

## FRANCHISE DISCLOSURE DOCUMENT

ABCSP, LLC  
a California limited liability company  
1406 Blue Oaks Blvd  
Roseville, CA 95747  
Telephone: 1-888-430-CARE  
www.alwaysbestcare.com  
franchisesales@abc-seniors.com



We offer franchises for the operation of a business that will provide the public with non-medical in-home personal care, skilled in-home nursing services and senior living/assisted living/residential care referral services using our distinctive system under the name “Always Best Care Senior Services.”

The total investment necessary to begin operation of an Always Best Care Senior Services franchise is \$89,725 to \$145,900. This includes \$49,900 that must be paid to the franchisor and/or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive 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 along 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 Jake Brown at 1406 Blue Oaks Blvd, Roseville, California 95747 and (888) 430-CARE.

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, like “[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.

**Issuance Date: April 11, 2025**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<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 Exhibits D and E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only ABCSP Unit business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be an ABCSP Unit franchisee?</b>	Item 20 or Exhibits D and 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 the 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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Mandatory Minimum Payment.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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

## **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 franchises.
- (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 before 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 this failure after being given written notice and a reasonable opportunity, which need not be more than thirty (30) days, to cure this failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 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 after 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 these 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 the Department of Attorney General, State of Michigan, whose phone number is (517) 373-7117 and whose address is:

Department of the Attorney General, State of Michigan  
Consumer Protection Division  
Attn: Franchise  
670 Williams Building  
Lansing, Michigan 48909

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

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

The Franchisor

ABCSP, LLC (“we”, “our” or “us”) is a California limited liability company with a principal place of business at 1406 Blue Oaks Blvd, Roseville, California 95747. We were originally incorporated as a California corporation (named ABCSP Inc.) on March 23, 2000, but we converted to a California limited liability company on April 18, 2016. We do business under our corporate name and under our proprietary marks “Always Best Care” and “Always Best Care Senior Services.”

We will refer to the person who buys this franchise as “you” throughout this Disclosure Document. If the franchise purchaser is a business entity, “you” also includes each partner, shareholder, member or other owner of that entity.

We offer franchises for businesses that will operate under the “Always Best Care Senior Services” name that will provide the public with non-medical in-home personal care, skilled nursing services and senior living/assisted living/residential care referral services using our distinctive system (the “Business” or “Franchised Business”). Because we also offer an Area Representative franchise under a separate disclosure document, we sometimes refer to franchisees who operate a Franchised Business as “Unit Franchisees” and to their franchises as “Unit Franchises.”

In prior years, we offered a Developer Agreement option. Under this option, franchisees who met certain qualifications would enter into a Developer Agreement with us to develop multiple Assigned Areas within a designated geographical area. Franchisees executing a Developer Agreement would pay a development fee in exchange for reserving the development territory and would also receive a credit toward payment of their future Initial Franchise Fees. Although we still permit qualified franchisees to enter into multiple Franchise Agreements with or operate multiple Assigned Areas, we no longer offer the Developer Agreement separately. Several of our current franchisees, however, are parties to a Developer Agreement with us.

In certain parts of the country, we have entered into an agreement with a third party to represent the Always Best Care® brand in a certain geographic area. These third parties are known as Always Best Care “Area Representatives” and they represent our interests in a particular area, by recruiting and screening new franchisees and providing training and support services to them. (Area Representatives are also franchisees of ours.) We are not offering new Area Representative franchises at this time, and in the past that offering was described in a separate FDD. If your Franchised Business is located in an area where we have authorized an Area Representative, certain of our support and training obligations to you may be provided by our Area Representative.

We have never offered franchises in any other line of business. We do not have any other business activities. We began selling franchises in December 2007. Our agents for service of process are listed in Exhibit A.

Our Parents, Predecessors and Affiliates

Our immediate parent is ABCSS Holdings, LLC, a Delaware limited liability company that shares the same principal business address as us (“ABCSS Holdings”), which acquired us on April 18, 2016. ABCSS Holdings is majority-owned by Gemini Investors VI, L.P., a Delaware limited partnership with a principal business address of 20 William Street, Suite 250, Wellesley, Massachusetts 02481 (“Gemini”). We have no other parents. ABCSS Holdings and Gemini do not offer franchises in any line of business or



provide products or services to our franchisees. We have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

Our predecessor is Newman Capital Investments, LLC, a California limited liability company headquartered at our address (“Predecessor”). In December 2007, our Predecessor merged with and into us, and we are the survivor entity. Our Predecessor offered Always Best Care Senior Services franchises from December 2006 to December 2007. During this time period, our Predecessor sold 15 franchises. Our Predecessor transferred those 15 franchise agreements to us in December 2007. Our Predecessor has never offered franchises in any other lines of business.

### The System

Our system includes a method of providing the public with non-medical in-home personal care, skilled nursing services and senior living/assisted living/residential care referral 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 developed (the “System”).

The System is identified by certain trade names, service marks, trademarks, logos and emblems, including the mark “Always Best Care Senior Services,” that we designate (and may in the future designate) for use with the System (the “Proprietary Marks”).

### The Franchise Offered

Under the terms and conditions of the Franchise Agreement, attached as Exhibit C to this Disclosure Document, we offer a franchise for a single Franchised Business within an Assigned Area. The Franchise Agreement gives you the right to use the Proprietary Marks and the System solely in the operation of the Franchised Business, and only from a location that we approve. With a few exceptions described in Item 12, you are limited to serving clients of the Franchised Business (“Clients”) within your Assigned Area.

Each Franchised Business offers a combination of assisted living referral services and non- medical in-home care services to seniors as our core business model. Your Franchised Business may begin offering skilled nursing services and medical in-home health services (collectively, “Skilled Nursing Services”) at your option. In order to offer Skilled Nursing Services, you must first comply with all applicable state and federal licensing requirements relating to the offer of such services (“Skilled Nursing Licensure”). You may choose, but are not required, to offer Skilled Nursing Services to Clients who will pay for those services through Medicare. If you choose to seek Medicare reimbursement in connection with Skilled Nursing Services, you must obtain and maintain all required licenses, permits and authorizations (“Medicare Licensure”). If you begin offering Skilled Nursing Services, you will be subject to our confirmation that such activities can be lawfully conducted in the jurisdictions in which you operate, consistent with the terms of the franchise. Offering Skilled Nursing Services and/or seeking Medicare reimbursement for those services will require additional licensing, consulting and startup expenses, which will vary from state to state.

### Market and Competition

Unit Franchisees’ Clients typically include people who are 60 years old and older, their families and their caregivers. The Franchised Businesses will offer non-medical in-home personal care and senior living/assisted living/residential care referral services. If a Franchisee chooses to offer Skilled Nursing

Services, the Franchisee must apply for all applicable licenses. These services provide quality of life and ease of living to Clients, and enable them to live independently in their homes.

The markets for home care and referral services and for skilled nursing services are well- 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.

### Industry Specific Laws

You must comply with any federal, state or local licensing or regulatory requirements that may apply to your Franchised Business and you must comply with all applicable federal, state or local laws related to the Franchised Business, specifically including those pertaining to the health care industry. Generally, the applicable state healthcare departments establish licensure requirements. Some states have no licensure requirements (other than a local business license) for in-home care services and private health care services while others have very specific guidelines, which must be met for licensure. The difficulty and cost of obtaining these licenses, and the procedures for securing them, vary greatly from area to area. A wide variety of state and local laws and regulations govern the provision of home healthcare services and in-home care. California franchisees should refer to the California Appendix included in Exhibit B to this disclosure document, for information on California-specific regulation of home care and skilled nursing care businesses.

The state licensing requirements and regulations may be modified, amended or expanded at any time by a state legislature and/or regulatory authority. Any modifications or amendments could adversely affect your Franchised Business and its operations.

If the Franchised Business offers Skilled Nursing Services then the Franchised Business may be subject to state review laws, state and federal fraud and abuse laws, state and federal and/or state ethics requirements and federal and/or state regulatory requirements applicable to the limitation and/or prohibition of physician and/or other healthcare provider ownership in healthcare businesses to which providers refer patients or provide services, the Franchised Business may also be subject to patient disclosure requirements and freedom of choice requirements applicable to healthcare provider provision of home care services. You must comply with these laws and regulations as they may be amended or expanded.

There may be other laws, rules or regulations that affect the Franchised Business. We recommend that you consult with your attorney for an understanding of them. You should consider these laws and regulations when evaluating your purchase of a franchise.

