (\$10,000), except that if you transfer the Business to an existing franchisee in the System, the Transfer Fee will be reduced to Five Thousand Dollars (\$5,000).

(f) The assignee shall satisfactorily complete the training then required of all new franchisees.

(g) We will be furnished copies of the executed contract between you and any such assignee and all related documentation.

(h) You shall have executed a general release in a form satisfactory to us of any and all claims against us, our subsidiaries, affiliates, and designees, and our respective officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

(i) The assignee shall not be affiliated in any way with a competitor of ours.

16.2.2 Upon your death, or in the event you are determined to suffer any legal incapacity (or, if you are a corporation or partnership, then upon the death or legal incapacity of the shareholder or

partner responsible for the operation of Franchised Business), the transfer of your interest to your heirs, legatees, personal representatives or conservators, surviving partner(s) or fellow shareholder(s), as applicable, shall not constitute an “assignment” in this Agreement and shall not give rise to our right of first refusal to purchase the Franchised Business as set forth in Section 16.4 hereof, if the following conditions are met:

(a) The heirs, legatees, personal representatives, conservators, surviving partner(s) or fellow member(s) or shareholder(s), as applicable, meet our standards for qualification of new franchisees and agree in writing to be bound by the terms and conditions of this Agreement.

(b) Within ninety (90) days after your death or incapacity (or, if you are a corporation, limited liability company or a partnership, within ninety (90) days after the death or incapacity of the principal shareholder, member or partner responsible for the operation of the Franchised Business), a person designated by your heirs, legatees, personal representative(s), conservator(s), surviving partners or fellow shareholders, as applicable, shall have satisfactorily completed our then-current training requirements. If at the time of such death or incapacity you have employed a manager who has satisfactorily completed any version of our HQ Initial Training, this requirement shall be deemed satisfied.

(c) In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives, shall be charged to said account. If, as in this Agreement provided, we temporarily operate the Franchised Business franchised in this Agreement for you, you agree to indemnify and hold harmless us and any representative of ours who may act in this Agreement, from any and all acts which we may perform, as regards the interests of you or third parties.

### 16.3 Transfer to a Corporate Entity

In the event you wish to transfer your interest in this Agreement to a corporation, limited liability company or partnership formed by you solely for the convenience of ownership, you must obtain our prior written consent, which consent shall be granted if:

16.3.1 You shall be the owner of all the voting stock of the corporation (or membership interests of the limited liability company or equity interests of the partnership, as applicable) or, if you comprise more than one (1) individual, each such individual shall have the same proportionate ownership interest in the entity as it held in Franchised Business prior to the contemplated transfer; and

16.3.2 Appropriate forms of corporate resolutions and minutes, which have been duly adopted, are furnished to us prior to the transfer.

A transfer under this Section 16.3 may be effected one (1) time only during the term of this Agreement, and may be made without payment of a Transfer Fee.

### 16.4 Right of First Refusal

Your right to assign, transfer or sell your interest in this Agreement (voluntarily or by operation of law) and/or the Franchised Business, as provided above, shall be subject to our right of first refusal with

respect thereto. (We will maintain the option of waiving this right in writing.) That is, we will have the right to be offered by you the opportunity to purchase such interest in this Agreement and/or the Franchised Business on the terms and conditions which have been offered to and accepted by a third party in a wholly arms-length transaction. Our right of first refusal shall be exercised in the following manner:

16.4.1 You shall serve upon us a written notice setting forth all of the terms and conditions of the proposed assignment which shall specify the purchase price established by the parties and include reasonably complete information concerning the identity, financial standing and character of the proposed purchaser. You shall attach to such notice a copy of a binding agreement between you and the proposed purchaser, which agreement shall, however, be subject to cancellation if we exercise our right of first refusal in this Agreement or disapprove of the proposed transfer under Section 16.2.

16.4.2 Within thirty (30) days after our receipt of such notice (or, if we will request additional information, within thirty (30) days after receipt of such additional information), we may, at our option, purchase the Franchised Business upon the terms and conditions specified in the notice and the agreement attached thereto.

16.4.3 If we will elect not to exercise our right of first refusal and shall consent to an assignment, you shall, subject to the provisions of this Article, be free to assign this Agreement and/or the Franchised Business to such proposed assignee on the terms and conditions specified in said notice and the agreement attached thereto. If, however, the terms of such agreement shall be materially modified after submission thereof to us, we will have such right to evaluate such modified agreement for an additional thirty (30) days and, if we choose to do so, exercise our right of first refusal with respect thereto.

## 16.5 No Security Interests

You shall not have the right to pledge, encumber, hypothecate or otherwise give any third party any security interest in this Agreement or in the Proprietary Properties or the Franchised Business in any manner whatsoever without our express written permission, which permission may be withheld for any reason.

## 16.6 Buy Back Option

16.6.1 At our election, at any time during the Initial Term or any renewal thereof (but not in the event of expiration or termination by us for cause, we will have the right (but not the obligation) to purchase the Business, and its assets, at any time and for any reason which may include, but not be limited to, all of the furnishings, equipment, Computer System (including any point of sale and hardware and software systems), signage, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Business (collectively, the "Business Assets"), as well as the franchise granted under this Agreement. Our option shall be exercisable by providing you with ninety (90) days' written notice of our intention to exercise the option. You must sign all documents relating to the assignment and transfer as are reasonably necessary for purchase of the Business or its assets by us. The purchase price will be established by, and subject to, the following terms:

(a) If your Business has been open and in operation for less than one (1) year, the purchase price will be an amount equal to two hundred percent (200%) of the cumulative cost to you for all of the Business Assets.

(b) If your Business has been open and in operation for one (1) year or longer, the purchase price will be an amount equal to three (3) times your Business's EBITDA. "EBITDA" means, in respect of any twelve (12) month period, the Business earnings before interest on borrowed money,

income tax, depreciation and amortization, as determined in accordance with U.S. generally accepted accounting principles (commonly referred to as “GAAP”).

(c) If we elect to exercise our option to purchase the Business, we will have the right to set off all amounts due from you under this Agreement or any other agreements between the parties, and the cost of the appraisal, if any, against any payment to you.

(d) You understand that this may be a premium price above fair market value and does not vest any rights in you.

(e) The time for closing of the purchase and sale of the Business as described in this Section shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date.

16.6.2 EBITDA shall be calculated based on your Business’s net reported earnings as reported on your most recent income statement or balance sheet covering the preceding twelve (12) month period, plus, to the extent deducted in determining such net income and without duplication: (i) your interest expenses on borrowed money for such period; (ii) your current income taxes for such period; (iii) depreciation of the Business Assets for such period; and (iv) amortization of your Business for such period.

16.6.3 We reserve the right to adjust EBITDA for any expenses which we determine, in our discretion acting reasonably, are not customary or ordinary for the operation of a Golden Heart Senior Care Business, including, if you are a party to a multi-territory development agreement for the operation of more than one Business, expenses related to back office support, administration, bookkeeping and area supervision.

## **ARTICLE 17**

### **DEFAULT AND TERMINATION**

#### 17.1 Termination Without Notice

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

#### 17.2 Termination Without Right to Cure

Upon the occurrence of any of the following events, you shall be deemed to be in default and we may, in our sole and exclusive discretion, terminate this Agreement and all rights granted in this Agreement



without affording you any opportunity to cure the default. Termination under this Section shall be effective immediately upon the earlier of the occurrence of any of the following or receipt of notice by you:

17.2.1 If you abandon the Franchised Business by failing to operate such business for a period of ten (10) consecutive days, or any shorter period after which it is reasonable for us to conclude that you do not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond your reasonable control, but not due to your lack of adequate financing;

17.2.2 If you, or any owner or shareholder, director or officer of a corporate franchisee, or any member or manager of a limited liability company franchisee, or any partner or officer of a franchisee conducting business as a partnership, are/is convicted of a felony, a fraud, a crime involving moral turpitude or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks, or the goodwill associated with them;

17.2.3 If you make any material misrepresentation relating to the creation, acquisition or operation of the Franchised Business or engage in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, us or the System;

17.2.4 If you fail, for a period of ten (10) days after notification of non-compliance by any duly constituted authority, to comply with any federal, state or local law, regulation or requirement applicable to the operation of the Franchised Business, and fail promptly to notify us of such notification and the steps taken to cure any such non-compliance;

17.2.5 If you repeatedly fail to comply with one (1) or more requirements of this Agreement, whether or not such failures are ultimately corrected;

17.2.6 If a second default by you occurs within any twelve (12) month period, notwithstanding that a prior default was cured;

17.2.7 If your default under this Agreement is by its very nature incapable of being cured;

17.2.8 If you fail to attend and successfully complete the HQ Initial Training;

17.2.9 If you (or any of your shareholders, directors, officers, partners, members or employees) acquire any interest in a business similar to the Franchised Business, except that you or such other persons may own less than five percent (5%) of the shares of any company listed on any national or regional securities exchange or whose shares are traded through a recognized exchange;

17.2.10 If you engage in the unauthorized use or duplication of any aspect of our business, services or products;

17.2.11 If you engage in the unauthorized disclosure of any Confidential Information or Know How relating to us, the Franchised Business or the System;

17.2.12 If you sell, sublicense, assign or transfer any interest in this Agreement or the Franchised Business in violation of this Agreement;

17.2.13 If you violate any covenant not to compete set forth in Article 15 of this Agreement;

17.2.14 If you fail to pay the Initial Franchise Fee (or any balance thereof) or fail to commence the operation of the Franchised Business within the time provided in this Agreement;

17.2.15 If you misrepresent, substitute or “pass off” non-authentic services and/or products for or as our services and/or products;

17.2.16 If you knowingly maintain false books or records or submit any false reports to anyone;

17.2.17 If you purport to transfer any rights or obligations under this Agreement or any interest in you to any third party without our prior written consent or otherwise in violation of the terms of this Agreement;

17.2.18 If you violate any state or federal law or ordinance that in any manner relates to or impacts upon the provision of or ability to provide the Products and Services in this Agreement by you as an entity, or by any individuals who exercise any level of dominion or control over your operations, including, without limitation, a conviction based upon such a violation, allegation or charge of such violation without explanation that we will deem to be reasonably satisfactory, or failure on your part to inform us of the existence of, threat of, charge or allegation of, or conviction of such violation;

17.2.19 If you fail or refuse to provide the Products or perform the Services for your customers;

17.2.20 If you fail to comply with any other provision or requirement of this Agreement or the Manual;

17.2.21 If you fail to comply with all applicable laws and ordinances relating to the Business, including Anti-Terrorism Laws, or if your or any of your owners’ assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

17.2.22 If you fail to meet your minimum Gross Revenue requirement a second time during the term of this Agreement.

### 17.3 Termination with Right to Cure

Except as provided in Sections 17.1 and 17.2 of this Agreement, you shall have thirty (30) days after receipt from us of a written notice of termination in which to remedy any default in this Agreement (or, if the default cannot reasonably be cured within such thirty (30) days, to initiate within that time substantial and continuing action to cure the default) and to provide evidence thereof to us. If any default is not cured within that time (or if substantial and continuing action to cure the default is not initiated within that time), or such other period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon expiration of the thirty (30) day period, or such longer period as applicable law may require. Such defaults shall include, without limitation, the occurrence of any of the following events:

17.3.1 If you fail, refuse or neglect promptly to pay when due any monies owed to us (or our affiliates, subsidiaries or designees) or to your landlord (if applicable) or you fail, refuse or neglect promptly to submit financial or other information required by us under this Agreement, or make any false statements in connection with them;

17.3.2 If you fail to maintain and operate the Franchised Business in accordance with the provisions or requirements of this Agreement or the Manual;

17.3.3 If you fail to obtain our prior written approval or consent where the same is required pursuant to this Agreement;

17.3.4 If you misuse, or use in an unauthorized manner, any of the Marks, Know How or Copyrights or materially impair the goodwill associated with them or our rights in this Agreement;

17.3.5 If you participate in any business or in the marketing of any service or product under a name or mark which, in our opinion, is confusingly similar to any of the Marks;

17.3.6 If you offer or sell, as part of the Franchised Business, any unapproved service or fail to offer or provide on a regular basis all services which comprise part of the System;

17.3.7 If you, by act or omission, permit a violation of any law, ordinance, rule or regulation of any governmental entity to remain uncorrected in the absence of a good faith dispute over its applicability or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom;

17.3.8 If you fail to obtain and maintain all required insurance policies or fail to name us as an additional insured in this Agreement in accordance with the terms of this Agreement; or

17.3.9 If you fail to achieve the minimum Gross Revenue requirement and do not meet the required minimum in the calendar month immediately after the default.

#### 17.4 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

#### 17.5 Limitation on Rights of Termination

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination in this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such

constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute “good cause” for termination within the meaning ascribed to that term by any applicable law or regulation. We will not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination thereof.

#### 17.6 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach.

### **ARTICLE 18** **FURTHER OBLIGATIONS AND RIGHTS OF THE** **PARTIES UPON TERMINATION OR EXPIRATION**

#### 18.1 Discontinue Use of Proprietary Properties

In the event of termination or expiration of this Franchise Agreement, you shall forthwith discontinue the use of the Marks, Know How and Copyrights, and you shall not later operate or do business under any name or in any manner that might tend to give the general public the impression that you are in any manner affiliated with us or any “Golden Heart Senior Care” business, or any business similar thereto, and you shall not later use, in any manner, or for any purpose, directly or indirectly, any of our Confidential Information, knowledge or Know How concerning the operation, products, services, trade secrets, procedures, policies, techniques or materials or by virtue of the relationship established by this Agreement, including, without limitation, the following:

18.1.1 Standards, specifications or descriptions of our Products and Services;

18.1.2 Our Manual and any supplements thereto;

18.1.3 Any forms, advertising matter, marks, devices, signs, insignia, slogans or designs used from time to time in connection with the Franchised Business;

18.1.4 Any copyrights, trademarks, trade names and patents now or later applied for or granted in connection with them, or any marks, logos, words or phrases confusingly similar thereto or colorable imitations thereof;

18.1.5 Any telephone number listed in any telephone directory under the name “Golden Heart Senior Care” or any similar designation or directory listing which relates to the Franchised Business; and

18.1.6 Any and all of the systems, procedures, techniques, criteria, concepts, designs, advertising and promotional techniques, products or service specifications, and all other components, specifications and standards which comprise (or in the future may comprise) part of the System.