You must comply with all local, state, and federal laws that apply to your operations, including health, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment, and sexual harassment laws. Some states require you to obtain a license to provide employment services. In addition, some states may require one or more of the following: a local business license: a home care license and a Certificate of Need. In some states that require a Certificate of Need, the state may not be currently extending additional Certificates of Need, which will impact your ability to provide health care services to Medicare recipients. In the event you can obtain proper state licenses and a Certificate of Need, and you provide health care services to Medicare recipients, you will also need to obtain Medicare certification from the federal government.

You will need to comply with various federal, state and local laws that govern health care and health care providers, and you will need to obtain the various licenses, permits, and certificates required to provide the services which you are authorized to provide under the Franchise Agreement prior to commencing operation of the Franchised Business. The following is a general description of the laws and licenses that may be applicable to you and your business.

## Licensure

Every state imposes licensing requirements on individual physicians and pharmacists, and on certain types of health care providers and facilities. Many states require regulatory approval, including licenses to render care. Many states also require a Certificate of Need before establishing certain types of health care facilities or offering services, such as providing home health care services. To the extent they are applicable to the services which you are authorized to provide, elect to provide, under the Franchise Agreement, depending on the state(s) in which the services will be provided. (You may choose to provide Skilled Nursing Services and whether to seek Medicare reimbursement for such services. If you seek Medicare reimbursement in connection with Skilled Nursing Services, you must obtain Medicare Licensure and comply with all applicable requirements.)

## Corporate Practice of Medicine

The laws of many states prohibit business corporations from engaging in the practice of medicine, such as through employment arrangements with health care providers. These laws vary from state to state and are enforced by the state courts and regulatory authorities with broad discretion. If prohibited by law, you may be unable to: (i) employ providers to provide health care services; (ii) represent to the public that you offer health care services; and (iii) control in any way the provision of health care services by providers. Because the laws governing the corporate practice of medicine vary from state to state, expansion of the operations of the Franchised Business to a state, or to residents of a state, with strict corporate practice of medicine laws may require you to modify your operations.

## Fee-Splitting Prohibitions

The laws of some states prohibit health care providers from splitting professional fees, i.e., sharing a portion of a professional fee earned by a health care provider for the provision of a health care service with a person, company, partnership or other entity that does not provide the same type of health services. These statutes are sometimes quite broad and as a result prohibit otherwise legitimate business arrangements. A number of states also prohibit compensation arrangements when the amount received in payment for furnishing space, facilities, equipment or personnel services is based upon a percentage of, or is dependent upon, the income or receipts of the licensed professional. Other states only prohibit fee splitting arrangements that are based on referrals. Penalties for violating these fee-splitting statutes or regulations may include revocation, suspension or probation of health care professional's license, or other disciplinary action, as well as monetary penalties. Alleged violations of the fee-splitting laws have also been used successfully by health care professionals to declare a contract.

## State Anti-Kickback and Self-Referral Laws

A number of states have enacted laws which prohibit payment for referrals and other types of "kickback" arrangements. These state laws typically apply to all patients regardless of their insurance coverage.

A number of states have enacted laws which prohibit physician self-referrals regardless of the patient's source of payment. Subject to certain limited exceptions, many states prohibit referrals for health care services provided by or through licensed health care workers to an entity outside the health care worker's office or a group practice in which the health care worker (or a relative) is an investor, unless the health care worker directly provides health services within the entity and will be personally involved with the provision of care to the referred patient.

## State Regulatory Insurance

Laws in all states regulate the business of insurance. Many states also regulate the establishment and operation of networks of health care providers. Many state insurance commissioners have interpreted their states' insurance statutes to prohibit entities from entering into risk-based managed care contracts unless there is an entity licensed to engage in the business of insurance in the chain of contracts. An entity not licensed to practice insurance contracting directly with a self-insured employer may be deemed to be engaged in the unlicensed business of insurance. You must obtain all required or appropriate licenses to the extent you contract to provide home health care services on a risk basis, such as based upon a capitation method.

## Federal Medicare and Medicaid Related Regulation

There are a number of federal laws prohibiting certain activities and arrangements relating to services or items which are reimbursable by Medicare or Medicaid. The False Claims Act imposes civil liability on persons or corporations which make false or fraudulent claims for payment to the government. A violation of the False Claims Act may result in liability for severe monetary penalties and exclusion from the Medicare and Medicaid programs.

In addition, certain provisions of the Social Security Act, commonly referred to as the "Anti-kickback Amendment," prohibit the offer, payment, solicitation, or receipt of any form of remuneration either in return for the referral of Medicare or state health program patients or patient care opportunities, or in return for the recommendation, arrangement, purchase, lease, or order of items or services that are covered by Medicare or state health programs. The Anti-kickback Amendment is broad in scope and has been broadly interpreted by courts in many jurisdictions. Read literally, the statute places at risk many otherwise legitimate business arrangements, potentially subjecting such arrangements to lengthy, expensive investigations and prosecutions initiated by federal and state government officials. In particular, the Office of the Inspector General of the U.S. Department of Health and Human Services has expressed concern that provider ownership in entities in a position to receive referrals of business reimbursable by Medicare or Medicaid from such health care providers may violate the Anti-kickback Amendment.

Physician and certain other health care providers who own a franchise will be subject to physician self-referral laws for services covered by Medicare and Medicaid programs by Congress in the Omnibus Budget Reconciliation Act of 1993. These prohibitions, commonly known as "Stark II," amended prior physician self-referral legislation known as "Stark I" (which applied only to clinical laboratory referrals) by dramatically enlarging the list of services and investment interests to which the referral prohibitions apply. Effective January 1, 1995, and subject to certain exemptions, Stark II prohibits a physician or a member of that physician's immediate family from referring Medicare or Medicaid patients to any entity providing "designated health services" in which the physician has an ownership or investment interest, or with which the physician has entered into a compensation arrangement, including the physician's own group practice unless the practice satisfies the "group practice" exception. The designated health services include the provision of clinical laboratory services, radiology and other diagnostic services (including ultrasound services), radiation therapy services, physical and occupational therapy services, home medical equipment, parenteral and enteral nutrients, certain equipment and supplies, prosthetics, orthotics, outpatient prescription drugs, home health services and inpatient and outpatient hospital services. The penalties for violating Stark II include a prohibition on Medicaid and Medicare reimbursement and civil penalties of as much as \$15,000 for each violative referral, and \$100,000 for participation in a "circumvention scheme."

We strongly urge you to consult with competent local counsel regarding all of the laws and regulations described above, and others that may be applicable to you and your jurisdiction.

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

President and CEO – Jake Brown

Jake Brown became our President in April 2016 and our Chief Executive Officer in April 2017. Mr. Brown was our Chief Operating Officer from November of 2010 until April 2016.

Executive Chairman – Michael Newman

Michael Newman has been our Executive Chairman since April 2016. Mr. Newman was our President, CEO and Director from our inception in 2000 until April 2016. He was also President of our Predecessor from its inception until its merger with us in December 2007. Mr. Newman started the “Always Best Care Senior Services” concept in 1996.

Chief Financial Officer – Tamrya Ford

Tammy Ford joined Always Best Care as CFO, in September of 2024. Prior to joining, Ms. Ford was CFO for Nor Cal Outdoors, Inc. in Rocklin, CA, from February 2022 to September 2024. Before that, Ms. Ford was CFO for Matheson Trucking, Inc., in Sacramento, CA, from August 2017 to February 2022.

Chief Operating Officer – Sheila Davis

Sheila Davis became our Chief Operating Officer in March of 2025. Prior to that, Ms. Davis was our Senior Vice President, Area Operations, from November of 2018 to March 2025. Prior to that, Ms. Davis was Senior Vice President, for U.S. CareNet in Augusta, Georgia, from January 2018 to November 2018. Prior to that, from July 2016 to December 2017, Ms. Davis was National Director, Area Operations, for Always Best Care.

Senior Vice President, Franchise Training – David Caesar

David Caesar has been our Senior Vice President, Franchise Training, since March 2022. Prior to that, Mr. Caesar was a Vice President of Always Best Care from April 2010 to March 2022. He joined Always Best Care in July 2008 as a Field Sales Trainer.

Vice President, Marketing – Larry Miramontes

Larry Miramontes joined Always Best Care as Vice President, Marketing, in September of 2015.