#### 18.2 Cancellation of Name

Upon termination or expiration of this Agreement, you shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains any name or mark identical or similar

to “Golden Heart Senior Care” or any other name, trademark or service mark of ours, and you shall furnish us with proof of discharge of this obligation within thirty (30) days following the termination or expiration of this Agreement.

### 18.3 We are Attorney-in-Fact

We may, if you fail or refuse to do so, execute in your name and on your behalf any and all documents necessary to cause discontinuation of your use of the name “Golden Heart Senior Care” or any other related or similar name or use in this Agreement, and we are hereby irrevocably appointed by you as your attorney-in-fact to do so.

### 18.4 Continuation of Obligations

The expiration or termination of this Franchise Agreement shall be without prejudice to our rights against you, and such expiration or termination shall not relieve you of any of your obligations to us existing at the time of expiration or termination or terminate those obligations of yours which by their nature survive the expiration or termination of this Agreement.

### 18.5 Cease Using Telephone Numbers

Upon termination or expiration of this Agreement, you shall cease and desist from using any telephone and/or cellular telephone number(s) listed in any telephone directory under the name “Golden Heart Senior Care” or any other name similar and, upon our demand, shall direct the telephone company servicing the Franchised Business to transfer said telephone number(s) to us, or to such other person or persons at such location or locations as we will direct.

### 18.6 Pay Sums Due

Upon termination or expiration of this Agreement, you shall promptly pay all sums owing to us (and our subsidiaries, affiliates or designees). In the event of termination based upon your default, such sums shall include all damages, costs and expenses (including actual attorneys’ fees) incurred by us as a result of the default, including but not limited to lost future profits and/or lost future royalty fees. The obligation created in this Agreement shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, signs, inventory, fixtures or other assets owned by you at the time of default.

### 18.7 Post-Term Covenants

Upon termination or expiration of this Agreement, you shall comply with the post-term covenants not to compete set forth in Article 15.

### 18.8 Our Option to Purchase

Upon termination or expiration of this Agreement for any reason whatsoever, we or our designee shall have the option (but not the obligation) for a period of sixty (60) days from such termination or expiration to purchase all or a portion of your right, title and interest in the Franchised Business (including, without limitation, inventory and supplies). If we or our designee elect to exercise this right to purchase, it will be for a purchase price (the “Purchase Price”) equal to the lesser of: (i) the depreciated book value of all tangible assets in place and owned by you as of the date of our (or our designee’s) exercise of such option; or (ii) the fair market value of all such assets as determined by the application of generally accepted accounting principles less the total of (a) the amount of any indebtedness remaining against or secured by any such assets; (b) the amount of any indebtedness or obligation owed by you to us, our affiliates, subsidiaries or designees; (c) the amount of any indebtedness or obligation for which you are or the Franchised Business is liable (directly or indirectly, contingently or otherwise) and for which we are or may

become liable (directly or indirectly, contingently or otherwise) upon acquiring the Franchised Business or otherwise; and (d) all amounts advanced by us, or which we have paid, or which we have become obligated to pay, on your behalf for any reason whatsoever (including, without limitation, interim sums required to be advanced for operations prior to the date of our (or our designee's) exercise of the option granted in this Agreement).

18.8.1 If the parties cannot agree upon the Purchase Price within a reasonable time, an independent appraiser shall be designated by us, and his determination of the Purchase Price shall be binding on us and you. The cost of such appraisal shall be borne by you.

18.8.2 We (or our assignee) will pay the purchase price at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Business' licenses and permits which may be assigned or transferred.

18.8.3 If we exercise our option to purchase the Franchised Business, you agree fully to cooperate in effectuating such transaction and to use your best efforts to provide us and our designees with all such data and documentation as reasonably may be required to give effect to the purposes of this Section.

18.8.4 In the event we do not elect to exercise the foregoing option to purchase the Franchised Business, you shall immediately return to us all materials which bear any of the Marks, trade names or copyrighted material. You shall also destroy any and all materials not otherwise required to be returned to us in accordance with this Agreement or the Manual. Contemporaneously, you shall return to us all copies in your possession of materials and documents (including, among other things, the Manual, corporate records and files, correspondence, brochures, agreements, and disclosure statements) relating to the grant or operation of the Franchised Business.

#### 18.9 Discontinue Use; Modification

Upon expiration or termination, you shall immediately discontinue the use of each and every aspect of the Proprietary Properties, including the Marks and trade dress, including any custom designs on vehicles, advertisements, brochures, clothing, or any other article of commercial or other use, and Know How, and later shall no longer use or have the rights to use the Proprietary Properties, or any colorable or confusingly similar variations thereof, or any word, logo or figure similar to the Marks or Know How. In the event of expiration or termination, you will be responsible for the payment of all legal fees, court costs, collection fees and interest incurred in enforcing this Agreement. In the event of any litigation between the parties hereto with respect to the subject matter hereof, the party in any such litigation in whose favor a judgment is entered shall be entitled to have and recover, and the other party agrees to pay, its reasonable attorneys' fees and expenses, in addition to any award to which may be otherwise entitled.

### **ARTICLE 19**

#### **MODIFICATION OF SYSTEM**

19.1 You understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of us, you, and our network of all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to,

altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, vehicles, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe in this Agreement; and changing, improving, modifying or substituting the Proprietary Properties. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations in this Agreement.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

19.2 We will not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, you expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

## **ARTICLE 20** **DISPUTE RESOLUTION**

### 20.1 Severability and Substitution of Valid Provisions

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto; otherwise upon your receipt of written notice of non-enforcement thereof from us. If any covenant in this Agreement which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required in this Agreement, or the taking of some other action not required in this Agreement, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we will have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. You agree to be bound by any such modification to this Agreement.

## 20.2 Waiver of Obligations

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of us or you to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations in this Agreement; any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Golden Heart Senior Care Franchised Businesses; or the acceptance by us of any payments due from you after any breach of this Agreement.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Fund contributions, lease payments or other payments due then or after.

## 20.3 Injunctive Relief

Notwithstanding anything to the contrary contained in Section 20.6 of this Section, either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief; provided, however, that such party shall contemporaneously submit the dispute the arbitration on the merits in accordance with Section 20.6 of this Section. You agree that we may have such temporary or preliminary injunctive relief without bond, but upon due notice, and your sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

## 20.4 Rights of Parties are Cumulative

Our and your rights in this Agreement are cumulative and no exercise or enforcement by us or you of any right or remedy in this Agreement shall preclude your or our exercise or enforcement of any other right or remedy in this Agreement or which we or you are entitled by law to enforce.

## 20.5 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.



20.6 Arbitration

20.6.1 (a) The parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement (and any amendments thereto) including, but not limited to, any claim by you or any of your controlling principals, or persons claiming on behalf of you or your controlling principals, concerning the entry into, the performance under or the termination of the Agreement, or any other agreement between us or our affiliates and you, any claim against a past or present officer, director, employee or agent of ours, including those occurring subsequent to the termination of this Agreement, shall, except as specifically set forth in this Agreement and in Section 20.6.2, be referred to arbitration. The arbitration shall be conducted by the American Arbitration Association (the “AAA”) in accordance with the rules of the AAA, as amended, except that the arbitrator shall apply the federal rules of evidence during the conduct of the hearing sessions with respect to the admissibility of evidence. If such rules are in any way contrary to or in conflict with this Agreement, the terms of the Agreement shall control.

(b) Only claims, controversies or disputes involving you and your controlling principals will be brought. You agree that all claims will be pursued on an individual basis only. You further agree that you and your controlling principals will not bring a claim for or on behalf of any other franchisee or supplier, as a class representative or member of an association, and that you will not participate in any proceeding as a member of a class, group, or association of any kind.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 20.6.1(b)]**

(c) The parties must agree on an arbitrator within fifteen (15) days of the filing of arbitration. If the parties cannot agree on a single arbitrator, we and you (or the controlling principal, as applicable) shall each select one (1) arbitrator. If the party upon whom the demand for arbitration is served fails to select an arbitrator within fifteen (15) days after the receipt of the demand for arbitration, then the arbitrator so designated by the party requesting arbitration shall act as the sole arbitrator to resolve the controversy at hand. The two arbitrators designated by the parties shall select a third arbitrator. If the two arbitrators designated by the parties fail to select a third arbitrator within fifteen (15) days, the third arbitrator shall be selected by the organization agreed upon or the American Arbitration Association or any successor thereto, upon application by either party. All of the arbitrators shall be experienced in the arbitration of disputes between franchisors and franchisees. The arbitration shall take place at our corporate offices or at the American Arbitration Association office closest to our corporate offices. The award of the arbitrators shall be final and judgment upon the award rendered in arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of arbitration may be entered in any court having jurisdiction thereof. The arbitrators shall be required to submit written findings of fact and conclusions of law within thirty (30) business days following the final hearing session of the arbitration. The compensation and expenses of the arbitrators shall be borne by the parties as the arbitrators determine. The arbitrators will include in any award the requirement that the prevailing party recover from the non-prevailing party its attorneys’ fees and all other expenses reasonably incurred in the arbitration, whether incurred prior to, in preparation for, in contemplation of, or after, the filing of the arbitration.

(c) Notwithstanding the above, the following shall not be subject to arbitration:

(i) disputes and controversies based upon or arising under the Lanham Act, as now or later amended, relating to the ownership or validity of the Marks or any other trademarks;

(ii) disputes and controversies relating to actions to obtain possession of the premises of the Business under lease or sublease.

(d) If we will desire to seek specific performance or other extraordinary relief including, but not limited to, injunctive relief under this Agreement, and any amendments thereto, or to collect monies due, then any such action shall not be subject to arbitration and we will have the right to bring such action as described in Section 20.6.2.

(e) In proceeding with arbitration and in making determinations in this Agreement, the arbitrators shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitrators shall apply Texas law and the terms of this Agreement in reaching their decision.

20.6.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your controlling principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Collin County, Texas and the federal district court for the district in which our headquarters is located. You and your controlling principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your controlling principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Texas or federal law. You and your controlling principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Collin County, Texas; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Texas law.

20.6.3 You, the controlling principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.6.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the controlling principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated for in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.6.4 You, the controlling principals and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Collin County, Texas, and further acknowledge that your performance of certain obligations arising under this Agreement, including, but not limited to, the payment of monies due in this Agreement and the satisfaction of certain of our training requirements, shall occur in Collin County, Texas.

20.6.5 All disputes between you and us, or you and our affiliates, that arise out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior a hearing in binding arbitration or a trial court proceeding. The mediation will be conducted under the auspices of the AAA, in accordance with AAA's Commercial Mediation Rules then in effect, and shall take place in Collin County, Texas, or at the AAA

office closest to our then-current headquarters, under the auspices of the AAA. The parties shall select a mediator according to the procedures specified in those rules. You may not commence any action against us or our affiliates with respect to any claim or dispute in any court or arbitral forum unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. We reserve the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against us or our affiliates with respect to any claim or dispute, you must submit a notice to us, which specifies in detail, the precise nature and grounds of such claim or dispute.

20.6.6 As to all disputes between our franchisees, or between our franchisees and area representatives, we reserve the right, at any time, to create a dispute resolution program and related specifications, standards, procedures and rules for its implementation to be administered by us or our designees for the benefit of all franchisees conducting business under the System for the purpose of attempting to reach a resolution short of pursuing binding arbitration as required by this Agreement. The standards, specifications, procedures and rules for such dispute resolution program shall be made part of the Manual. If you have a claim, controversy or dispute relating to another franchisee, you agree to participate in the program and submit any such claims, controversies or disputes in accordance with the program's standards, specifications, procedures and rules, prior to seeking resolution of such claim by any other judicially or legally available means.

20.6.7 You and the controlling principals waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, you and the controlling principals shall be limited to the recovery of any actual damages sustained by you. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 20.6.7]**

20.6.8 In the event any party is required to employ legal counsel or to incur other reasonable expenses to enforce any obligation of another party in this Agreement, or to defend against any claim, demand, action, or proceeding by reason of another party's failure to perform any obligation imposed upon such party by this Agreement, and provided that legal action is filed by or against the first party and such action or the settlement thereof establishes the other party's default in this Agreement, then the prevailing party shall be entitled to recover from the other party the amount of all reasonable attorneys' fees of such counsel and all other expenses reasonably incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to, in preparation for, in contemplation of, or after, the filing of such action.

## 20.7 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of Texas, without regard for its conflicts of laws principles. You and we each

acknowledge and agree that this choice of applicable state law provides each of the parties with the mutual benefit of uniform interpretation of this Agreement. You expressly waive any rights or protections you have or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

20.8 Jurisdiction

With respect to actions described in Section 20.3 above and any other actions not subject to arbitration under Section 20.6 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in the State of Texas. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

20.9 Waiver of Punitive Damages

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 20.9]**

20.10 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 20.10]**

20.11 You May Not Withhold Payments

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations in this Agreement, withhold payment of any Royalty Fees, amounts due to us for purchases by you or any other amounts due to us.

20.12 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to our right to modify the Manual, this Agreement shall not be modified except by written agreement signed by you and us.

20.13 Limitations of Claims

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims.

20.14 Construction

The preambles and attachments are a part of this Agreement which, together with the Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or

agreements between us and you relating to the subject matter of this Agreement. The term “Franchisee” as used in this Agreement is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee in this Agreement, their obligations and liabilities to us shall be joint and several. References to “Franchisee” and “transferee” which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of Franchisee or the transferee, if Franchisee or the transferee is a corporation, limited liability company or partnership. References to “controlling interest” in Franchisee shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

#### 20.15 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

### **ARTICLE 21** **GENERAL PROVISIONS**

#### 21.1 Relationship; Acknowledgments

You and we agree that there does not exist any fiduciary, trust or similar relationship between us, that the relationship between you and us is a normal commercial relationship between independent businesspeople intended for mutual but independent economic benefit, and is not in any sense nor is intended to be a fiduciary, trust or similar relationship.

21.1.1 You acknowledge that you and each of your owners (if you are a corporation, limited liability company or partnership) and investors has read this Agreement and our Disclosure Document and all exhibit and attachments, and that you and your owners understand and accept the terms, conditions, and covenants contained in this Agreement as being necessary to maintain our high standards of quality and service and the uniformity of those standards at all “Golden Heart Senior Care” businesses and thereby to protect and preserve the goodwill of the Marks and the System.

21.1.2 You and we, each agreeing on the critical practical business importance of our relationship being governed solely by written documents signed by you and us (including any concurrently executed written personal guarantees, Franchisee Acknowledgment Statement and/or exhibits, attachments, schedules, addenda, security agreement(s) or other written documents signed by the party to be bound thereby, all of which will be deemed to be part of this Agreement for the purposes of this Section 21.1.2) and not wishing to create misunderstandings, confusion and possible conflict through reference to any alleged prior and/or contemporaneous oral and/or written representations, understandings, agreements or otherwise, jointly intend and agree that (i) this Agreement contains the final, complete and exclusive expression of the terms of the parties’ agreement and entirely supersedes and replaces any and all prior and/or concurrent understandings, agreements, inducements, prior course(s) of dealing, representations

(financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) between you and us, (ii) there are no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement, and (iii) no prior and/or concurrent understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) of any kind or nature whatsoever have been made by us or anyone else, nor have been relied upon by you nor will have any force or effect. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.

21.1.3 You acknowledge and represent that you have not been promised, nor have we or any of our representatives, employees or agents made any promises, representations and/or warranties, nor have you received or relied on any promises, representations or warranties, that (i) any payments by you are refundable at your option, (ii) we will repurchase any rights granted in this Agreement (or any associated business) or will be able to assist you in any resale, (iii) you will succeed in the Franchised Business, (iv) you will achieve any particular sales, income or other levels of performance, (v) you will have any exclusive rights of any type other than as specifically set forth in this Agreement, or (vi) you will receive any level of advertising (television or otherwise), marketing assistance, site location, development or other services, operational assistance or otherwise other than as expressly set forth in this Agreement. No contingency, condition, prerequisite, prior requirement, or otherwise (including, but not limited to, obtaining financing, obtaining a site or otherwise) exists with respect to your fully performing any or all of your obligations under this Agreement.

21.1.4 You have not received or relied on (nor have we or any of our representatives, employees or agents provided) any sales, income or other projections of any kind or nature or any statements, representations, data, charts, tables, spreadsheets or mathematical calculations or otherwise which stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise, and neither we nor any of our representatives, employees or agents made, nor have you relied on, any promises, representations or warranties as to any profits you may realize in the operation of the Franchised Business, nor have you received or relied on any representations regarding any working capital or other funds necessary to reach any “break-even” or any other financial level. We are unable, and do not attempt, to predict, forecast or project future performance, revenues, profits or otherwise of any Franchised Business. If any such information, promises, representations and/or warranties has been provided to you, they should not be relied on, we will not be bound by them, and, if you do rely on such information, promises, representations and/or warranties, you do so at your own risk.

21.1.5 You acknowledge and agree that the success of the business venture contemplated to be undertaken in this Agreement is speculative, is and will be dependent upon your personal efforts, that entry into any business enterprise is always associated with risk and that no assurance of success has been or can be given to you. You acknowledge and represent that you have entered into this Agreement and made an investment only after (i) making an independent investigation of the opportunity, including having received a list, in connection with the presentation of our Disclosure Document, of (and having spoken with) other franchisees currently operating “Golden Heart Senior Care” businesses (if applicable), and (ii) having had an opportunity to have this transaction and all related documents reviewed by an attorney and a financial advisor of your own choosing, such review having been strongly recommended by us. You acknowledge that you and each person signing as Franchisee (and/or having any investment and/or interest in the Franchised Business) have received, reviewed, understood and fully read and all questions have been

answered regarding (x) a copy of our Disclosure Document with all exhibits at least fourteen (14) calendar days prior to the earlier of your and/or any such person (a) signing any binding documents or (b) paying any sums and (y) a copy of this Agreement and all other agreements.

21.1.6 You understand that we are relying on you to bring forward in writing at this time any matters inconsistent with any of the matters set forth in this Article 21 or otherwise so that we can correct any misunderstandings and you agree that if any of the statements or matters set forth in this Article 21 or otherwise are not true, correct and complete, you will make a written statement regarding such next to your signature below so that we may address and resolve any such issue(s) at this time and before either party goes forward.

21.1.7 You acknowledge and agree that in all of your dealings with us, our officers, directors, employees, and agents acted only in a representative capacity and not in an individual capacity. You further acknowledge that this Agreement, and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us. You further represent to us, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining the Franchised Business.

## 21.2 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Sarillian Management, LLC  
Attention: Craig Bass, President  
7460 Warren Parkway, Suite 100  
Frisco, Texas 75034

To Franchisee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

## 21.3 Gender

Reference to Franchisee as male, female, or no gender shall include male or female franchisee, general or limited partnership, joint venture, corporation, limited liability company, trust, or any other association or business entity, as relevant in the context.

## 21.4 Headings

Headings and captions contained in this Agreement are for convenience of reference only and shall not be taken into account in construing or interpreting this Agreement.

## 21.5 References

Any reference in this Agreement to any paragraph or other part of this Agreement shall be deemed to include a reference to every subordinate part and/or subparagraph thereof.

21.6 Time of the Essence

It is acknowledged and agreed by both parties that any delay in the performance of its obligations in this Agreement would irreparably and irrevocably injure the other party in the conduct of its business and the value of its property. The parties therefore agree that time is of the essence of this Agreement. Except as otherwise specifically permitted in this Agreement, no extension of time shall be implied, nor any delay allowed, in the timely and complete performance of all covenants in this Agreement contained.

21.7 Survival of Terms

Each provision of this Article 21 and those provisions in this Agreement above provided relating to covenants against post-termination/expiration use of the Marks, Know How and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

**ARTICLE 22**  
**SUBMISSION OF AGREEMENT**

22.1 The submission of this Franchise Agreement to you does not itself constitute an offer to sell a franchise. This Franchise Agreement is effective only after you and we execute it.

**ARTICLE 23**  
**EFFECTIVE DATE**

This Agreement shall be effective as of the date it is executed by us below.

I HAVE READ THIS AGREEMENT AND I AGREE TO AND ACCEPT EACH AND ALL OF ITS PROVISIONS. THE PARTIES HERETO HAVE DULY EXECUTED THIS AGREEMENT BELOW

FRANCHISEE:

SARILLIAN MANAGEMENT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_ (“Effective Date”)

PRINCIPAL:

\_\_\_\_\_  
Name: \_\_\_\_\_



**ATTACHMENT 1 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**LOCATION OF FRANCHISE; DESIGNATED TERRITORY**

The location of the Franchised Business shall be:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The Designated Territory of the Franchised Business shall be:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ACCEPTED:**

FRANCHISEE:

SARILLIAN MANAGEMENT, LLC

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

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

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

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

**ATTACHMENT 2 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**EMPLOYEE NON-COMPETITION AND NON-DISCLOSURE AGREEMENT**

This Agreement is made this \_\_ day of \_\_\_\_\_, 20\_\_, by and between Sarillian Management, LLC (the “Company”), with its principal place of business at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034, \_\_\_\_\_ a franchisee of the Company, with its principal place of business at \_\_\_\_\_ (“Employer”), and \_\_\_\_\_ residing at \_\_\_\_\_ (“Employee”).

The Company sells franchises operating under the “Golden Heart Senior Care” Marks, Know How and Copyrights. Such franchises provide the public with non-medical in-home personal care, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services.

The Company has expended considerable time, effort and expense to acquire knowledge and experience in the business of marketing its services to the general public and commercial enterprises. Furthermore, the Company has developed a system for performing the services in a timely and efficient manner. The System is operated according to certain confidential and proprietary procedures which include: its customer lists, methods of doing business, methods of providing the services, distinctive trade name and logo, proprietary formats, equipment requirements, copyrighted advertising campaigns and materials, uniforms and other items used in operating procedures and certain business techniques, including procedures and instructions set forth in the Company’s operations and procedures manual, software, financial data, instructional materials and training programs, research and development, product and service development plans and trade secrets and intellectual property (collectively, the “Confidential Information”).

During the course of employment with Employer, Employee has been or will be exposed to and become familiar with various aspects of concepts, designs, procedures, processes and other Confidential Information proprietary to the Company and Employer, and will continue to gain such exposure to and familiarity with such information while employed by Employer. The Company and Employer desire to be assured by Employee that any such information gained during employment with Employer will be regarded as proprietary information and will not be disclosed to any third parties during or after employment, and that Employee will not compete with Employer, the Company or its affiliates.

In consideration of the [continued] employment of Employee by Employer, the [continued] compensation of Employee by Employer during the duration of employment, the [continued] use and enjoyment by Employee of Employer’s facilities and equipment, the [ongoing] disclosure to Employee of Employer’s confidential and proprietary information, the [continued] opportunity for Employee to serve Employer’s clients and customers, and the mutual covenants contained in this Agreement, the parties agree:

1. Confidentiality. Employee recognizes and acknowledges that during the course of his or her employment, he or she will have access to certain Confidential Information not generally known to the public relating to the services, sales or business of Employer and the Company. Employee recognizes and acknowledges that this Confidential Information constitutes a valuable, special and unique asset of Employer and the Company, access to and knowledge of which are essential to the performance of Employee’s duties. Employee acknowledges and agrees that all such Confidential Information including, without limitation that which Employee conceives or develops, either alone or with others, at any time during his or her employment by Employer, is and shall remain the exclusive property of the Company.

2. Non-disclosure. Employee agrees that, except as directed by Employer or the Company, Employee will not at any time, whether during or after employment with Employer, use or disclose to any person for any purpose other than for the benefit of Employer or the Company any Confidential Information, or permit any person to use, examine and/or make copies of any documents, files, data or other information sources which contain or are derived from Confidential Information, whether prepared by Employee or otherwise coming into the Employee's possession or control, without the prior written permission of Employer.

3. Company Materials. Employee will safeguard and return to Employer upon termination of Employee's employment with Employer, or sooner if Employer so requests, all documents and property in Employee's care, custody or control relating to his or her employment or Employer's or the Company's business, including, without limitation, any documents that contain the Confidential Information.

4. Other Employment While Employed by Employer. While employed by Employer, Employee shall not do work that competes with or relates to any of Employer's or the Company's products or activities without first obtaining Employer's written permission. Any business opportunities related to Employer's or the Company's business that Employee learns of or obtains while employed by Employer (whether or not during working hours) shall belong to Employer.

5. Non-competition After Employment by Employer Ends. For a period of two (2) years after Employee's employment by Employer terminates, Employee will not, directly or indirectly, within fifty (50) miles of any Golden Heart Senior Care Business: (a) sell, market or propose to sell or market the services that compete or will compete with the Employer's or Company's then-existing business, or (b) become an employee, employer, consultant, officer, director, partner, trustee or shareholder of more than five percent (5%) of the outstanding common stock of, or provide services or information to any person or entity that sells, markets or proposes to sell or market the services performed by the Company.

6. Saving Provision. The parties agree and stipulate that the agreements and covenants not to compete contained in the preceding paragraph, including the scope of the restricted activities described in this Agreement and the duration and geographic extent of such restrictions, are fair and reasonably necessary for the protection of Confidential Information, goodwill, and other protectable interests, in light of all of the facts and circumstances of the relationship between the Company, Employee and Employer. In the event a court of competent jurisdiction should decline to enforce any provision of the preceding paragraph, such paragraph shall be deemed to be modified to restrict Employee's competition to the maximum extent, in both time and geography, which the court shall find enforceable.

7. No Guarantee of Employment. This Agreement does not constitute a guarantee of continued employment. Employee's employment is terminable at any time by Employer or Employee, with or without cause or prior notice, unless otherwise provided in a written employment agreement.

8. No Conflicting Agreements. Employee is not a party to any agreements, such as confidentiality or non-competition agreements, that limit Employee's ability to perform his or her duties for Employer.

9. Injunctive Relief. The Employee acknowledges that disclosure of any Confidential Information or breach or threatened breach of any of the non-competition and non-disclosure covenants or other agreements contained in this Agreement would give rise to irreparable injury to Employer or the Company, which injury would be inadequately compensable in money damages. Accordingly, Employer or the Company, at its sole discretion, may seek and obtain injunctive relief from the breach or threatened breach of any provision, requirement or covenant of this Agreement, in addition to and not in limitation of any other legal remedies which may be available. Employee further acknowledges, agrees and stipulates

that, in the event of the termination of employment with the Employer, the Employee's experience and capabilities are such that the Employee can obtain employment in business activities which are of a different and non-competing nature with his or her activities as an employee of Employer; and that the enforcement of a remedy in this Agreement by way of injunction will not prevent the Employee from earning a reasonable livelihood. Employee further acknowledges and agrees that the covenants contained in this Agreement are necessary to protect the legitimate business interests of Employer and the Company and are reasonable in scope and content.

10. Enforcement. The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action against the Company, Employer by Employee, whether predicated on this Agreement or otherwise.

11. Governing Law. The Agreement shall be construed in accordance with the internal laws of the State of Texas. The parties hereto agree to personal jurisdiction in the State of Texas. Employee's obligations under this Agreement supplement and do not supersede the obligations imposed on Employee by the laws of the State of Texas and the United States of America.

12. Legal Expense. In any suit, proceeding or action to enforce any term, condition or covenant of this Agreement or to procure an adjudication or determination of the rights of the Company, Employer or Employee, the prevailing party shall be entitled to recover from the other party reasonable sums as attorneys' fees and costs and expenses in connection with such suit, proceeding or action, including any appeal, which sums shall be included in any judgment or decree entered in this Agreement.

13. Waiver of Breach. The waiver of any breach of any provision of this Agreement or failure to enforce any provision hereof shall not operate or be construed as a waiver of any subsequent breach by any party.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

EMPLOYEE:

\_\_\_\_\_  
Name: \_\_\_\_\_

EMPLOYER:

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

Name: \_\_\_\_\_

Its: \_\_\_\_\_

THE COMPANY:

SARILLIAN MANAGEMENT, LLC

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

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**ATTACHMENT 3 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**TELEPHONE NUMBER ASSIGNMENT AGREEMENT  
AND POWER OF ATTORNEY**

**FOR VALUE RECEIVED**, the undersigned (“Franchisee”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Sarillian Management, LLC (“Franchisor”), upon the following terms:

1. This assignment is made under the terms of Franchisor’s Franchise Agreement dated \_\_\_\_\_ authorizing Franchisee to do business as “Golden Heart Senior Care” (the “Franchise Agreement”) between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee’s limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor’s request, Franchisee will immediately sign all documents, pay all monies, and take all other action necessary to transfer the listings and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are: \_\_\_\_\_ and all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Business in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings you incur. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as Franchisee’s attorney-in-fact to act in Franchisee’s place for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or its designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for five (5) years from the date of expiration, cancellation or termination of your rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by your later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed as evidenced by their signatures appearing below.