Vice President, Franchise Development – Todd Hillman

Todd Hillman became our Vice President, Franchise Development, in February 2025. Before joining Always Best Care, Mr. Hillman was Director of Franchise Development for Central Bark – BVF Franchising, in West Allis, WI, from December 2022 to February 2025. Prior to that, Mr. Hillman was Director of Franchise Development for CNG Development, in Folsom, CA, from January 2020 to November 2022. Before that, Mr. Hillman was Manager of Franchise Development for Massage Envy Franchising, LLC, in Scottsdale, AZ, from October 2016 to January 2020.

## Vice President, Franchise Financial Management – Lisa Hafetz

Lisa Hafetz became our Vice President, Franchise Financial Management, in April 2022. Before joining Always Best Care, Ms. Hafetz was President, LMH Advisory Services in Parkland, Florida, from March 2014 to April 2022.

See Exhibit J for a list of our Area Representatives.

### **ITEM 3** **LITIGATION**

#### Pending Actions

None.

#### Prior Actions

On September 30, 2016, three of our Area Representatives, ESA Wealth Management, MelDon Corporation, and CCP of DuPage, Inc., along with their respective guarantors, filed a complaint against us with the American Arbitration Association. In *Meldon Corp. v. ABCSP, LLC*, AAA Case No. 01 16 0004 2511, the Claimants alleged that ABCSP wrongfully terminated the Area Representative Agreements with each of the Claimants and breached the Area Representative Agreements by failing to spend half of the initial fees on franchisees within the Claimants' territories, failing to properly train the Claimants, and failing to provide an accounting of the Advertising Fund revenue and expenditures. The Claimants sought: (i) declaratory judgment to the effect that ABCSP could not lawfully terminate the Area Representative Agreements and whether the default notices were properly sent, (ii) a full accounting of the Ad Fund, (iii) sufficient time to conduct discovery, (iv) preliminary and permanent injunctive relief preventing the termination of the Area Representative Agreements, and (v) monetary damages, attorneys' fees, and arbitration costs and expenses. On November 7, 2016, we filed an Answer denying every allegation asserted by the Claimants, and seeking declaratory judgment to the effect that the Claimants breached the Area Representative Agreements, that their breaches constituted grounds for terminating the Area Representative Agreements, and that ABCSP properly terminated the Area Representative Agreements. The arbitrator separated the Area Representatives' cases into three independent arbitration proceedings, each of which has settled, as described below:

- (1) In *MelDon Corp., et al., vs. ABCSP, LLC*, AAA Case No. 01-17-0000-6640, we entered into a Settlement Agreement dated June 12, 2017 with MelDon Corporation and its guarantors in which we agreed to pay Meldon Corporation \$85,000, and the parties agreed to dismiss the arbitration.
- (2) In *CPP of DuPage, Inc., et al., vs. ABCSP, LLC*, AAA Case No. 01-16-0004-2511, we entered into a Settlement Agreement dated July 19, 2017 with CPP of DuPage, Inc. and its guarantor in which we agreed to pay CPP of DuPage, Inc. \$125,000, and the parties agreed to dismiss the arbitration.
- (3) In *ESA Wealth Management, et al., vs. ABCSP, LLC*, AAA Case No. 01-17-0000-6637, we entered into a Settlement Agreement dated September 18, 2017 with ESA Wealth Management and its guarantor in which we agreed to pay ESA Wealth Management \$153,500, and a percentage of the royalty fee collected from certain franchisees in ESA Wealth Management's Development Area until November 2020, and the parties agreed to dismiss the arbitration.

## Governmental Actions

On June 16, 2012, we signed an agreement containing a consent order with the Federal Trade Commission relating to the promotion of assisted living facility placement services (Docket Number 1123166). Following an investigation of our online representations about our and our franchisees' knowledge of and relationship with long term care facilities, the FTC sent us a draft complaint and proposed Consent Order. According to the draft complaint, ABCSP had represented "expressly or by implication, that its placement recommendations for assisted living facilities and residential care homes in different geographic regions are based on the personal knowledge of its personnel or agents regarding virtually all, or a substantial majority, of such facilities in these geographic regions." The FTC alleged that those representations were untrue, and that we did not possess and rely upon a reasonable basis that substantiated the representations. The draft complaint was never filed. Instead, ABCSP agreed to a Consent Order in which we neither admitted nor denied allegations in the draft complaint, other than jurisdictional facts. We agreed not to represent that we or our franchisees have viewed, inspected or monitored any number, portion or percentage of assisted living facilities in a geographic region unless we are in possession of competent and reliable evidence which substantiates the representation, and we agreed to have competent and reliable information in our possession which will substantiate any other representations about our placement services. We further agreed to maintain records which substantiate placement services claims.

On November 29, 2010, we agreed to the issuance of a Consent Order (the "Order") by the Maryland Securities Commissioner (the "Commissioner") (Maryland Securities Commissioner case No. 2010-0354, entitled *In the Matter of ABCSP Inc., dba Always Best Care Senior Services*). The Order, dated November 29, 2010, was the result of the sale of franchises in the State of Maryland in which we inadvertently sold Always Best Care franchises before completing renewal of our franchise registration or otherwise inadvertently failed to provide a properly registered disclosure document in compliance with the registration/disclosure requirements under the Maryland Franchise Registration and Disclosure Law, MD. Bus. Reg. Code Ann. Section 14-201 et seq. (2010 Repl. Vol.) (the "Maryland Act"). Upon learning of the inadvertent failures, we fully cooperated with the Commissioner to resolve the matter and consented to the issuance of the Order, which required us to comply with the provisions of the Maryland Act, diligently revise and complete our registration of the Always Best Care franchise offering before offering any additional franchises in the State of Maryland, offer to rescind the franchise agreements for the affected Maryland franchisees, and pay the Commissioner an administrative assessment of \$35,000. We have met each of these requirements.

## Franchisor Initiated Actions in Prior Year –Suit to Enjoin Unauthorized Transfer

*ABCSP, LLC v. David Beach, Natalia Beach, Ivashkina Ventures, Inc., Steven Stemple, and AI Home Care, Inc.*, No. 49D01-2307-PL-029306 (Marion County Superior Court, Indiana) (Filed July 25, 2023).

Other than as disclosed above, no litigation is required to be disclosed in this Item. See Exhibit J for any disclosures for our Area Representatives.

## **ITEM 4** **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item. See Exhibit J for any disclosures for our Area Representatives.

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

Franchise Agreement

The Initial Franchise Fee is \$49,900 and is payable in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned when paid, is uniform for all franchisees, except as described below, and is not refundable under any circumstances.

The Initial Franchise Fee includes your initial supply of brochures, stationery, business cards, forms, checklists, contracts and coupons. It also includes 2 polo-style shirts and the preparation of multiple web pages within the national website that will be created for you according to our specifications. In no event will there be more than 1 initial supply provided. In the event of a resale of a Franchised Business, there will be no initial supply provided to the purchasing Franchisee. The purchasing Franchisee must buy the initial supply at the then-current cost of the initial supply.

We also participate in the VetFran Program, through which we will reduce the Initial Franchise Fee for qualified United States veterans by 5%. The VetFran Program was implemented by the International Franchise Association ([www.franchise.org](http://www.franchise.org)) and the Department of Veterans Affairs, along with the Small Business Administration ([www.sba.gov](http://www.sba.gov)).

We participate in the MinorityFran program, through which we will reduce the Initial Franchise Fee for qualified franchisees by 5%. The MinorityFran program was implemented by the International Franchise Association to increase the number and success of minorities in franchising applies to prospective franchisees of Native American, African American, Hispanic, Asian American or Hawaiian/Pacific Islander backgrounds.

The MinorityFran program discount and the VetFran Program discounts cannot be combined. The maximum discount available for the Initial Franchisee Fee is 5%.

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

Existing Always Best Care Franchisees who sign a Subsequent (renewal) Franchise Agreement will pay us a Subsequent Franchise Agreement Fee of \$10,000, which is payable in 10 monthly installments beginning on the Effective Date of the Subsequent Franchise Agreement.