FRANCHISEE: EACH OF THE BELOW PERSONS AGREES TO BE BOUND BY THE PROVISIONS OF THIS AGREEMENT, IN BOTH INDIVIDUAL AND REPRESENTATIVE CAPACITIES.

Signed \_\_\_\_\_

(NAME OF FRANCHISEE)

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

Name: \_\_\_\_\_

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

FRANCHISOR:

Signed and accepted \_\_\_\_\_

SARILLIAN MANAGEMENT, LLC

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

Name: \_\_\_\_\_

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

**ATTACHMENT 4 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**GUARANTEE**

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (in this Agreement collectively the “Agreement”) dated \_\_\_\_\_, by and between Sarillian Management, LLC, a Texas limited liability company (in this Agreement the “Franchisor”), and \_\_\_\_\_ (in this Agreement the “Franchisee”), the undersigned Guarantors agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally Guarantee the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word “indebtedness” is used in this Agreement in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of the Franchisee, now or later incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or later barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.

3. If the Franchisee is a corporation, partnership or limited liability company, the Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on your behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed in this Agreement. Where the Guarantors are corporations or partnerships, it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guarantee and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned in this Agreement or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guarantee shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors in this Agreement.

7. If more than one person has executed this Guarantee, the term the “undersigned” as used in this Agreement shall refer to each such person, and the liability of each of the undersigned in this Agreement shall be joint and several and primary as sureties.

**THE UNDERSIGNED** has executed this Guarantee effective as of \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

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

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Home Telephone

\_\_\_\_\_  
Business Telephone

\_\_\_\_\_  
Date



**ATTACHMENT 5 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**FRANCHISEE ACKNOWLEDGEMENT STATEMENT**

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Sarillian Management, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SARILLIAN MANAGEMENT, LLC, ITS' AFFILIATES, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

\_\_\_\_\_  
Initial

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_,  
(Print Name, Title)

Date: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

**ATTACHMENT 6 TO THE  
GOLDEN HEART SENIOR CARE FRANCHISE AGREEMENT**

**ADDENDUM FOR CONVERSION/QUALIFICATION FRANCHISES**

THIS ADDENDUM (the “Addendum”) to the Franchise Agreement is made and entered into this on \_\_\_\_\_, by and between (i) SARILLIAN MANAGEMENT, LLC, a Texas limited liability company with its principal office at 7460 Warren Parkway, Suite 100, Frisco, Texas 75034 (“Franchisor”); (ii) \_\_\_\_\_ a \_\_\_\_\_ corporation/limited liability company with a registered business address of \_\_\_\_\_ (“Franchisee”); and [for corporation / limited liability company only] (iii) \_\_\_\_\_, an individual with a principal address at \_\_\_\_\_ (individually and collectively, “Guarantor”).

**BACKGROUND**

- A. Franchisor is a franchisor of a businesses that will provide the public with non-medical, in-home personal care services, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services (“Business” or “Franchised Business”).
- B. Franchisee has requested, and Franchisor has granted, Franchisee the right to enter into Franchisor’s form of franchise agreement, which agreement was entered into on \_\_\_\_\_, under which Franchisee is granted the right and undertakes the obligation to operate a “Golden Heart Senior Care” Business (the “Franchise Agreement”).
- C. Franchisee has requested, and Franchisor has granted, that Franchisee be afforded the benefit of certain negotiated changes to the standard form of Franchisor’s franchise agreement.
- D. Accordingly, the parties wish to amend the Franchise Agreement pursuant to the terms of this Addendum.

**AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. Any provisions of the Franchise Agreement relating to selection of a site of or construction or remodeling of the premises for the Franchised Business are hereby deemed amended to the extent required to reflect that the Franchisee is converting its existing business premises to a Golden Heart Senior Care Business, and that the Franchisee shall be required to remodel its business premises in compliance with the plans and specifications provided by the Franchisor.
2. Section 8.1 shall be amended to reflect that no Initial Franchise Fee is due to Franchisor.
3. Royalty Fee; Definition of “Gross Revenue”. Section 8.2.1 and 8.2.2 are hereby deleting in their entirety and replaced with the following:

“8.2.1 Continuing Royalty Fee, Definition of Gross Revenue.

During the term of this Agreement, and any Successor Franchise Term, we shall collect from you, in partial consideration for the rights herein granted, a continuing monthly royalty fee (“Royalty Fee”). Such Royalty Fee shall be due and payable each month based on the Gross

Revenue of the Franchised Business for the preceding calendar month so that it is received by us by electronic funds transfer (“EFT”) on or before the fifth (5<sup>th</sup>) day of each month, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day. The first Royalty Fee due and payable to us during the Initial Term of this Agreement shall be for the first full calendar month ninety (90) days following the Effective Date of this Agreement, and thereafter as provided in the below table:

<b>Calendar months from Effective Date</b>	<b>Royalty Fee (per calendar month)</b>
Forth (4 <sup>th</sup> ) through forty eighth (48 <sup>th</sup> )	The greater of five percent (5%) of Gross Revenue or One Thousand Dollars (\$1,000)
Forty ninth (49 <sup>th</sup> ) through sixtieth (60 <sup>th</sup> )	The greater of five percent (5%) of Gross Revenue or Fifteen Hundred Dollars (\$1,500)
Sixty first (61 <sup>st</sup> ) and each following month	The greater of five percent (5%) of Gross Revenue or Two Thousand dollars (\$2,000)

8.2.2 The term “Gross Revenue” means the total of all billed or billable revenue derived from services performed by your Business, whether owed to you or paid to you and including all receipts evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property, or other means of exchange. Gross Revenue excludes only sales tax receipts that you must by law collect from customers and that you actually pay to the government, promotional or discount coupons to the extent that you realize no revenue, and employee receipt of services, if free, or any portion not paid for by an employee.”

4. Section 15.2 relating to post-term covenants not to compete is hereby deleted.
5. Confidentiality. The parties acknowledge disclosure of the terms of this Addendum would cause irreparable harm to Franchisor and that a material term of this Addendum and the consideration therefore is that the terms of this Addendum shall be held in the strictest confidence. The parties shall maintain the strict confidentiality of the terms of this Addendum except on a need-to-know basis to their attorneys or as directed by a court of law with jurisdiction over the subject matter of this Addendum.
6. Defined Terms. Terms defined in the Franchise Agreement and not defined in this Addendum have the meaning defined in the Franchise Agreement or previously executed addenda.
7. Binding Effect. This Addendum will inure to the benefit of, and will be binding upon, the parties hereto and their respective successors and assigns.
8. Entire Agreement. The Franchise Agreement, this Addendum and previous addenda, if any, and all additional addenda executed hereafter, constitute the entire, full, and complete agreement between Franchisor and Franchisee, and supersede any and all prior agreements. In the event of any conflict or ambiguity between the terms of this Addendum and the Franchise Agreement or previous addenda, the terms of this Addendum shall control.
9. Release. By executing this Addendum, Franchisee, individually, and on behalf of its heirs, legal representatives, successors and assigns, and each assignee of this Addendum by accepting assignment of the same, hereby forever releases and discharges Franchisor and its officers, directors, employees, agents and servants, including its subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any agreements, including verbal and email between the parties executed prior to the date of this Addendum, including, but not limited to, any and all claims, whether presently

known or unknown, suspected or unsuspected, arising under the franchise, securities, or antitrust laws of the United States, or of any state or territory thereof.

10. **Indemnity.** Franchisee agrees to indemnify and hold Franchisor harmless from legal actions, damages and expenses, including legal fees that Franchisee may incur that are related to or are based on the Agreement and this or any preceding Addendum.

**THE PARTIES** hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

**FRANCHISEE:**  
[COMPANY/ENTITY NAME]

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

**[for corporation / limited liability  
company only]**  
**GUARANTOR:**

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

**FRANCHISOR:**  
SARILLIAN MANAGMENT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**  
**MULTI-TERRITORY DEVELOPMENT AGREEMENT**

**SARILLIAN MANAGEMENT, LLC**  
**MULTI-TERRITORY DEVELOPMENT AGREEMENT**

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**MULTI-TERRITORY DEVELOPER**

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**EFFECTIVE DATE OF AGREEMENT**



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**ATTACHMENTS**

- 1 – Development Area
- 2 – Development Fee and Minimum Development Schedule
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**MULTI-TERRITORY DEVELOPMENT AGREEMENT**

**THIS MULTI-TERRITORY DEVELOPMENT AGREEMENT** (the “Agreement”) is by and between SARILLIAN MANAGEMENT, LLC, a Texas limited liability company with its principal office at 7460 Warren Parkway, Suite 100, Frisco, Texas, 75034 (“we”, “us” or “our”) and \_\_\_\_\_, a [state] limited liability company/corporation, with its principal address at \_\_\_\_\_ and \_\_\_\_\_’s principal(s); \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and the Principal(s) shall be collectively referred to in this Agreement as “Multi-Territory Developer”.

**W I T N E S S E T H:**

**WHEREAS**, we have developed a system of uniform standards, methods, merchandising, and advertising for the operation of businesses (the “Business” or “Franchised Business”) that will provide the public with non-medical, in-home personal care services, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services (the “Products and Services”), and includes management programs, standards, service programs, business methods, product specifications and Marks and information (the “System”) using the trade name, trademark and service mark of “Golden Heart Senior Care”, together with any other trade names, trademarks and services marks that we designate for use with the System (collectively, the “Marks” or “Proprietary Marks”); and

**WHEREAS**, in addition to the service mark “Golden Heart Senior Care” and certain other Proprietary Marks, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; distinctive interior and exterior design, layout and décor; other strategies, techniques and trade secrets; and the Confidential Operations Manual (the “Manual”); and

**WHEREAS**, you wish to obtain the rights and license from us for the use of our System and Proprietary Marks and, in association therewith, to own and operate multiple Businesses in the area described in Attachment 1 attached hereto (hereinafter referred to as the “Development Area”), each such Business to be operated pursuant to a separate Golden Heart Senior Care franchise agreement (“Franchise Agreement”), and you understand and accept the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain our high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the System and the Proprietary Marks; and

**WHEREAS**, you acknowledge that this Agreement only grants you the right to develop Businesses within the Development Area and does not grant you the right or authorize you to use the System or the Proprietary Marks, which rights are only granted under the Franchise Agreement; and

**WHEREAS**, you acknowledge that you have read this Agreement and our Disclosure Document and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all Businesses in order to protect and preserve the goodwill of the Marks;

**WHEREAS**, we expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied on any representations, written or oral, about the franchise by us, or our officers, directors, employees

or agents, that are contrary to the statements made in our Disclosure Document or to the terms herein, and further represent to us, as an inducement to our entry into this Agreement, that you have made no misrepresentations, written or oral, to us in the application for the development rights granted hereunder.

## **ARTICLE 1**

### **DEVELOPMENT RIGHTS AND OBLIGATIONS**

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi- Territory Development Agreement, certain rights to establish and operate Franchised Businesses using the System in the Development Area (“Development Rights”). The total number of Franchised Businesses you are committed to develop and operate, and the schedule in which you shall execute a per unit Franchise Agreement is contained in Attachment 2 of this Agreement (hereinafter “Minimum Performance Schedule”).

1.2 Except as expressly limited by the Multi- Territory Development Agreement, we and our affiliates retain all rights to: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at the Business and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under the Marks and other trade and service marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Businesses; and (c) the right to acquire and operate a business operating one or more businesses that offer non-medical in-home personal care, facility based personal care, assisted living/residential care placement services, residential assisted living facilities/services, caregiver schools and remote patient monitoring/emergency response systems, and other related senior care services located or operating in your Development Area.

1.3 Provided you: (a) are in full compliance with the terms and conditions contained in this Agreement, including, without limitation, the development obligations contained in Section 2.1; and (b) are in full compliance with all obligations under all Franchise Agreements heretofore or hereafter entered into with us; then during the Minimum Development Schedule, we: (i) will grant to you, in accordance with the provisions of Article 2 hereof, franchises for the ownership and operation of Businesses located within the Development Area; and (ii) will not operate (directly or through an affiliate), nor grant a franchise for the operation of, any Business to be located within the Development Area, except such franchises as are granted to you.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

## **ARTICLE 2**

### **GRANT OF FRANCHISES TO YOU; TERM**

2.1 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Franchised Business. The Franchise Agreement for the first Development Right has been executed simultaneously with this Agreement. For the second (2<sup>nd</sup>) and each additional Development Right granted hereunder, we must be in receipt of the Franchise Agreement for each Business and the initial franchise fee then due and payable to us, as contained in Attachment 2 hereto (“Agreement Deadline Date”). Your failure to adhere to the Agreement Deadline Dates shall constitute a default under this Agreement.

2.2 Each Development Right shall be for a Franchised Business located in the Development Area. The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. The size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population, market conditions and the number of Businesses to be developed.

2.3 The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. Trade areas cannot overlap or interfere with an existing trade area, designated territories or development areas. We reserve the right to provide a two (2) mile buffer between trade areas, designated territories and development areas. We reserve the right to adjust or re-assign any of the trade areas in the Development Area to best serve your interests, or in the event there is a conflict with an existing trade area, designated territory or development area. We reserve the right to: (i) move that trade area to an unoccupied area, or (ii) refund to you the pro-rata portion of the Development Fee that was paid for the number of Franchised Businesses to be developed in those specific trade areas.

2.4 we expect that you will operate your Business from your home if permitted in your state. We do not evaluate or approve your home location, as a result, no site selection assistance is provided nor is any criteria issued. If you choose to operate from a leased office space, or if you must operate from a leased office space because your local ordinances or licensure requirements do not permit you to operate a home-based business, it should be in “move-in” condition in an executive suite building. If you chose to operate the Business from a leased space, we must accept your request for the location of the Franchised Business, and our approval will not be unreasonably withheld. You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Business. We do not own the premises and lease it to you, nor will we lease the premises and then sublease it to you. If we do not accept in writing your request for a proposed site within thirty (30) days from receipt of your request, such site shall be deemed disapproved by us. If you shall have failed to obtain lawful possession of any approved site (through acquisition, lease, or sublease) within thirty (30) days after delivery of our approval thereof, we may, in our sole discretion, withdraw approval of such site.