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

Name of Fee (1)	Amount	Due Date	Remarks
Royalty	6% of Gross Sales per month or a minimum royalty of at least \$500, whichever is higher (with an initial minimum Gross Sales of \$8,333.33 per month) for the first 12 months of operation begins accruing in the first full or partial month of operation. Each year thereafter, the minimum Gross Sales and the minimum royalty will	The 5th day of each month by electronic funds transfer (or the next business day, if the 5th of any month is not a business day), beginning on the first day of the month immediately	“Gross Sales” 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 regardless of whether or when the amounts are actually



Name of Fee (1)	Amount	Due Date	Remarks
	<p>increase as described below. You must begin operating immediately upon completion of corporate training.</p> <p>You are required to achieve a minimum level of Gross Sales and pay the greater of 6% of your Gross Sales or a minimum royalty as follows:</p> <ul style="list-style-type: none"> <li>- Months 0 to 12 = \$8,333.33 per month with minimum royalty of \$500</li> <li>- Months 13 to 24 = \$15,000 per month with minimum royalty of \$900</li> <li>- Months 25 to 36 = \$25,000 per month with minimum royalty of \$1,500</li> <li>- Months 37 to 48 = \$35,000 per month with minimum royalty of \$2,100</li> <li>- Months 49 to 60 = \$45,000 per month with minimum royalty of \$2,700</li> <li>- Months 61 to 120 = \$55,000 per month with minimum royalty of \$3,300</li> <li>- The minimum monthly royalty for renewing Franchisees is \$3,300</li> </ul>	<p>following the corporate training, or in the case of a transfer, the first day of the month in which the transfer is completed.</p>	<p>collected for services. Gross Sales 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. For purposes of calculating the Royalty Fee, Gross Sales does not include the Gross Sales that you collect in connection with the Skilled Care Royalty described below. If you have not begun operating (actively seeking Clients) on or before the 90th day following the date of your Franchise Agreement, we may, at our option, either terminate the Franchise Agreement or begin charging you the minimum monthly royalty amount.</p>
Skilled Care Royalty	6% of Gross Sales for Skilled Nursing Services from any payer source excluding Medicare. 4% of Gross Sales for Skilled Nursing Services reimbursed by Medicare.	The 5th day of each month by electronic funds transfer (or the next business day, if the 5th of any month is not a business day)	

Name of Fee (1)	Amount	Due Date	Remarks
Franchisee Advertising Fund Contribution	The greater of: (i) 2% of your Gross Sales (not including Gross Sales on Skilled Nursing Services) or (ii) \$300 per month (\$100 per month for 2nd and each additional franchise agreement if you are a multiple franchise owner)	The 5th day of each month by electronic funds transfer (or the next business day, if the 5th of any month is not a business day), beginning on the first day of the month immediately following the corporate training, or in the case of a transfer, the first of the month in which the transfer is completed.	We have established an Advertising Fund in which you must participate if you become a franchisee. We may discontinue the Advertising Fund at any time at our option. See Item 11 of this Disclosure Document for more details.
Local Advertising Expenditure	\$800	Monthly, proof of Franchisee's expenditures must be submitted to us upon demand.	You must spend the amount promoting your Franchised Business as we approve. At any time we may require proof of advertising expenditure. If you own more than one franchise, you are only responsible for expending \$800 in Local Advertising Expenditures per month. There is no additional Local Advertising Expenditure if you have more than 1 Franchised Business.
Initial Training Program – Additional and New Employees	\$1,000, plus expenses	15 days before training begins	We will train the first 2 people at no additional charge. If you request that we provide our initial training program to additional people, whether before your Business opens or while it is operating, you must pay our then- current training fee. You must also pay for the expenses of all of your trainees, including travel, lodging, meals and wages.

Name of Fee (1)	Amount	Due Date	Remarks
Additional On-Site Assistance	Our then-current per diem rate per trainer, plus expenses. The current per diem fee is \$500.	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. There is a minimum of 2 days of assistance. We may increase this fee to be up to \$1,000 per day. You must also reimburse our trainer's expenses, including travel, lodging and meals.
Franchise Agreement Transfer Fee	\$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 Business entity formed for convenience of franchise ownership. You must pay a Transfer Fee of \$10,000 if you transfer controlling Interest in the Business or its assets to another franchisee. In all other cases, you must pay an Assignment Fee of \$500. You are responsible for all or any broker fees.
Franchise Assignment Fee	\$500	With request for our approval of a transfer	
Franchise Agreement Renewal Fee or Subsequent Franchise Agreement Fee	\$10,000	At time of renewal	The renewal fee is paid to us in lieu of paying an Initial Franchise Fee when you renew your Franchise Agreement.
Technology Cost	\$175	Monthly, beginning the first day of the month immediately following the corporate training, or in the case of a transfer, the first day of the month in which the transfer is completed.	Payable to us. If you are a multiple franchise owner, you are responsible to pay \$35 per month for each additional territory as each opens. We have the right to increase technology fees upon 30 days' notice.
Interest on Overdue Amounts	Lower of 18% APR or highest rate permitted by law	On demand	Interest accrues from the original due date until payment is received in full.

Name of Fee (1)	Amount	Due Date	Remarks
Audit	The amount of any deficiency, plus interest	On demand	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. We may also terminate your franchise.
Supplier's Review Fee	Reasonable cost of inspection and actual cost of test, not to exceed \$1,000 per application	Time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved.
Insurance Procurement	150% of amount of unpaid premiums	As invoiced	You must use one of our designated insurance providers, and you must have the policies within 60 days after signing the Franchise Agreement. If you fail to maintain required insurance coverage and we elect to obtain coverage for you, you must reimburse us for 150% of the premiums paid on your behalf.
Cost of Enforcement	All costs including attorneys' fees	As invoiced	You will reimburse us for all costs in enforcing obligations if we prevail, including, but not limited to, reasonable attorneys' fees, expert witness fees, costs of investigation, court costs, disbursements of counsel, and travel and living expenses (and interest on such fees, costs and expenses).
Indemnification	All costs including attorneys' fees	As invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business.
Refresher Training Fee	\$500 per day to a maximum of 5 days per instance	When billed	
NSF Fee	\$50	On demand	Applies for each check returned for insufficient funds or failed transfer attempt.
Late Fees	\$500 for each payment, report or corrective action that is late as described in the Manuals	On demand	

<b>Name of Fee (1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Annual Conference Fee	\$500-\$750	Upon invoice	Mandatory when conference is offered, whether or not you are able to attend.
Holdover Fees	150% of the fees which would have been due to the Franchisor if the Franchise Agreement had neither terminated nor expired	By the Due Date specified for payment of each fee in the Franchise Agreement.	You must pay these fees if you continue to operate the Business without authorization after the Franchise Agreement terminates or expires.
Business Non-Compliance Fee	150% of the Franchisor's cost of providing services to Clients which a Franchise Agreement or Client Services Agreement requires the Franchisee to provide	Upon demand	You must pay these fees to us if you fail to meet your obligations to Client and we do so, on your behalf in order to protect the brand.
Management System (Delinquency Charge)	\$500 per instance the Franchisee fails to submit reports in the manner required in the Manual	Upon demand	
Termination Damages	If we terminate your Franchise Agreement for cause, you must pay us liquidated damages equal to the average monthly Royalty Fees and Collected Royalty Fees you paid to us during your last 12 months of operation preceding the Termination Date multiplied by (a) 24 (being the number of months in 2 full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.	15 days after the effective date of Termination Date.	Franchisee's obligations shall be waived unless one or both of the following events happens: 1. The Franchise Agreement is terminated for any reason and Franchisee becomes an owner in or opens a business which sells competing services 2. The Franchise Agreement is terminated for any reason and Franchisee or any of its owners sues Franchisor.

**NOTES:**

- Typically, 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 generally non-refundable. All fees are payable in U.S. dollars. We do not expect to change any fees over which we have control. However, we cannot guaranty you that the amounts you pay to third parties will not change during the term of your Franchise Agreement.