2.5 Term. Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all development rights granted hereunder shall expire on the last Agreement Deadline Date in the Minimum Development Schedule established in Attachment 2 hereto.

### **ARTICLE 3** **DEVELOPMENT FEE**

**The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and the franchisee is open for business.**

**Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by Multi-Territory Developers shall be deferred until the first franchise under the Multi-Territory Development Agreement opens.**

**In the state of South Dakota, we will defer the payment of the Initial Franchise Fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.**

3.1 In consideration of the Development Rights granted herein, you shall pay to us the development fee contained in Attachment 2 upon execution of this Agreement (“Development Fee”), The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

3.2 The Development Fee is calculated based on the number of Businesses you have committed to operate, as defined in Attachment 2 attached hereto. To enter into a Multi-Territory Development Agreement, you will commit to develop a minimum of three (3) Businesses. You will pay a Development Fee of one hundred percent (100%) of the initial franchise fee of Forty Five Thousand Dollars (\$45,000) for the first Business, plus a deposit of fifty percent (50%) of the reduced Initial Franchise Fee of Thirty Five Thousand (\$35,000) for the second (2<sup>nd</sup>) Business, plus fifty percent (50%) of the reduced Initial Franchise Fee of Twenty Five Thousand (\$25,000) for the third (3<sup>rd</sup>) and each additional Business. For each Development Right hereunder, the remaining portion of the Initial Franchise Fee or reduced Initial Franchise Fee shall be due and payable upon execution of the per unit Franchise Agreement, as described in Attachment 2.

#### **ARTICLE 4** **TERMINATION BY US**

We shall have the right to terminate this Agreement by delivering a notice to you stating that we elect to terminate this Agreement as a result of any of the breaches set forth below. Such termination shall be effective upon delivery of such notice of termination or, if applicable, upon failure to cure (to our satisfaction) any such breach by the expiration of any period of time within which such breach may be cured in accordance with the provisions set forth below. It shall be a material breach of this Agreement if:

- (a) you or any of your owners make an unauthorized assignment or transfer of this Agreement or an ownership interest in you;
- (b) a general partnership interest in you (if you are a limited partnership) is terminated for whatever reason;
- (c) you or any of your owners have made any material misrepresentation or omission in your application for the development rights conferred by this Agreement, any site approval hereunder, or any Franchise Agreement or are convicted of or plead no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks;
- (d) you fail to comply with any other provision of this Agreement;
- (e) you fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures to comply are corrected after notice thereof is delivered to you;
- (f) you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement;
- (g) you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent;

if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

(h) you fail to comply with all applicable laws and ordinances, including Anti-Terrorism Laws and the RICO Act, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities or racketeering activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; or

(i) your failure to execute a Franchise Agreement for each Development Right hereunder as provided for in Article 2.

You shall have the right to cure a breach under Paragraph (d) within thirty (30) days after delivery of our notice of termination. You shall have the right to cure a breach under Paragraph (i) within fifteen (15) days after delivery of our notice of termination.

## **ARTICLE 5** **EFFECT OF TERMINATION AND EXPIRATION**

5.1 All of our and your obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

5.2 Upon termination, transfer, or expiration of this Agreement, you agree that for a period of two (2) years, commencing on the effective date of expiration, transfer, or termination of this Agreement, you and your owners will not have any interest as an owner, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Business that offers products or services similar to those offered at the Business located or operating within the Development Area or within fifty (50) miles of any Business in the System, except for Businesses operated under Franchise Agreements granted by us to you and the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of that class of securities.

## **ARTICLE 6** **ASSIGNMENT**

6.1 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake

a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of “Sarillian Management, LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

6.2 You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have granted this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your owners. Therefore, neither this Agreement (or any interest therein) nor any part or all of the ownership of you may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised, or otherwise transferred by you or your owners (including, without limitation, by consolidation or merger, by issuance of securities representing an ownership interest in you, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a limited partnership, by transfer of an interest in you, or in the event of death of you or an owner of yours, by will, declaration of or transfer in trust or the laws of intestate succession), without our prior written approval, which approval may not be unreasonably withheld or delayed. Any such assignment or transfer without such approval shall constitute a breach hereof and shall convey no rights to or interest in this Agreement to such assignee. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

(a) All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

(b) All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

(c) You are not in default hereunder.

(d) We are reasonably satisfied that the transferee meets all of our requirements for new multi-territory developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

(e) Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Territory Development Agreement, Franchise Agreements for all Businesses open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-territory developers on the date of transfer.

(f) You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

(g) You pay to us a transfer fee to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee. The transfer fee payable hereunder shall be Five Thousand Dollars (\$5,000), if the transfer is to an existing franchisee or multi-territory developer of ours, or Ten Thousand Dollars (\$10,000), if the transfer is to a new multi-territory developer for the System.

6.3 If the proposed transfer is a transfer between existing owners of the Multi-Territory Developer hereunder, or if you wish to add a new owner, then you shall submit to us, in writing, a request for our approval of the proposed transfer among owners or to a new owner together with any information we require in order to evaluate the proposed transfer, including, without limitation, financial and other information relating to the proposed transferee. Our approval of your request will not be unreasonably withheld. If you are requesting to add an owner, the proposed new owner must meet our criteria, including financial capability and that the new owner is not participating in a competing business, and the new ownership structure shall not change the majority ownership in you. If we approve a new owner in you, such new owner shall be bound by the covenants of confidentiality and non-competition set forth herein, and shall execute any documents we may require to enforce these covenants.

6.4 Upon your death or disability, or if you are a corporation, limited liability company, partnership, or other legal entity upon the death or disability of a principal owner of you, all of such person's interest in this Agreement or such interest in you shall be transferred to a transferee approved by us. Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and shall be subject to terms and conditions substantially similar to those applicable to transfers contained in this Article 6. Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement.

6.5 Buy Back Option. At our election, at any time, we will have the right (but not the obligation) to purchase any or all of your Businesses contemplated under this Agreement, which may include, but not be limited to, all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of such Business(s) (collectively, the "Business Assets"), as well as the Development Rights, hereinafter the "Buy Back Option". Our option shall be exercisable by providing you with ninety (90) days' written notice of our intention to exercise the option. You must sign all documents relating to the assignment and transfer as are reasonably necessary for purchase of the Business(s) or Business's Assets by us. The option described in this Section 6.5 will not operate to limit our right to purchase your Business's Assets in the manner described in the per unit Franchise Agreements in the event of the expiration or termination of such Franchise Agreement. The purchase price you receive will be in place of, and not in addition to, the amount you would otherwise be entitled to receive under the buy back option in the per unit franchise agreement. The purchase price will be established by, and subject to, the following terms:

6.5.1 If a Business has been open and in operation for less than one (1) year, the purchase price will be an amount equal to two hundred percent (200%) of the cumulative cost to you for all of the Business's Assets (per Business); or

6.5.2 If a Business has been open and in operation for one (1) year or longer, the purchase price will be an amount equal to three (3) times the Business's EBITDA (per Business). "EBITDA" means, in respect of any twelve (12) month period, the Business's earnings before interest on borrowed money, income tax, depreciation and amortization, as determined in accordance with U.S. generally accepted accounting principles (commonly referred to as "GAAP"); and

6.5.3 Our reimbursement to you of the pro-rata portion of the Development Fee that was paid for the number of Business's located in those specific trade areas.

6.5.4 If we elect to exercise our option to purchase the Business(s), we will have the right to set off all amounts due from you under this Agreement, the subject Franchise Agreement(s) or any other agreements between the parties, and the cost of the appraisal, if any, against any payment to you.



6.5.5 You understand that this may be a premium price above fair market value and does not vest any rights in you.

6.5.6 The time for closing of the purchase and sale of each subject Business as described in this Section 6.5 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date.

6.5.7 EBITDA shall be calculated based on your subject Business's net reported earnings as reported on your most recent income statement or balance sheet covering the preceding twelve (12) month period, plus, to the extent deducted in determining such net income and without duplication: (i) your interest expenses on borrowed money for such period; (ii) your current income taxes for such period; (iii) depreciation of the Business Assets for such period; and (iv) amortization of the Business for such period.

## **ARTICLE 7** **ENFORCEMENT**

7.1 To the extent that Section 5.2 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but may be made enforceable by reductions of any or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.

7.2 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof as though it were separately articulated in and made a part of this Agreement that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by us, any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such court order. Such modifications to this Agreement shall be effective only in such jurisdiction unless we elect to give them greater applicability and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

7.3 We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefor, and such approval shall be obtained in writing.

7.4 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you by granting any waiver, approval, or consent to you, or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

7.5 We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to determine this Agreement prior to the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any Business or any development or franchise agreements therefor; any grant of a Franchise Agreement to you; or the acceptance by us of any payment from you after any breach of this Agreement.

7.6 Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (2) acts of God; (3) acts or omissions of the other party; (4) fires, strikes, embargoes, war, or riot; or (5) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

7.7 Nothing herein contained shall bar our right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law.

7.8 Our and your rights hereunder are cumulative and no exercise or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law or equity to enforce.

7.9 This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and shall not be modified except by written agreement signed by both you and us.

7.10 The preambles and attachment(s) are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us.

7.11 Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

7.12 The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

7.13 The term "Multi-Territory Developer" as used herein is applicable to one (1) or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Multi-Territory Developer hereunder, their obligations and liabilities to us shall be joint and several. References to "Multi-Territory Developer" and "assignee" which are applicable to an individual or individuals shall mean the owner(s) of the equity or operating control of Multi-Territory Developer or the

assignee, if Multi-Territory Developer or the assignee is a corporation, limited liability company or partnership.

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

7.15 Time is of the essence of this Agreement.

**ARTICLE 8**  
**DISPUTE RESOLUTION; GOVERNING LAW**

8.1 (a) Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Collin County, Texas under the authority of the laws of the State of Texas. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Texas Arbitration Act. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Texas statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

(b) With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your controlling principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Collin County, Texas, and the federal district court for the district in which our headquarters is located. You and your controlling principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your controlling principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Texas or federal law. You and your controlling principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Collin County, Texas; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Texas law.

(c) You, the controlling principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 8.1(b) above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the controlling principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated for in good faith and are part of the benefit of the bargain reflected by this Agreement.

8.2 Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 8.2]**

8.3 You and the controlling principals waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, you and the controlling principals shall be limited to the recovery of any actual damages sustained by you. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

\_\_\_\_\_ **[Please initial to acknowledge that you have read and understand this Section 8.3]**

8.4 With respect to actions described in Section 7.7 above and any other actions not subject to arbitration under Section 8.1 above, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in the State of Texas. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

8.5 Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one (1) year from the date you or we knew or should have known of the facts giving rise to such claims.

8.6 In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

8.7 Each provision of this Article 8, together with the provisions of Article 7, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

8.8 In the event any party is required to employ legal counsel or to incur other reasonable expenses to enforce any obligation of another party in this Agreement, or to defend against any claim, demand, action, or proceeding by reason of another party's failure to perform any obligation imposed upon such party by this Agreement, and provided that legal action is filed by or against the first party and such action or the settlement thereof establishes the other party's default in this Agreement, then the prevailing

party shall be entitled to recover from the other party the amount of all reasonable attorneys' fees of such counsel and all other expenses reasonably incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to, in preparation for, in contemplation of, or after, the filing of such action.

8.9 To the extent not inconsistent with applicable law, this Agreement and the offer or sale of this Agreement shall be governed by the substantive laws (and expressly excluding the choice of law) of the State of Texas.

8.10 You and we agree that any action arising out of or relating to this Agreement (including, without limitation, the offer and sale of this Agreement) shall be instituted and maintained only in a state or federal court of general jurisdiction in the State of Texas, and you irrevocably submit to the jurisdiction of such court and waive any objection you may have to either the jurisdiction or venue of such court.

## **ARTICLE 9**

### **INDEPENDENT CONTRACTORS; INDEMNIFICATION**

9.1 The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

9.2 During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on any premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of an Golden Heart Senior Care Business and in no fashion reflects any employment relationship between

us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

9.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

**ARTICLE 10**  
**NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Sarillian Management, LLC  
Attention: Craig Bass, President  
7460 Warren Parkway, Suite 100  
Frisco, Texas 75034

To Multi-Territory Developer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

**ARTICLE 11**  
**ACKNOWLEDGMENTS**

11.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. YOU ACKNOWLEDGE AND UNDERSTAND THAT WE AND OUR RESPECTIVE REPRESENTATIVES, EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT

11.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY

HEREWITH; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

11.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.

11.4 YOU AND EACH OF YOUR PRINCIPALS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER YOU NOR THEY HAVE RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF, AND ITS REPRESENTATIVES, REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF THE ITALIAN PLACE RESTAURANTS OR DEVELOPMENT OF THE DEVELOPMENT AREA, EXCEPT AS MAY BE INCLUDED IN ITEM 19 OF THE DISCLOSURE DOCUMENT PROVIDED TO YOU.

**ARTICLE 11**  
**EFFECTIVE DATE**

This Agreement shall be effective as of the date it is executed by us below.

I HAVE READ THIS AGREEMENT AND I AGREE TO AND ACCEPT EACH AND ALL OF ITS PROVISIONS. THE PARTIES HERETO HAVE DULY EXECUTED THIS AGREEMENT BELOW

MULTI-TERRITORY DEVELOPER:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

FRANCHISOR:  
SARILLIAN MANAGEMENGT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_  
Name: \_\_\_\_\_

**ATTACHMENT 1 TO THE MULTI-TERRITORY DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA**

The Development Area referred to in Article 1 of the captioned agreement shall be:

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MULTI-TERRITORY DEVELOPER:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

FRANCHISOR:  
SARILLIAN MANAGEMENGT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

OR

\_\_\_\_\_  
Name: \_\_\_\_\_



**ATTACHMENT 2 TO THE MULTI-TERRITORY DEVELOPMENT AGREEMENT**

**DEVELOPMENT FEE AND MINIMUM DEVELOPMENT SCHEDULE**

1. The Development Fee referred to in Article 3 shall be \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_).

2. The Agreement authorizes and obligates the Multi-Territory Developer to operate \_\_\_\_\_(\_\_\_\_) “Golden Heart Senior Care” Businesses, pursuant to a Franchise Agreement for each Business, in the Development Area.