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

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

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (Note 1)	\$49,900*	Lump Sum	On signing Franchise Agreement	Us
Travel and Other Expenses While Training (Note 2)	\$3,000 to \$6,000	As required	As incurred	Airlines, Hotels, Restaurants
Rent – 3 Months (Note 3)	\$3,000 to \$6,000	As arranged	As arranged	Landlord
Leasehold Improvements (Note 4)	\$0 to \$3,000	As arranged	As arranged	Contractors and Suppliers
Furniture and Fixtures (Note 5)	\$1,500 to \$3,000	As arranged	As arranged	Approved Suppliers
Signage (Note 6)	\$500 to \$2,000	As arranged	As incurred	Approved Suppliers
Office Equipment (Note 7)	\$5,000 to \$8,000	As arranged	As arranged	Approved Suppliers
Insurance – Full Year Premium (Note 8)	\$3,000 to \$6,500	As arranged	As arranged	Insurance Companies
Miscellaneous Opening Costs (Note 9)	\$200 to \$1,000	As arranged	As incurred	Approved Suppliers
Grand Opening Inventory (Note 10)	\$500 to \$1,000	As arranged	As incurred	Approved Suppliers
Advertising (Note 11)	\$1,500	As incurred	As incurred monthly	Approved Suppliers
Computer Equipment, Software and Printer (Note 12)	\$2,000 to \$5,000	As arranged	As incurred	Approved Suppliers
Permits/Licenses/ Policies and Procedures Manual (Note 13)	\$125 to \$18,000	As required	As incurred	Government Agencies, Approved Suppliers
Professional Fees (Note 14)	\$2,500 to \$5,000	As arranged	As arranged	Attorney, Accountant
Additional Funds – 3 Months (Note 15)	\$17,000 to \$30,000	As arranged	As arranged	Employees, Lenders, Utilities
<b>Total (Note 16)</b>	<b>\$89,725 to \$145,900</b>			

**PLUS:**

Skilled Nursing Services – Additional Start Up Costs: If you decide to offer Skilled Nursing Services, you must apply to obtain a Skilled Nursing License and, once licensed, you may offer Skilled Nursing Services through your existing Franchised Business.

We estimate that the initial cost of adding Skilled Nursing Services will be between \$48,500 and \$108,500 as noted in the table below, and includes the cost of acquiring the necessary licenses, permits and authorizations required by applicable government agencies. This does not include the cost of Medicare

Licensure, which is optional. Although you are not required to obtain Medicare Licensure to offer and collect a fee for Skilled Nursing Services, Medicare Licensure is required if you intend to collect fees for Skilled Nursing Services to be reimbursed by Medicare. We recommend that you independently investigate the cost of obtaining such licensure in your area. Please see Item 11 of this Disclosure Document and Section 8.R of the Franchise Agreement for more details.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Rent	\$1,000 to \$2,500	As arranged	As arranged	Landlord
Leasehold Improvements, Furniture, Fixtures	\$1,000 to \$5,000	As arranged	As arranged	Approved Suppliers
Equipment	\$1,500 to \$2,500	As arranged	As arranged	Approved Suppliers
Start-Up Supplies - Skilled Nursing Services only	\$500 to \$1,000	As arranged	As arranged	Approved Suppliers
Additional Insurance - Skilled Nursing Services only	\$250 to \$500	As arranged	As arranged	Insurance Companies
Utility Deposits	\$150 to \$300	As arranged	As arranged	Utility Companies
Licensing Fees- if required in your state	\$100 to \$8,000	As arranged	As arranged	Government Agencies
Professional Fees- Survey Pre - Inspection	\$1,500 to \$4,200	As arranged	As arranged	Approved Suppliers
3rd Party Survey Fees	\$2,500 to \$4,500	As arranged	As arranged	Approved Suppliers
Additional Funds (first 3 months start-up Skilled Nursing Services)	\$40,000 to \$80,000	As arranged	As arranged	Employees, Contractors
<b>Total (Skilled Nursing Services)</b>	<b>\$48,500 to \$108,500</b>			

In general, none of the expenses listed in the above charts is refundable, except any security deposits you must make may be refundable. Accreditation and licensing as a provider of Skilled Nursing Services, as well as requirements relating to Medicare reimbursement, may vary greatly from state to state. Also, these costs are subject to change from time to time as the governing jurisdictions determine. We do not finance any portion of your initial investment. Third-party financing may be available.

Notes to Item 7 Table:

1. *Initial Franchise Fee.* The Initial Franchise Fee is described in greater detail in Item 5 of this Disclosure Document. Our statement does not include a potential discount for veterans or minorities.
2. *Travel and Other Expenses While Training.* We will provide our initial training program to 2 people 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. The amount you spend will depend on how far you must travel, the number of people attending training, the method of travel, and the accommodations chosen.
3. *Rent.* You will need approximately 500 to 1,250 square feet initially. 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 1 month's rent.

4. *Leasehold Improvements.* There may be minor improvements/remodeling of the location which you rent. We have not included an estimate for any major leasehold improvements.
5. *Furniture and Fixtures.* You may need to purchase typical office equipment, like a desk, chair, filing cabinets and fax machine.
6. *Signage.* You may need to purchase some signage for your Business. Our specifications for your signage will be included in the confidential operations Manual.
7. *Office Equipment.* The office equipment you will need includes a phone system, cell phone and paper shredder.
8. *Insurance.* Requirements are described in greater detail in Item 8 of this Disclosure Document. Factors that may affect your cost of insurance include location of the Franchised Business, value of the leasehold improvements, amount of inventory and other factors. Our estimate represents an annual premium. You may pay your premiums monthly, quarterly or semi-annually.
9. *Miscellaneous Opening Costs.* Our estimate includes other deposits, utility costs, telephone, Internet, and communications costs.
10. *Grand Opening Inventory.* This estimate is for any additional office supplies you may need.
11. *Advertising.* You must spend at a minimum this amount on advertising and promotion for your Business before opening and during the first 3 months of operation. Any advertising you wish to use must first be approved by us.
12. *Computer Equipment.* You must purchase the computer equipment we specify. Our specifications for your computer equipment will be included in our confidential operations Manual.
13. *Permits/ Licenses/ Policies and Procedures Manual.* This is the estimated cost of the permits, licenses, and creation of a policies and procedure manual that you must have in order to operate your Business, and the costs may vary greatly depending on your state's requirements. Each state establishes its own licensing requirements, and those requirements may change. You are solely responsible for investigating and determining the licensing requirements and costs in your state and taking all necessary actions to ensure that your Business remains in compliance with those requirements at all times. We strongly recommend that you consult with an attorney to determine exactly what permits and licenses you will need and how much those permits and licenses will cost. You are also responsible for contracting with a consultant familiar with state regulations for the development of a policies and procedures manual.
14. *Professional Fees.* We strongly recommend that you retain an attorney to advise you on this franchise offering. You may also wish to retain an accountant to help you evaluate this franchise offering. If you choose to form an entity to own the franchise, you may incur additional fees that we cannot estimate.
15. *Additional Funds.* These amounts are the minimum recommended levels to cover operating expenses, including employees' salaries, for the start-up phase of the business, which we calculate will be 3 months. However, we cannot guarantee that this amount will be sufficient. Additional working capital may also be needed for state imposed requirements and may vary greatly from state to state. See Florida Addendum.



16. *Total.* This total is an estimate of your initial investment and the expenses you will incur during the first 3 months of operations. In compiling this chart, we relied on our experience, and that of our President & CEO, Executive Chairman and Predecessor, in administering the Always Best Care franchise program since 2007, and the experience of our other officers with the Always Best Care system and in franchising industry in general. The amounts do not cover a salary for you, or debt service payments.

## **ITEM 8**

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

You must purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising materials, bookkeeping services, Manual-drafting services, 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 will furnish you with a list of approved suppliers for necessary items through our confidential Operations Manual/intranet (the “Manual”).

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.

You must purchase or lease fixtures, equipment, including signage, uniforms, business stationery, marketing materials, furnishings, products and related supplies that meet our minimum standards and specifications or are from suppliers that we approve. We will notify you in our Manual/intranet or other communications of our standards and specifications and/or names of approved suppliers. 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. As of the date of this disclosure document, we have not negotiated purchase arrangements with suppliers (including price terms) for the benefit of franchisees, but we may do so in the future. There are currently no purchasing or distribution cooperatives.

You must purchase computer hardware and software meeting our standards and specifications. We generally allow you to purchase your computer equipment from a source you choose; however, we reserve the right to limit your purchases of these items to certain approved or designated suppliers chosen by us. Upon receiving notice from us, you may be required to purchase certain computer hardware/software from an approved or designated supplier, which may include us or our affiliates.

You are required to contract with an approved supplier for the software platform that manages the scheduling, billing, invoicing, overall client management and telephony services. Currently our only approved supplier for new Franchised Businesses is WellSky. If you choose to offer Skilled Nursing Services at your Franchised Business, you must purchase and use a different required staffing and billing software from our designated third party supplier Kinnser Software.

You are required to use our Intranet platform, ABC Universe. ABC Universe includes a centralized login screen for other applications, such as a profit and loss analysis tool, a training platform, e-mail server, training materials, health flyers and educational collateral materials, roadmaps for operational execution, a marketing collateral order site, and a digital library.

Other than ABC Universe, we are not an approved supplier of any items or services, although we may be in the future.