The following is Multi-Territory Developer’s Minimum Performance Schedule:

<b>Business Number</b>	<b>Franchise Agreement Deadline Date</b>	<b>Development Fee Paid upon Execution of the Multi-Territory Development Agreement (“MUDA”) dated _____ (“Effective Date”)</b>	<b>Balance of Fee to be Paid to the Franchisor Upon Execution of the Franchise Agreement</b>
One (1)	Signed simultaneously with the MUDA.	Forty Five Thousand Dollars (\$45,000)	Not Applicable
Two (2)	(Insert Date 36 months from the Effective Date)	Seventeen Thousand Five Hundred Dollars (\$17,500)	Seventeen Thousand Five Hundred Dollars (\$17,500)
Three (3)	(Insert Date 60 months from the Effective Date)	Twelve Hundred Five Hundred Dollars (\$12,500)	Twelve Hundred Five Hundred Dollars (\$12,500)
Four (4)	(Insert Date 84 months from the Effective Date)	Twelve Hundred Five Hundred Dollars (\$12,500)	Twelve Hundred Five Hundred Dollars (\$12,500)
Five (5)	(Insert Date 108 months from the Effective Date)	Twelve Hundred Five Hundred Dollars (\$12,500)	Twelve Hundred Five Hundred Dollars (\$12,500)
Six (6)	(Insert Date 132 months from the Effective Date)	Twelve Hundred Five Hundred Dollars (\$12,500)	Twelve Hundred Five Hundred Dollars (\$12,500)

**ACCEPTED:**

MULTI-TERRITORY DEVELOPER:

\_\_\_\_\_  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Dated: \_\_\_\_\_

FRANCHISOR:  
 SARILLIAN MANAGEMENGT, LLC

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Dated: \_\_\_\_\_

OR

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

**ATTCHMENT 3 TO THE MULTI-TERRITORY DEVELOPMENT AGREEMENT**

**GUARANTY**

(TO BE EXECUTED ONLY IF MULTI-TERRITORY DEVELOPER IS A CORPORATION,  
LIMITED LIABILITY COMPANY OR PARTNERSHIP)

In consideration of the execution by Sarillian Management, LLC of the annexed Multi-Territory Development Agreement between Sarillian Management, LLC (as Franchisor) and \_\_\_\_\_ (as Multi-Territory Developer), and acknowledging that undersigned will benefit directly or indirectly from the execution thereof, the undersigned, being all of the shareholders, directors, and officers of the Multi-Territory Developer, agree to be jointly and severally bound by and agree to guaranty the performance of all of the terms and conditions of the Multi-Territory Development Agreement and any amendments thereto or renewals thereof, and do hereby execute this Multi-Territory Development Agreement for the purpose of binding and obligating themselves to the terms and conditions of the aforesaid Multi-Territory Development Agreement and any amendments thereto or renewals thereof.

The guarantors hereunder hereby waive notice of termination or default under the Multi-Territory Development Agreement.

SIGNATURES OF ALL SHAREHOLDERS, DIRECTORS, OFFICERS,  
MEMBERS AND PARTNERS, AS APPLICABLE

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Territory Developer, each has read this Multi-Territory Development Agreement, and each agrees to be individually bound by all obligations of Multi-Territory Developer hereunder.

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

(as of December 31, 2020)

**FRANCHISEES OPEN AND OPERATING**

<b><u>Franchise</u></b>	<b><u>Franchise Owner</u></b>	<b><u>Address/Phone</u></b>
<b>ARIZONA</b> Sun City, Sun City West	RJP Investments, LLC Robert Pratt, President	17225 W. Monarch Way Surprise, AZ 85387 (623) 910-4312
<b>ARIZONA</b> Scottsdale	Scottsdale Sunshine, LLC Laurie and Rodney Malone	11445 E Vial Linda, Ste 2-127 Scottsdale, AZ 85259 (480) 277-7808
<b>ARIZONA</b> Peoria	Here We Grow Again, LLC Angie Swaim, President	17220 N Boswell Rd, Ste 123W Sun City, AZ 85373 (623) 680-5818
<b>CALIFORNIA</b> Walnut Creek	Ball Family Enterprises, Inc Mike & Lori Schaufler	4215 Arbolado Drive Walnut Creek, CA 94598 (925) 212-7933
<b>COLORADO</b> Littleton	Hyder Care Solutions, LLC Daro Hyder	12081 W. Alameda Pkwy #476 Lakewood, CO (720) 249-4628
<b>FLORIDA</b> Clermont	Moise Integrated Services, Inc. Nik Moise	13900 CR 455, Suite 107-351 Clermont, FL 34711 (352) 717-4046
<b>ILLINOIS</b> Chicago	CTK Advisors, Inc. Nelia Ladlad, President	816 Greenwood Road Glenview, IL 60025 (773) 332-9568
<b>INDIANA</b> Indianapolis 1 <sup>st</sup> Unit of 3 Purchased	Johnson Home Services, LLC Rebecca Johnson	13031 Fernie Circle Fishers, IN 46037 (317) 373-1235
<b>IOWA</b> Des Moines	Precision Ventures LLC Stephen Stegall	3812 Wolcott Avenue Des Moines, IA 50321 (515) 202-7563
<b>MINNESOTA</b> Bloomington	GHMN, LLC Bryan Peterson	13855 Crest Ave NE Prior Lake, MN 55372 (612) 369-0481
<b>MINNESOTA</b> Scott County	James B. Muelken	7125 Longview Lane Prior Lake, MN 55372 (612) 207-6325
<b>NEVADA</b> Sun City Summerlin	SYB, LLC Robert & Christy Swadkins	1180 N Town Center Dr, Ste 100 Las Vegas, NV (702) 237-1611
<b>NEVADA</b> Centennial Hills	Johnny and Mary Jesse, LLC Johnny & Mary Jesse	8316 Glistening Rush St Las Vegas, NV 89130 (702) 448-8900
<b>NEW JERSEY</b> Hudson, NJ	Kase Care, LLC Terona Redhi, Managing Member	96 Linwood Plaza #334 Fort Lee, NJ, 07024 (347) 733-0441
<b>NORTH CAROLINA</b> Charlotte Area	Savvy Smiths, LLC Adam and Natalie Smith, Owners	233 South Sharon Amity Rd Ste 207 Charlotte, NC 28211 (704) 376-1060
<b>OHIO</b> Western Dayton Area	Miami Valley Golden Heart, LLC Colleen Teska, President	8752 Barrington Way Springboro, OH 45066

		(937) 424-2325
<b>OHIO Dayton Area - 2</b>	Miami Valley Golden Heart, LLC Colleen Teska, President	8752 Barrington Way Springboro, OH 45066 (937) 424-2325
<b>OHIO Dayton Area - 3</b>	Miami Valley Golden Heart, LLC Colleen Teska, President	8752 Barrington Way Springboro, OH 45066 (937) 424-2325
<b>OHIO Dayton Area - 4</b>	Miami Valley Golden Heart, LLC Colleen Teska, President	8752 Barrington Way Springboro, OH 45066 (937) 424-2325
<b>SOUTH CAROLINA Rock Hill Area</b>	Savvy Smiths, LLC Adam and Natalie Smith, Owners	233 South Sharon Amity Rd Ste 207 Charlotte, NC 28211 (704) 376-1060
<b>TEXAS Austin West</b>	Austin Care for Elderly, LLC Dr. Simon & Libby Casey	2605 Indian Creek Road Austin, TX 78734 (949) 444-1513
<b>WISCONSIN Madison</b>	Caregivers of Madison, Inc. Raju Perecherla PhD., President	3100 Weybridge Drive Sun Prairie, WI 53590 (217) 398-2110

Franchisees who had signed an agreement, but whose outlet had not yet begun operations or have not yet received their Home Care Agency License as of December 31, 2020.

<b><u>Franchise</u></b>	<b><u>Franchise Owner</u></b>	<b><u>Address/Phone</u></b>
<b>COLORADO Denver NW</b>	Krause Generations, Inc. Bryan and Shelley Krause	5590 W. Maplewood Place Littleton, CO 80123 (720) 833-1420
<b>FLORIDA Jupiter</b>	Bees Wellness, LLC Anthony Tran	6932 Stirling Road Hollywood, FL 33024 (786) 999-2878
<b>INDIANA Indianapolis 2<sup>nd</sup> Unit of 3 Purchased</b>	Johnson Home Services, LLC Rebecca Johnson	13031 Fernie Circle Fishers, IN 46037 (317) 373-1235
<b>INDIANA Indianapolis 3<sup>rd</sup> Unit of 3 Purchased</b>	Johnson Home Services, LLC Rebecca Johnson	13031 Fernie Circle Fishers, IN 46037 (317) 373-1235
<b>TEXAS Grand Prairie</b>	Mac-Crew, Inc. George McGrew, Owner	1730 Madison Dr. Cedar Hill, TX 75104 (318) 451-2298
<b>VIRGINIA Manassas, VA</b>	Everest Harvest Senior Care, LLC Nathalie Lanau	10544 Blazing Star Loop Bristow, VA 20136 (786) 278-1363

### **Former Franchisees**

Franchisees that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with the franchisor within the 10 weeks preceding the Issuance Date of this Disclosure Document:

<b><u>Franchise</u></b>	<b><u>Franchise Owner</u></b>	<b><u>Address/Phone</u></b>
<b>NONE</b>	<b>NONE</b>	<b>NOT APPLICABLE</b>

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**GOLDEN HEART SENIOR CARE  
Master Table of Contents  
Confidential Operations Manual**

<b>Manual</b>	<b>Approx. # of Pages</b>	<b>Topics</b>
Pre-Training Manual	325	Introduction Establishing a Golden Heart Senior Care Business Personnel Insurance Software
Training Manual	168	Start-Up, Development, and Operations Client Management Staff Management
Business Development Primer	96	Introduction General Business Development Home Care Business Development Golden Rules Business Development Techniques Referral Source Management Resources
Operations Manual (In-Home Care)	150	Introduction State Licensing Providing Care Finding Clients Conducting Initial Client Assessments Using Virtual Office Software
Operations Manual (Assisted Living Placement)	20	Introduction Finding Assisted Living Facilities Contracting with Facilities Finding Clients and Initial Assessments Contracts
Employee Training Manual (On-Line; approximately 40 total hours)	N/A	Caregiving: Nutrition and meal preparation Caregiving: Companion homemaker safety and housekeeping Caregiving: Companion homemaker roles and responsibilities Caregiving: Personal Care Caregiving: Fall Prevention Caregiving: How to assist with medications Communication: How to communicate with someone with Alzheimer's disease

Sample Employee Handbook	72	Introduction Policies and Procedures Regulatory and Operational Exhibits
Sample Safety Manual	68	Agency Commitment Policies and Procedures Regulatory and Operational Exhibits
Emergency Preparedness Manual	155	Your Role in an Emergency Disaster Emergency Disaster Planning Numerous Tools, Forms and Exhibits
Forms Manual	70	Employee Forms Advertising and Marketing Samples Client Forms Operating Forms
HIPAA Manual	40	Health Insurance Portability and Accountability Act
<b>TOTAL PAGES</b>	<b>1,164</b>	

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

SARILLIAN MANAGEMENT, LLC

\* \* \* \* \*

FINANCIAL STATEMENTS

\* \* \* \* \*

DECEMBER 31, 2021 and 2020



**SARILLIAN MANAGEMENT, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 and 2020**

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# MARRS BERGQUIST, CPAs

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

LORI A. MARRS  
CERTIFIED PUBLIC ACCOUNTANT

KAREN BERGQUIST  
CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To the Member  
of Sarillian Management, LLC

### Opinion

We have audited the accompanying financial statements of Sarillian Management, LLC which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sarillian Management, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sarillian Management, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sarillian Management, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sarillian Management, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sarillian Management, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mans Bugquist CPA*

Las Vegas, Nevada

February 12, 2022

**SARILLIAN MANAGEMENT, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 126,404	\$ 129,516
Prepaid expense	24,000	1,300
Accounts receivable	67,305	64,401
<b>Total Current Assets</b>	217,709	195,217
<b>Property and Equipment</b>		
Fixtures and equipment	1,000	1,000
Less: accumulated depreciation	(1,000)	(900)
	-	100
<b>Other Assets</b>		
Installment receivable 2010	150,000	150,000
Installment receivable 2011	-	66,500
Contract assets	128,487	110,874
Goodwill, net of accumulated amortization	1,122,964	1,374,154
	1,401,451	1,701,528
<b>Total Assets</b>	\$ 1,619,160	\$ 1,896,845
<b><u>LIABILITIES AND MEMBER'S EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 25,900	\$ 33,321
Customer deposit	30,000	-
Note payable	-	13,581
<b>Total Current Liabilities</b>	55,900	46,902
<b>Commitment and Contingencies</b>		
Deferred Credits	-	35,000
Deferred Franchise Fees	150,000	206,525
	206,748	223,523
<b>Total Liabilities</b>	412,648	511,950
<b>Member's Equity</b>	1,206,512	1,384,895
<b>Total Liabilities and Member's Equity</b>	\$ 1,619,160	\$ 1,896,845

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Royalty fees	\$ 760,890	\$ 695,624
Franchise fees	61,774	70,274
Marketing fees	1,531	6,000
	<u>824,195</u>	<u>771,898</u>
<b>Cost of Revenue</b>		
Commissions	306,084	306,321
	<u>306,084</u>	<u>306,321</u>
<b>Gross Profit</b>	518,111	465,577
Plus gross profit realized on installment sales	8,925	15,300
	<u>527,036</u>	<u>480,877</u>
<b>Operating Expenses</b>		
Amortization	251,190	251,190
Advertising	53,489	163,412
Salaries	52,850	74,088
Professional fees	41,034	30,830
Insurance	10,098	9,067
Office	10,000	7,475
Bad debt expense	8,400	-
Subcontractors	6,000	16,000
Bank fees	5,548	5,203
Website	5,326	11,611
Rent	4,773	3,701
Dues and subscriptions	4,125	8,649
Payroll taxes	4,119	6,038
Travel and entertainment	2,648	1,575
Taxes and licenses	1,934	3,400
Seminars and training	1,463	510
Payroll service fee	859	775
Depreciation	100	200
Postage and shipping	44	366
	<u>464,000</u>	<u>594,090</u>
<b>Income (Loss) from Operations</b>	63,036	(113,213)
<b>Other Income</b>		
Other income (expenses) - net	48,581	-
	<u>48,581</u>	<u>-</u>
<b>Net Income (Loss)</b>	<u>\$ 111,617</u>	<u>\$ (113,213)</u>