Our officers Michael Newman and Jake Brown own ownership interests in us and 21<sup>st</sup> Century Health Care Consulting Services (which is an approved but not a required supplier). Other than that, none of our officers has an ownership interest in any approved supplier. We reserve the right to designate additional or different approved or designated suppliers our option, and those different or additional suppliers may include us, our affiliates or any third parties we choose.

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 along 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.

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 are not required to approve new suppliers or new products or services. We may designate a single supplier for some or all products or services. We will occasionally 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 regarding 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 (see Item 6), which may be paid by you or the proposed supplier.

Suppliers are approved only if 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 Always Best Care Senior Services 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 or when we find a better supplier. 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, or other failures on the part of a supplier to meet our business objectives.

No third-party contractors may provide any in-home services for, or along with, your Franchised Business without written approval.

We do not provide or withhold material benefits to you (like 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.

In fiscal year 2024, we did not derive revenue or other material consideration from required purchases or leases by franchisees, but we reserve the right to earn revenue from approved suppliers in the form of rebates, or 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.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverage that we require. We may specify 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 regarding insured and uninsured claims.

You currently must maintain the following insurance coverages: (1) comprehensive general and professional liability insurance coverages; (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; and (4) automobile liability coverage, including coverage of owned, non-owned and hired vehicles. Workers' Compensation is not required in the State of Texas; however, we require that you still purchase Workers Compensation. 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 the Franchise Agreement and any renewal terms. We may 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 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 we designate or seek approval for an outside insurance carrier.

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

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

Obligation	Article in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition/lease	Section 2	Items 7 and 11
(b) Pre-opening purchases/lease	Section 7.A	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Section 7.A	Items 7 and 11
(d) Initial and ongoing training	Sections 7.B & 12	Items 6, 7 and 11
(e) Opening	Section 8.E	Item 11
(f) Fees	Sections 4, 5 & 6	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/Manual	Sections 8.A, 8.G, 8.I, 8.O, & 10	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Sections 9 & 11	Items 13 and 14
(i) Restrictions on products/services offered	Section 8.G	Items 8 and 16
(j) Warranty and customer service requirements	Sections 8.G, 8.K & 8.L	None
(k) Territorial development and sales quotas	Section 16.C.20	Item 12
(l) On-going product/service purchases	Sections 8.G & 8.H	Item 8

<b>Obligation</b>	<b>Article in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
(m) Maintenance, appearance and remodeling requirements	Sections 8.D & 8.I	None
(n) Insurance	Section 14	Items 7 and 8
(o) Advertising	Section 6	Items 6, 7 and 11
(p) Indemnification	Section 20.E	Item 6
(q) Owner's participation / management / staffing	Sections 8.G & 18	Items 11 and 15
(r) Records/reports	Section 13	Item 6
(s) Inspection/audits	Section 13	Item 6
(t) Transfer	Section 15	Items 6 and 17
(u) Renewal	Section 3	Items 6 and 17
(v) Post-termination obligations	Sections 17 & 18.C	Item 17
(w) Non-competition covenants	Section 18.C	Item 17
(x) Dispute resolution	Section 22.B	Item 17
(y) Liquidated Damages	None	None

**ITEM 10**  
**FINANCING**

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

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

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

**Pre-Opening Obligations – Franchise Agreement**

Before you open your Franchised Business, we or our Area Representative (if there is one for your Assigned Area) will:

1. Assign your Assigned Area (Franchise Agreement).
2. Provide you access to our Manual via our intranet website (Franchise Agreement – Section 7.C).
3. Provide an initial training program of 6 to 7 weeks, which is a combination of our web-based pre-training program, 5 business days of training at our offices, and 9 days of onsite activities at your location with phone support provided by an Area Representative or corporate National Director (which includes up to 3 days of onsite training and assistance at your location for up to 2 people). The cost of these initial training programs is included in your Initial Franchise Fee, excluding your and your employees' transportation, lodging, meals and wages (Franchise Agreement – Section 12.A). This training is described in detail later in this Item.
4. Determine whether the Location you have selected to operate the Franchised Business meets our minimum criteria for an Always Best Care Senior Services Business.

5. Provide you with multiple web pages within the national website of Always Best Care's main site that is specific to your Franchised Business and that is constructed according to our specifications. We will host your web pages on our national website (Franchise Agreement – Section 8.U.).

### Site Selection and Opening

Your lease space for your Franchised Business should be in “move-in” condition in an executive suite building or other acceptable quality office space. We must consent to the location of your Franchised Business, and will not withhold our consent if the location meets our minimum site selection criteria. The factors we consider in consenting to your location may include location, size, suitability, layout, access, age and disposable income levels of prospective customers, location and nature of any competitors, population density, and other factors that may be relevant to your market.

We estimate that between 30 and 90 days will elapse from when you sign the Franchise Agreement to the opening of your Franchised Business for business. You must locate and obtain an approved site and open for business within 90 days after you sign the Franchise Agreement. If you fail to obtain an approved site and open your Franchised Business within that 90-day time period we may terminate the Franchise Agreement and retain all monies received, but if we determine that you have made, and continue to make, reasonable efforts to open and have been delayed solely due to forces outside your control, we may extend your opening deadline for up to 6 months at our option. The factors that affect this time are the ability to obtain business licenses, general business permits, training, financing, zoning and local ordinances, shortages, and installation of any office equipment, fixtures and signs. You may not open your Franchised Business until: (1) we determine that your Franchised Business has been equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (2) the initial training program we provided 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 and copies of policies required by the Franchise Agreement; (5) you have obtained all necessary governmental permits, licenses and authorizations for the operation of your Franchised Business; (6) you are in full compliance with all the terms of the Franchise Agreement; and (7) all items in our opening checklist have been complied with to our satisfaction.

We do not provide the services described above to renewing franchisees after they sign a Subsequent Franchise Agreement.

### Continuing Obligations

During the operation of the Franchised Business, we will provide assistance to you as described below:

#### Consultation and Advice

We will provide consultation, advice, seminars, field visits, and assistance to you on a continuing basis and at your reasonable request, as we deem advisable. Any advice or consultation that we provide is to ensure your compliance with the standards of our System, and not to control the day-to-day operation of your Always Best Care Senior Services business or to supervise your employees. This may include advice regarding the hiring and training employees, best practices relating to operation of the Franchised Business, pricing suggestions, administration, bookkeeping, accounting, and staffing procedures. We will give you access to our marketing programs and communicate information to you regarding developments in the System.

## Confidential Operations Manuals

After you become a franchisee, we will allow you to access an electronic copy of our confidential electronic Operations Manual and intranet (the “Manuals”), which contains both mandatory and suggested standards and procedures that we develop for Always Best Care Senior Services businesses. Although these are online documents, if converted to pages, currently the Manuals would be the equivalent of 153 pages in length. A copy of the table of contents for the Manuals is attached as Exhibit H to this Disclosure Document. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals. Additionally, we consider our intranet as your “working manual” and it will be updated from time to time. The operations manual in book format will be updated approximately every 18-24 months, or more frequently in our discretion.

## Franchisee Advertising Fund

We have established a franchisee advertising program fund (the “National Advertising Fund” or “Fund”) that began operation in January 2011. If you become a franchisee, you must make monthly contributions to the Fund in an amount equal to the greater of \$300 or 2% percent of the Franchised Business’s Gross Sales (not including Gross Sales on Skilled Nursing Services) for the preceding month. Your required contributions to the Fund are in addition to amounts you are required to spend for local advertising. Fund contributions will be made monthly, based on the prior month’s Gross Sales, at the same time and in the same manner as your royalty payments.

We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an internet website; the cost of technology platforms that measure the effectiveness of advertising and marketing programs; the cost of various sales and marketing programs that are deemed to be successful models to implement; the cost of sales incentive programs that promote the growth of sales; the cost of certain meetings where ideas and best practices are discussed; and supporting public relations, market research and other advertising, promotion and marketing activities.

The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, for the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Always Best Care businesses to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at a time as we deem appropriate, and a successor entity will have all of the rights and duties specified in the Franchise Agreement. All Always Best Care businesses owned by us and our affiliates, if any, will contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for an Always Best Care Franchised Business.

The Fund is intended to maximize recognition of the Proprietary Marks and patronage of Always Best Care businesses. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all Always Best Care businesses, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to

the contributions to the Fund by Always Best Care businesses operating in that geographic area or that any Always Best Care business will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Always Best Care businesses. We assume no direct or indirect liability or obligation to you relating to collecting amounts due to, or maintaining, directing or administering, the Fund.