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>MEMBER'S EQUITY</b>
Balance January 1, 2020	\$ 1,813,108
Contributions	-
Distributions	(315,000)
Net Loss	(113,213)
Balance December 31, 2020	1,384,895
Contributions	-
Distributions	(290,000)
Net Income	111,617
Balance December 31, 2021	\$ 1,206,512

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net Income/(Loss)	\$ 111,617	\$ (113,213)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization	251,190	251,190
Depreciation	100	200
Bad debt expense	8,400	-
Cancellation of debt	(48,581)	-
(Increase)/Decrease in assets:		
Receivables	(2,904)	26,317
Installment receivable 2011	10,500	18,000
Prepaid expenses	(22,700)	-
Contract assets	(17,613)	(27,213)
Increase/(Decrease) in liabilities:		
Accounts payable	(7,421)	(15,590)
Deferred gross profit 2011	(8,925)	(15,300)
Deferred franchise fees	(16,775)	31,225
Customer deposit	30,000	-
<b>Net Cash Provided by Operating Activities</b>	<b>286,888</b>	<b>155,616</b>
<b>Cash Flows from Investing Activities</b>		
Payments received on promissory note	-	33,333
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>33,333</b>
<b>Cash Flows from Financing Activities</b>		
Borrowings on long-term debt	-	13,581
Member distributions	(290,000)	(315,000)
<b>Net Cash Used in Financing Activities</b>	<b>(290,000)</b>	<b>(301,419)</b>
<b>Net (Decrease) in Cash</b>	<b>(3,112)</b>	<b>(112,470)</b>
<i>Cash- Beginning of Year</i>	<i>129,516</i>	<i>241,986</i>
<b>Cash- End of Year</b>	<b>\$ 126,404</b>	<b>\$ 129,516</b>

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**

***Nature of business:***

Sarillian Management, LLC (hereinafter, the Company) was organized under the laws of the State of Texas on March 17, 2016. The Company develops and sells franchise systems in the United States that offer non-medical in-home personal care, supplemental staffing and assisted living/residential care placement services under the name and mark of "Golden Heart Senior Care" including, but not limited to, specifications and procedures for operations; procedures for management control, training and assistance; and merchandising, advertising and promotional programs. The Company bases its operations in Frisco, Texas.

***Basis of accounting:***

The financial statements of the Company have been prepared on the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized as incurred.

***Use of estimates:***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Accordingly, actual results may differ from those estimates.

***Cash and cash equivalents:***

Cash and cash equivalents are defined as cash and investments that have maturity of less than three months.

***Revenue recognition:***

The Company generally executes franchise agreements that establishes the terms of its arrangement with the franchisee. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and the franchisee's payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including training, administration procedures, and promotional materials. Franchise fee revenue is recognized when these duties and services have been substantially completed.



**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**  
**(Cont'd)**

***Revenue recognition (cont'd):***

Franchise fees that are designated for the franchise right granted in the franchise agreement are recorded as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreement. Royalty and marketing fees from franchise units are determined as a percentage of franchise unit revenue and are recognized in the same period as the related sales occur. Costs that are incurred to fulfill a franchise agreement are capitalized as a contract asset and amortized over the contractual term of the franchise agreement.

***Accounts receivable:***

Accounts receivable consists primarily of royalty fees due from franchised units. Management's policy is to reserve and write off receivable balances when they are determined to be uncollectible or when factors indicate an impairment of the receivable. The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of December 31, 2021 and 2020. The balances of accounts receivable were \$67,305 and \$64,401 at December 31, 2021 and 2020, respectively.

***Property and equipment:***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to expense in the current period. Acquisitions, major improvements, and renewals are capitalized and depreciated. Gain or loss on disposition is included in earnings in the period of disposition.

***Advertising costs:***

The Company's policy is to expense advertising costs as incurred.

***Concentrations of credit risk:***

The Company maintains cash and cash equivalent balances with various financial institutions. At various times throughout the year, the cash and cash equivalent balance with these institutions exceed federally insured amounts.

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**  
**(Cont'd)**

***Goodwill:***

The Company acquired on May 1, 2016 all of the assets and contingent liabilities of a corporation that was in the business to develop and sell franchise systems. The purchase price and costs associated with the acquisition exceeded the estimated fair value of the net assets acquired by \$2,520,850 which has been recorded as Goodwill. Goodwill is being amortized in the amount of \$251,190 over a 10-year period using the straight-line method. Accumulated amortization amounted to \$1,397,885 and \$1,146,696 at December 31, 2021 and 2020.

***Limited liability company/Income taxes:***

The financial statements include only those assets, liabilities, and results of operations which relate to the business of the Company. The Company files its income tax return as an S Corporation for federal income tax purposes. As such, the Company will not pay any federal income taxes, as any income or loss will be included in the federal income tax return of the individual member. Accordingly, no provision is made for federal income taxes in the financial statements.

***Fair value of financial instruments:***

The carrying amounts of financial instruments including cash, accounts receivable, contract costs, accounts payable, installment receivables, deferred credits, deferred franchise fees approximated fair value as of December 31, 2021 and 2020.

***Subsequent event:***

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 12, 2022, the date the financial statements were available to be issued.

**NOTE 2 - Fixed Assets**

A summary of fixed assets at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
One (1) laptop computer	\$ 450	\$ 450
One (1) large flat screen television	350	350
One (1) hard drive	40	40
Set of plaque awards	160	160
	<u>\$ 1,000</u>	<u>\$ 1,000</u>

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - Note Payable**

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Company obtained a PPP loan for \$13,581. The Company received approval of its application for the loan to be forgiven on March 10, 2021 and accordingly has recorded a gain on extinguishment of debt in other income/expense for the year ended December 31, 2021.

**NOTE 4 - Franchise Agreements**

*Nature of services*

Franchise agreements generally provide for a 10-year term and a 10-year renewal, subject to the Company's approval, certain restrictions and a fee. The franchise agreement requires that the franchisee pay a royalty and marketing fee based on a percentage of gross sales, with a minimum amount due monthly. In connection with the asset purchase agreement acquired in 2016 (See Note 1), the Company acquired area representative agreements with certain franchisees. These agreements generally provide the franchisee with the right to develop a specific number of units within a designated area. The Company currently does not offer these types of agreements for sale.

The Company sold one multi-unit franchise agreement during the current fiscal year. As of December 31, 2021, the Company has a total of fourteen operational area representative agreements and twenty-two operational franchise units.

The Company was accounting for two of the area representative agreements that were acquired, as installment sales. These franchise fees were recorded as installment receivables. During 2021, one of the installment receivables became uncollectible and accordingly, the Company wrote off the remaining realized gross profit to be collected of \$8,400. The remaining installment receivable agreement has no due date.

The total revenue and deferred costs for the remaining installment agreement for both the current year and on a cumulative basis is as follows:

	<u>Current</u>	<u>Cumulative</u>
Installment sales	\$ ---	\$ 300,000
Deferred gross profit	\$ ---	\$ (150,000)

The Company did not own or operate any franchise units as of December 31, 2021 and 2020.

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - Franchise Agreements (cont'd)**

*Contract Balances*

The following tables provide information about contract assets and deferred franchise fees from contracts with franchisees:

	<u>2021</u>	<u>2020</u>
Contract assets at beginning of year	\$ 110,874	\$ 83,661
Commission expense recognized during the year	(14,787)	(10,587)
New commission capitalized during the year	32,400	37,800
Contract asset at the end of the year	<u>\$ 128,487</u>	<u>\$ 110,874</u>

The following table reflects the estimated contract costs to be amortized in the future:

**Estimate for fiscal year:**

2022.....	\$ 18,387
2023.....	18,387
2024.....	18,387
2025.....	18,387
2026.....	16,425
Thereafter.....	38,514
	<u>\$128,487</u>

	<u>2021</u>	<u>2020</u>
Deferred franchise fees at beginning of year	\$223,523	\$192,297
Franchise fee revenue recognized during the year	(43,775)	(37,774)
New deferred franchise fees received during the year	27,000	69,000
Deferred franchise fees at the end of the year	<u>\$206,748</u>	<u>\$223,523</u>

The following table reflects the estimated franchise fees to be recognized in the future:

**Estimate for fiscal year:**

2022.....	\$31,775
2023.....	31,775
2024.....	31,775
2025.....	31,775
2026.....	27,100
Thereafter.....	52,548
	<u>\$206,748</u>

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - Commitments and Contingencies**

The Company acquired, through the asset purchase agreement, an area repurchase agreement. The repurchase agreement called for installment payments of \$5,000 to be made as franchise sales were completed within a defined developed area up to a total of \$40,000. The Company sold one franchised unit in 2016. The Company did not sell any franchise units in the developed area during any subsequent years or in the current year and in April 2021, this area repurchase agreement expired. The Company no longer has this contingent liability and accordingly has recorded a gain on extinguishment of debt in the amount \$35,000 in other income/expense for the year ended December 31, 2021.

The Company leases front office space and a storage unit under a month-to-month lease. Total rent paid under these leases was \$4,773 and \$3,701 for the years ended December 31, 2021 and 2020.

SARILLIAN MANAGEMENT, LLC

\* \* \* \* \*

FINANCIAL STATEMENTS

\* \* \* \* \*

DECEMBER 31, 2020 and 2019

SARILLIAN MANAGEMENT, LLC  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 and 2019

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# MARRS BERGQUIST, CPAs

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

LORI A. MARRS  
CERTIFIED PUBLIC ACCOUNTANT

KAREN BERGQUIST  
CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITORS' REPORT

**To the Member of  
Sarillian Management, LLC**

We have audited the accompanying financial statements of Sarillian Management, LLC, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of loss, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

*Marrs Bergquist CPA*

Las Vegas, Nevada  
March 30, 2021



**SARILLIAN MANAGEMENT, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash	\$ 129,516	\$ 241,986
Prepaid expense	1,300	1,300
Accounts receivable	64,401	90,717
Promissory note receivable	-	33,333
<b>Total Current Assets</b>	195,217	367,336
<b>Property and Equipment</b>		
Fixtures and equipment	1,000	1,000
Less: accumulated depreciation	(900)	(700)
	100	300
<b>Other Assets</b>		
Installment receivable 2010	150,000	150,000
Installment receivable 2011	66,500	84,500
Contract assets	110,874	83,661
Goodwill, net of accumulated amortization	1,374,154	1,625,344
	1,701,528	1,943,505
<b>Total Assets</b>	\$ 1,896,845	\$ 2,311,141
<u>LIABILITIES AND MEMBER'S EQUITY</u>		
<b>Current Liabilities</b>		
Accounts payable	\$ 33,321	\$ 48,911
Note payable	13,581	-
<b>Total Current Liabilities</b>	46,902	48,911
<b>Commitment and Contingencies</b>	35,000	35,000
<b>Deferred Credits</b>	206,525	221,825
<b>Deferred Franchise Fees</b>	223,523	192,297
<b>Total Liabilities</b>	511,950	498,033
<b>Member's Equity</b>	1,384,895	1,813,108
<b>Total Liabilities and Member's Equity</b>	\$ 1,896,845	\$ 2,311,141

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Revenue</b>		
Royalty fees	\$ 695,624	\$ 687,152
Franchise fees	70,274	77,775
Lead Optimization fees	6,000	19,800
	<u>771,898</u>	<u>784,727</u>
<b>Cost of Revenue</b>		
Commissions	306,321	315,915
	<u>306,321</u>	<u>315,915</u>
<b>Gross Profit</b>	465,577	468,812
Plus gross profit realized on installment sales	15,300	15,300
	<u>480,877</u>	<u>484,112</u>
<b>Operating Expenses</b>		
Amortization	251,190	251,190
Advertising	163,412	110,812
Salaries	74,088	56,531
Professional fees	30,830	32,595
Subcontractors	16,000	30,000
Website	11,611	20,757
Insurance	9,067	2,363
Dues and subscriptions	8,649	5,999
Office	7,475	9,980
Payroll taxes	6,038	4,668
Bank fees	5,203	4,323
Rent	3,701	-
Taxes and licenses	3,400	3,929
Travel and entertainment	1,575	4,106
Payroll service fee	775	1,071
Seminars and training	510	1,914
Postage and shipping	366	238
Depreciation	200	200
	<u>594,090</u>	<u>540,676</u>
<b>Net Loss</b>	<u>\$ (113,213)</u>	<u>\$ (56,564)</u>

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>MEMBER'S EQUITY</b>
Balance January 1, 2019	\$ 2,317,996
Cumulative effect of change in accounting principle	(58,324)
Contributions	-
Distributions	(390,000)
Net Loss	(56,564)
Balance December 31, 2019	1,813,108
Contributions	-
Distributions	(315,000)
Net Loss	(113,213)
Balance December 31, 2020	\$ 1,384,895

**SARILLIAN MANAGEMENT, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (113,213)	\$ (56,564)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization	251,190	251,190
Depreciation	200	200
Cumulative effect of change in accounting principle	-	(58,324)
(Increase)/Decrease in assets:		
Receivables	26,317	(24,052)
Installment receivable 2011	18,000	18,000
Contract assets	(27,213)	(83,661)
Increase/(Decrease) in liabilities:		
Accounts payable	(15,590)	18,421
Deferred gross profit 2011	(15,300)	(15,300)
Deferred franchise fees	31,225	192,297
Customer deposit	-	(10,000)
<b>Net Cash Provided by Operating Activities</b>	<b>155,616</b>	<b>232,207</b>
<b>Cash Flows from Investing Activities</b>		
Issuance of promissory note	-	(50,000)
Payments received on promissory note	33,333	16,667
<b>Net Cash Provided by/Used in Investing Activities</b>	<b>33,333</b>	<b>(33,333)</b>
<b>Cash Flows from Financing Activities</b>		
Borrowings on long-term debt	13,581	-
Member distributions	(315,000)	(390,000)
<b>Net Cash Used in Financing Activities</b>	<b>(301,419)</b>	<b>(390,000)</b>
<b>Net (Decrease)/Increase in Cash</b>	<b>(112,470)</b>	<b>(191,126)</b>
<i>Cash- Beginning of Year</i>	<i>241,986</i>	<i>433,112</i>
<b>Cash- End of Year</b>	<b>\$ 129,516</b>	<b>\$ 241,986</b>

See independent auditors' report and notes

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**

***Nature of business:***

Sarillian Management, LLC (hereinafter, the Company) was organized under the laws of the State of Texas on March 17, 2016. The Company develops and sells franchise systems in the United States that offer non-medical in-home personal care, supplemental staffing and assisted living/residential care placement services under the name and mark of "Golden Heart Senior Care" including, but not limited to, specifications and procedures for operations; procedures for management control, training and assistance; and merchandising, advertising and promotional programs. The Company bases its operations in Frisco, Texas.

***Basis of accounting:***

The financial statements of the Company have been prepared on the accrual basis of accounting; therefore, revenue is recognized when earned and expenses are recognized as incurred.

***Use of estimates:***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Accordingly, actual results may differ from those estimates.

***Cash and cash equivalents:***

Cash and cash equivalents are defined as cash and investments that have maturity of less than three months.

***Revenue recognition:***

The Company generally executes franchise agreements that establishes the terms of its arrangement with the franchisee. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and the franchisee's payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee, including training, administration procedures, and promotional materials. Franchise fee revenue is recognized when these duties and services have been substantially completed.

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**  
**(Cont'd)**

***Revenue recognition (cont'd):***

Franchise fees that are designated for the franchise right granted in the franchise agreement are recorded as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreement. Royalties from franchise units are determined as a percentage of franchise unit revenue and are recognized in the same period as the related sales occur. Lead optimization fees are recorded as a flat monthly fee to franchisees. Costs that are incurred to fulfill a franchise agreement are capitalized as a contract asset and amortized over the contractual term of the franchise agreement.

***Accounts receivable:***

Accounts receivable consists primarily of royalty fees due from franchised units. Management's policy is to reserve and write off receivable balances when they are determined to be uncollectible or when factors indicate an impairment of the receivable. The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of December 31, 2020 and 2019. The balances of accounts receivable were \$64,401 and \$90,717 at December 31, 2020 and 2019, respectively.

***Property and equipment:***

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs are charged to expense in the current period. Acquisitions, major improvements, and renewals are capitalized and depreciated. Gain or loss on disposition is included in earnings in the period of disposition.

***Advertising costs:***

The Company's policy is to expense advertising costs as incurred.

***Concentrations of credit risk:***

The Company maintains cash and cash equivalent balances with various financial institutions. At various times throughout the year, the cash and cash equivalent balance with these institutions exceed federally insured amounts.

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**  
**(Cont'd)**

***Paycheck protection program loan:***

On May 5, 2020, the Company received a Paycheck Protection Program loan. The Company has elected to account for the loan under FASB ASC 470 Debt. Accordingly, the Company will account for the derecognition of the liability under FASB ASC 405-20, *Extinguishment of Liabilities*. Based on this FASB, the proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Company has been "legally released" or (2) the Company pays off the loan to the Small Business Administration ("SBA"). Once the loan is, in part or wholly, forgiven, and legal release is received, the Company will reduce the liability by the amount forgiven and record a gain on extinguishment.

***Goodwill:***

The Company acquired on May 1, 2016 all of the assets and contingent liabilities of a corporation that was in the business to develop and sell franchise systems. The purchase price and costs associated with the acquisition exceeded the estimated fair value of the net assets acquired by \$2,520,850 which has been recorded as Goodwill. Goodwill is being amortized in the amount of \$251,190 over a 10-year period using the straight-line method. Accumulated amortization amounted to \$1,146,696 and \$895,506 at December 31, 2020 and 2019.

***Limited liability company/Income taxes:***

The financial statements include only those assets, liabilities, and results of operations which relate to the business of the Company. The Company files its income tax return as an S Corporation for federal income tax purposes. As such, the Company will not pay any federal income taxes, as any income or loss will be included in the federal income tax return of the individual member. Accordingly, no provision is made for federal income taxes in the financial statements.

***New accounting standard adopted:***

In May 2014, the FASB issued amended guidance for revenue recognition. The new guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The Company adopted the new guidance on January 1, 2019.

SARILLIAN MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - Summary of Significant Accounting Policies**  
**(Cont'd)**

***New accounting standard adopted (Cont'd):***

The Company applied the new guidance using the modified retrospective method, whereby the cumulative effect of initially adopting the guidance was recognized as a \$(58,324) adjustment to the opening balance of equity at January 1, 2019. Therefore, the comparative periods have been adjusted.

***Fair value of financial instruments:***

The carrying amounts of financial instruments including cash, accounts receivable, contract costs, accounts payable, installment receivables, deferred credits, deferred franchise fees, and note payable approximated fair value as of December 31, 2020 and 2019.

**NOTE 2 - Fixed Assets**

A summary of fixed assets at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
One (1) laptop computer	\$ 450	\$ 450
One (1) large flat screen television	350	350
One (1) hard drive	40	40
Set of plaque awards	160	160
	<u>\$ 1,000</u>	<u>\$ 1,000</u>

**NOTE 3 - Franchise Agreements**

*Nature of services*

Franchise agreements generally provide for a 10-year term and a 10-year renewal, subject to the Company's approval, certain restrictions and a fee. The franchise agreement requires that the franchisee pay a royalty based on a percentage of gross sales, with a minimum amount due monthly. In connection with the asset purchase agreement acquired in 2016 (See Note 1), the Company acquired area representative agreements with certain franchisees. These agreements generally provide the franchisee with the right to develop a specific number of units within a designated area. The Company currently does not offer these types of agreements for sale.

The Company sold three franchise agreements during the current fiscal year. As of December 31, 2020, the Company has a total of fifteen operational area representative agreements and twenty-four operational franchise units.



**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - Franchise Agreements (cont'd)**

The Company is currently accounting for two of the area representative agreements that were acquired, as installment sales. The total revenue and deferred costs for the installment agreements for both the current year and on a cumulative basis is as follows:

	<u>Current</u>	<u>Cumulative</u>
Installment sales	\$ ---	\$ 550,000
Deferred gross profit	\$ ---	\$ (206,525)

These franchise fees, recorded as installment receivables, are due from the franchisees within the next year, with one franchisee having no due date to pay their fee.

The Company did not own or operate any franchise units as of December 31, 2020 and 2019.

*Contract Balances*

The following table provides information about contract assets and deferred franchise fees from contracts with franchisees:

	<u>2020</u>	<u>2019</u>
Contract assets at beginning of year	\$ 83,661	\$ 41,748
Commission expense recognized during the year	(10,587)	(5,337)
New commission capitalized during the year	37,800	47,250
Contract asset at the end of the year	<u>\$110,874</u>	<u>\$ 83,661</u>

The following table reflects the estimated contract costs to be amortized in the future:

**Estimate for fiscal year:**

2021.....	\$ 14,787
2022.....	14,787
2023.....	14,787
2024.....	14,787
2025.....	14,787
Thereafter.....	<u>36,939</u>
	<u>\$110,874</u>

**SARILLIAN MANAGEMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - Franchise Agreements (cont'd)**

	<u>2020</u>	<u>2019</u>
Deferred franchise fees at beginning of year	\$192,297	\$100,072
Franchise fee revenue recognized during the year	(37,774)	(12,775)
New deferred franchise fees received during the year	<u>69,000</u>	<u>105,000</u>
Deferred franchise fees at the end of the year	<u>\$223,523</u>	<u>\$192,297</u>

The following table reflects the estimated franchise fees to be recognized in the future:

**Estimate for fiscal year:**

2021.....	\$43,775
2022.....	28,775
2023.....	28,775
2024.....	28,775
2025.....	28,775
Thereafter.....	<u>64,648</u>
	<u>\$223,523</u>

**NOTE 4 - Note Payable**

On May 1, 2020, the Company received a loan under the Payroll Protection Program of \$13,581 to assist with short-term liquidity for payroll and certain essential allowable costs. The principal balance of this loan may be forgiven if the loan proceeds are spent on qualifying costs as defined in the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). This loan carries an interest rate of 1% and is payable in two years, if not forgiven. As of December 31, 2020, the Company had used all of the funds for eligible expenses. The Company received full forgiveness on March 10, 2021.

**NOTE 5 - Commitments and Contingencies**

The Company acquired, through the asset purchase agreement, an area repurchase agreement. The repurchase agreement calls for installment payments of \$5,000 to be made as franchise sales are completed within a defined developed area up to a total of \$40,000. The Company sold one franchised unit in 2016. The Company did not sell any franchise units in the developed area for the year ended December 31, 2020. The balance on this contingent liability at December 31, 2020 and December 31, 2019 was \$35,000 respectively.

SARILLIAN MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 5 - Commitments and Contingencies (Cont'd)**

During the current fiscal year, the Company began leasing front office space and a storage unit under a month-to-month lease. The total monthly rental payment is \$379. Total rent paid under these leases was \$3,701 for the year ended December 31, 2020.

**NOTE 6 - Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 30, 2021, the date the financial statements were available to be issued.

## EXHIBIT H TO THE DISCLOSURE DOCUMENT

### Item 2, 3, and 4 Disclosure for Area Representatives

This Exhibit H supplements the information provided in Item 2 of our Disclosure Document as it relates to our Area Representatives in the geographic areas noted below. If we have an Area Representative in your geographic area and the Area Representative provided us information, we provide that Area Representative's information below.

#### ARIZONA: Robert Pratt

##### **Item 2: Business Experience**

###### Robert Pratt

2010 – Current

Owner & Operator, Golden Heart Senior Care (Sun City, AZ)

##### **Item 3: Litigation**

No litigation is required to be disclosed in this Item.

##### **Item 4: Bankruptcy**

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

#### ARIZONA: Laurie Malone

##### **Item 2: Business Experience**

###### Laurie Malone

2013 – Current

Owner & Operator, Golden Heart Senior Care (Scottsdale, AZ)

##### **Item 3: Litigation**

No litigation is required to be disclosed in this Item.

##### **Item 4: Bankruptcy**

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

#### CALIFORNIA: Orange County: Dan McNeeley

##### **Item 2: Business Experience**

###### Dan McNeeley

Creative Concepts Marketing Group LLC, since January 2015, Member

Builder/renovator of classic/hot rod trucks, 2010 – present

##### **Item 3: Litigation**

No litigation is required to be disclosed in this Item.

##### **Item 4: Bankruptcy**

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

**CALIFORNIA: San Diego County: Paul Raukar**

**Item 2: Business Experience**

Paul Raukar

GHSCSD, LLC, since April 2015, Member

Franchise Investment Group, 2009 – Present, Independent Contractor

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**COLORADO: Bryan Krause and Shelley Krause**

**Item 2: Business Experience**

Bryan Krause

August 2009-Present

Director of Student Services

Jefferson County School District

Shelley Krause

Hearing and Vision Screener

August 2010-2013

Jefferson County School District

Teacher, Outdoor Lab School

August 2007-2010

Jefferson County School District

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**FLORIDA: Southeast Florida: Dr. Reinhart Rott**

**Item 2: Business Experience**

Reinhart Rott, M.D.

Retired Physician

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**ILLINOIS: Nelia Ladlad**

**Item 2: Business Experience**

Nelia Guinsatao Ladlad

2012-Current – Owner of CTK Advisors, providing consulting services to health care companies regarding management, marketing, operations and merger and acquisitions.

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**INDIANA & MICHIGAN: Dan Flahive**

**Item 2: Business Experience**

Dan Flahive

Self Employed since September 1, 2009

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**IOWA: Stephen Stegall**

**Item 2: Business Experience**

Stephen Stegall

2013 – Current

Owner & Operator, Golden Heart Senior Care (Des Moines, IA)

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**MINNESOTA: Dr. Mike Wilcox**

**Item 2: Business Experience**

Dr. Mike Wilcox

1980 – Current

Golden Heart Senior Care  
Unit FDD 2022 A1

Board Certified Family Practice Physician who has practiced in rural Minnesota for 38 years

2014 – 2017

Owner & Operator, Golden Heart Senior Care (Bloomington, MN)

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**NORTH CAROLINA & SOUTH CAROLINA: Adam Smith**

**Item 2: Business Experience**

Adam Smith

2012 – Current

Owner & Operator, Golden Heart Senior Care (Charlotte, NC)

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**OHIO: Steve Teska**

**Item 2: Business Experience**

Steve Teska

April 1993 – Present. President, Teska Enterprises, Inc. dba: Barrington Business Group

July 2009 – Present, Independent Business Broker, Sunbelt Business Advisors of Miami Valley

August 2009 – Present, Officer, 5-Star Heating and Cooling, Inc.

November 2010 – Present, Managing Member, Miami Valley Golden Heart, LLC

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**TENNESSEE: Doug LaMey**

**Item 2: Business Experience**

Doug LaMey

2016 – Present

Financial Advisor, Manager

Capital Financial Group, LLC

2013 – 2016

Field Sales Leader  
Allstate

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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

**WISCONSIN: Raju Perecherla**

**Item 2: Business Experience**

Raju Perecherla

January, 2009 - August, 2012:  
Reliance On Call, Inc.  
Champaign, Illinois  
Medical Staffing Agency  
President

July, 2012 - Present:  
VLS Management, Inc.  
Sun Prairie/Madison, WI  
Health Care Business  
President

April, 2013 - Present:  
Caregivers of Madison, Inc.  
DBA Golden Heart Senior Care  
Franchisee of Golden Heart Senior Care  
Sun Prairie/Madison, WI  
Non-Medical Home Care Business  
President

**Item 3: Litigation**

No litigation is required to be disclosed in this Item.

**Item 4: Bankruptcy**

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



### **State Effective Dates - 2021**

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

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

<b><u>STATE</u></b>	<b><u>EFFECTIVE DATE</u></b>
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	Pending

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

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**RECEIPT OF FRANCHISE DISCLOSURE  
DOCUMENT OF SARILLIAN MANAGEMENT, LLC**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Sarillian Management, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sarillian Management, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Craig Bass 7460 Warren Parkway Suite 100, Frisco, Texas 75034 (800) 601-2792, Ext. 700	
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Issuance date: February 25, 2022

I received a disclosure document dated February 25, 2022 that included the following Exhibits:

- A – State Administrators/Agents for Service of Process
- B – State Specific Addenda
- C – Franchise Agreement with Attachments
- D – Multi-Territory Development Agreement with Attachments
- E – List of Franchisees & Franchisees Who Have Left the System
- F – Table of Contents of Confidential Operations Manual
- G – Financial Statements
- H- Disclosure Regarding Area Representatives
- I - Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

**KEEP FOR YOUR RECORDS**

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\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

Return the signed and dated receipt page to Sarillian Management, LLC,  
7460 Warren Parkway, Suite 100, Frisco, TX 75034