During calendar year 2024, 32.72% of the expenditures from the National Advertising Fund were spent on online marketing and advertising, 3.03% on public relations and publicity, 2.34% on general marketing, 1.89% on website, 43.47% on advertising and marketing co-ops, local advertising, and special franchisee activities, 11.84% on marketing department operations, 1.55% on call center, 2.68% on technology platforms and 0.48% on contingency reserve. None of the National Advertising Fund's expenditures were spent on soliciting new franchise sales in 2024. National Advertising Fund is not audited. The remaining funds at year end are rolled over into the next year's National Advertising Fund budget.

We reserve the right, upon 30 days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate these contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding 12-month period.

We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we may also use the Fund to create and prepare marketing materials or advertising programs to be provided to you so that you may directly place or implement these materials or programs in your local or regional market. Any amounts that you spend to place or implement advertising created by the Fund in your local or regional market will be credited towards your local advertising obligations.

### Cooperatives

We have no advertising cooperatives.

### Local Franchisee Advertising

You must conduct local advertising in your territory (Franchise Agreement – Section 6). You must spend a minimum of \$800 each month on 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 30 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.

At our request, you must include certain language in your local advertising, like “Franchises Available” and our Website 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.

We have not established any local or regional advertising cooperatives, but we reserve the right to do so in the future, and if we do so, you may be required to contribute to and participate in an advertising cooperative and as such we reserve the right to require a portion of your local advertising to be contributed to an advertising cooperative.

### Grand Opening Advertising

You must spend at least \$1,500 on grand opening advertising, and you must submit a written plan for a grand opening advertising campaign to us for our approval. This grand opening advertising is to be conducted by you along with the grand opening of your Business, and spent in your first 3 months of operation. Your grand opening advertising is considered to be “local advertising” and is subject to our approval, as described above.

This requirement does not apply to renewing Franchisees after they sign a Subsequent Franchise Agreement.

### Advisory Councils

We have formed various franchisee advisory councils/committees to advise us on matters regarding the System and Always Best Care Senior Services businesses in general. The matters to be considered by the advisory members may include advertising and exploring ways to improve the System and the Always Best Care Senior Services brand. The advisory members will act in an advisory capacity only and will not have decision making authority. The franchisee representatives of the various councils are chosen either by a vote of franchisees in good standing, or volunteering for advisory councils. We have sole discretion in determining how members of the various advertising councils are chosen.

### National Advertising Fund Committee (NAF Committee)

One of the key advisory councils is the NAF Committee. This committee provides non-binding advice and counsel to us on how to spend the National Advertising Fund dollars for the benefit of the brand and all franchisees. This council consists of 5 Unit Franchisees. Committee members must have a willingness and ability to put aside personal or geographic preferences, and see “the big picture” for the benefit of franchisees throughout the country. Committee members must be able to devote time and effort to the committee, the program and the future of the brand and its franchisees. Members of the NAF Committee are selected by our leadership from among franchisees in good standing who volunteer to serve on the committee.

### Franchise Advisory Council (FAC)

The FAC is made up of 6 Unit Franchisees. The number and mix of participating members can be adjusted by us in our sole discretion. Council Members must demonstrate capacity to think strategically on behalf of the brand and the System, and must be able to devote sufficient time and effort to the council. Members of the FAC can be selected by us in our sole discretion or can be voted into office by Unit Franchisees.

### Website / Intranet

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our sole development and maintenance. As used in the Franchise Agreement, the term “Website” means any interactive electronic document contained in a network of computers linked by communications software and that refers to the Business, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.



You will be provided with a Website within our main Website using the Proprietary Marks. We will have the sole authority to establish a Website for your Franchised Business. You will assist us in customizing your Website for your territory. You may not establish or operate any Website involving, referring to or in any way related to a competitive business. As described in Item 13, you may not use the Proprietary Marks as part of any domain name, electronic address or search engine without our written consent. We will at all times own the Website that we create within our main Website.

We have established “ABC Universe” which is a software platform that contains, among other things, an intranet system providing private and secure communications between and among us, our franchisees, our Area Representatives and other persons and entities that we determine are appropriate. You must establish and maintain access to our intranet in the manner we designate, and we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign. Our intranet includes our Manual and other confidential information that you may not disclose (see Item 14). ABC Universe also includes a centralized login screen for other applications, such as a profit and loss analysis tool, a training platform, e-mail server, training materials, health flyers and educational collateral materials, roadmaps for operational execution, a marketing collateral order site, and a digital library.

### Franchisee Training Programs

Before the Franchised Business opens, we will train you (or, if you are an entity, your principal owner) and 1 additional management level person in operating the Franchised Business. Our training program is approximately 6 to 7 weeks in duration, beginning with 3 weeks of training modules, contained within our ABC Universe, along with documents and other materials from our Digital Library. Then, 1 week (5 business days) of classroom training will be held at our headquarters in Roseville, California, an operating Always Best Care Senior Services Business, or at another location we designate. Then, 2 weeks (9 business days) of onsite activities will be held at your location with phone support provided by an Area Representative or corporate National Director. This 2 weeks of onsite activities includes 3 days of physical field training provided by an Area Representative or corporate National Director. We reserve the right to modify our training program based on the individual needs or experience of any trainee. Our initial training program is provided for you and 1 management level employee at no fee, but you must pay all of your and your trainees’ expenses while attending the initial training program, including travel, lodging, meals and applicable wages. If you request that we provide our initial training program to additional employees, either before your Business opens or while it is operating, you must pay our then-current training fee (see Item 6), and you must also pay for the trainees’ expenses while attending training.

Our initial training program has 4 components: pre-training, ABCUniversity, post-classroom training, and field training. Pre-training is web-based and is offered before you attend Corporate Training at our headquarters. We or our Area Representative will also provide you with field training at your location along with the opening of your Business.

You and a management level employee must successfully complete initial training to our satisfaction and participate in all other activities required to operate the Business. 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 for training a replacement (see Item 6). (Franchise Agreement – Section 5.3.8)

Training will occur after you sign the Franchise Agreement and while you are developing the Business. You and your manager must complete training before opening your Business. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules, but there may be in the future. The materials we use in our initial training program include our Operations Manual and 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:

We do not provide initial training to Franchisees after they sign a Subsequent Franchise Agreement.

**TRAINING PROGRAM**  
**SECTION ONE: PRE-TRAINING**

<b>Subject</b>	<b>Hours of Self-Study (online)</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Training and Support, Vendor Set Up	30	0	Online
Operations (Licensing, Manuals, Policies & Procedures, Quality Assurance)	50	0	Online
Marketing and Advertising (Website Set Up, Branding)	30	0	Online
Financial Management (Chart of Accounts, QuickBooks, Payroll)	10	0	Online
Subtotal	120	0	

**SECTION TWO: CLASSROOM TRAINING (ABCUNIVERSITY)**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Marketing and Advertising	6	0	Roseville, California
Recruitment and Retention	7	0	Roseville, California
Operations	17	0	Roseville, California
Financial Management	2	0	Roseville, California
Client Management	1	0	Roseville, California
Referral Sales	4	0	Roseville, California
Software Systems Training	3	0	Roseville, California
Subtotal	40	0	

**SECTION THREE: POST CLASSROOM TRAINING**

<b>Subject</b>	<b>Hours of Post Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Operations	0	10	Remotely
Sales	0	20	Remotely
Human Resources	0	28	Remotely
Financial Management	0	2	Remotely
Subtotal	0	60	

#### **SECTION FOUR: FIELD TRAINING**

<b>Subject</b>	<b>Hours of Field Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Sales	8	0	Franchise Location
Strategic & Business Planning	8	0	Franchise Location
Operations	8	0	Franchise Location
Subtotal	24	0	

Total (Sections 1-4)	184	60	
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We also expect to offer occasional conferences for our franchisees, as described above. We may require you and/or your manager to attend some training sessions and pay a fee to attend them. If attendance at a conference is mandatory, we will not charge 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.

Our training programs are overseen by Jake Brown, who has been our President since April 2016 and our CEO since April 2017, and was the COO of Always Best Care from November 2010 until April 2016. Mr. Brown has over 20 years of experience in franchise operations and multi-level franchising, as a former Senior Vice President for the Cartridge World franchise system and a former master franchisee for that system, as well as the California Closets, Round Table Pizza, and ComputerLand systems.

#### Computer Systems and Software

You must utilize ABC Universe for the various functions it provides. You must have a computer system that meets our minimum specifications, and you must have the communication equipment and internet access we specify in our operations manual. In addition, each of your employees conducting sales and marketing activities in the field must be equipped with a smart phone device and either a laptop or tablet computer. You are required to use approved accounting software, specifically QuickBooks Online, and a staffing and scheduling software program obtained from one of our approved suppliers. You must also make sure that your computer system has the 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 \$2,000 and \$5,000. We can require you to use our Virtual Office, or any other software at our discretion.

You must have a high speed internet service with internet access and email. We will use these methods to communicate with our franchisees. You must access our intranet for updates, information and communications. We will have 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 regarding your Business from your computer, with no compensation to you. You must collect and provide us with the information and data regarding the Franchised Business and all Clients, as we direct. We may use Client information and data for any business and/or marketing purpose that we deem advisable.

We strongly recommend, but do not require, that you obtain an on-site maintenance contract for your computer system's hardware and software. If you choose to purchase one, the cost of a maintenance contract will depend, in part, on the services you choose and the length of the contract.

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.

### Skilled Nursing Services

We specialize in offering a unique combination of assisted living referral services and non- medical in-home care services to seniors as our core business model. You may obtain Skilled Nursing Licensure and, once licensed, begin offering Skilled Nursing Services at your option.

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

### Franchise Agreement

The Franchise Agreement grants you the right to operate an Always Best Care Senior Services Business at a particular street address known as the "Franchised Location," which will be a small office space. You may not operate the Franchised Business from any location other than the Franchised Location. The office space will be subject to our approval, which will not be unreasonably withheld. We will grant you a territory with certain non-exclusive rights ("Assigned Area"). 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 a franchised location within your "Assigned Area." Your "Assigned Area" will be identified in your Franchise Agreement by contiguous zip codes, street boundaries, city boundaries, or county boundaries, and a typical "Assigned Area" is an area containing between 200,000 and 250,000 people, as determined by the latest U.S. Census data. The boundaries of your Assigned Area will not change, regardless of increases or decreases in the population of your Assigned Area. You may not relocate your Franchised Business without our prior written approval.

You must use your best efforts to promote and increase the sales and services of the Always Best Care Senior Services Business to affect the widest and best possible distribution and sale of our services and to solicit potential Clients. You must engage in marketing and solicitation of potential Clients or direct a full-time employee to engage in marketing and solicitation of potential Clients for a minimum of 40 hours per week. You must engage in recruiting, hiring, and scheduling of caregivers or direct a full-time employee to engage in recruiting, hiring, and scheduling of caregivers, for a minimum of 40 hours per week. It is a

minimum requirement that 2 full-time staff members be engaged in the operation of your Always Best Care Senior Services Business.

Except for the Assigned Area 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 might have) may:

(1) establish and operate, and grant rights to others to establish and operate, Businesses and any other similar or dissimilar businesses at any locations and on any terms and conditions we deem appropriate outside of the Assigned Area; provided, however, that no other Franchised Business will be granted an Assigned Area that overlaps with any portion of your Assigned Area, and we will not knowingly permit any other franchisee to target its marketing activities into your Assigned Area or otherwise directly solicit customers within your Assigned Area. However, franchisees may solicit referral sources in another franchisee's Assigned Area for Clients who reside in their Assigned Area; but only if the Franchisor designates the referral source as non-exclusive;

(2) within and outside the Assigned Area, to develop and establish other business systems (including systems that distribute products or services similar to those offered at the Businesses) using names or marks other than the Proprietary Marks, and to grant licenses to use those systems;

(3) sell any services identical or similar to, or dissimilar from, those which your Franchised Business sells, whether identified by the Proprietary Marks or other trademarks or service marks through any distribution channels we think best (including the Internet), wherever located or operating;

(4) permit our franchisees operating Franchised Businesses at any location to provide in-home care services in any of their Clients' homes located anywhere in the world and to place their Clients in any assisted-living facility located anywhere in the world. Our franchisees may offer those services and make those referrals for locations outside of the franchisee's Assigned Area(s) only if the applicable Client is referred to the franchisee by a referral source located within the franchisee's Assigned Area. If we designate the referral source as non-exclusive, a franchisee may solicit a referral source in another franchisee's Assigned Area and provide services to Clients referred by that referral source but only if those Clients reside in the franchisee's Assigned Area. As of the date of this FDD the Veterans Administration is the only non-exclusive referral source;

(5) advertise and promote the System in any or all geographic areas (including the Assigned Area) as we determine appropriate in our sole discretion;

(6) purchase or otherwise acquire the assets or controlling ownership of 1 or more businesses identical or similar to your Franchised Business (and/or franchise, license, and/or similar agreements for these businesses), some or all of which might be located in or near your Assigned Area;

(7) be acquired (regardless of the form of transaction) by a business identical or similar to Always Best Care Senior Services, even if the other business operates, franchises and/or licenses competitive businesses located in or near your Assigned Area; and

(8) engage in any other business activities not expressly prohibited by the Franchise Agreement, anywhere.

Continuation of your territorial rights does depend on your achieving a certain sales volume, market penetration, or other contingency. Specifically, beginning in your first month of operation of the Business and throughout the remainder of the Franchise Agreement, you must generate a minimum amount of Gross Sales each calendar month and pay us a minimum monthly royalty based on those Gross Sales requirements. The minimum monthly royalty amounts are described in Item 6 of this Disclosure Document. If you do not

achieve the minimum Gross Sales level, you must pay us a minimum monthly royalty (See Item 6 for more details) for the applicable month. In addition, we may terminate your franchise.

All of your marketing activities must be directed to potential Clients in your Assigned Area, to referral sources within the Assigned Area or to non-exclusive referral sources that we designate, which customarily treat or deal with Clients or prospective Clients from the Assigned Area. You are prohibited from marketing to, or otherwise soliciting, Clients located outside your Assigned Area. 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 Clients or prospective Clients; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from Clients or prospective Clients. While you may place advertisements in printed media and on television and radio that are targeted to Clients and prospective Clients located within your Assigned Area, 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 printed media or reach of television and radio, are viewed by prospective Clients located outside of the Assigned Area, you may not make any sales or perform services to Clients outside of the Assigned Area, unless there is not another franchisee in the Client’s area (or the Client was referred to you by a referral source located within your Assigned Area and has not been designated by us as a non-exclusive referral source). You have no options, rights of first refusal, or similar rights to acquire additional franchises.

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 requests for services in your Assigned Area, then we will forward the request to you.

#### General Matters


We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

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 facilities 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.

### **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols, including our primary service mark, “Always Best Care Senior Services” and design, along with the operation of your business (collectively, the “Proprietary Marks”).

We own the following Proprietary Marks which have been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). We have and we intend to continue to renew all registrations and file all required affidavits at the appropriate times.

<b>Mark</b>	<b>Registration / Serial Number</b>	<b>Registration / Application Date</b>
Always Best Care Senior Services (Logo)	5,723,313	April 9, 2019
Always Best Care Senior Services (Logo)	5,723,314	April 9, 2019
ABCUniversity (Service Mark)	3,559,692	January 13, 2009
Always Best Care Senior Services (Service Mark)	3,390,095	February 26, 2008
Always Best Care (Service Mark)	3,563,168	January 20, 2009
Always Best Care Senior Services (Phrase)	4,033,505	October 4, 2011
Build a Business. Make a Difference.	4,261,215	December 18, 2012
Always In Touch	4,327,200	April 30, 2013
	5,567,201	September 18, 2018

There are no currently effective determinations of the USPTO, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving any Proprietary Mark which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We may defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with your 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 Proprietary Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation regarding your use of the Proprietary 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 Proprietary 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 infringing uses actually known to us that could materially affect your use of the Proprietary Marks. We are aware of several users of the service Mark “Always Better Care.” Before we

grant a franchise in a market where those service marks are used, we will discuss the potential implications with you.

You must conspicuously post a sign and include on all written materials, including advertisements, stationery, business cards, etc. and on your vehicles the following: “Independently owned and operated.”

We reserve the right to substitute different proprietary 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 Proprietary Mark at your sole expense.

## **ITEM 14**

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

#### Patents and Copyrights

There are no patents that are material to the franchise. We own certain copyrights in the Confidential Electronic Operations Manual, marketing materials and other copyrightable items which are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights, but 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.

#### Confidential Operations Manual/Intranet

You must operate your Franchised Business according to the strict standards, methods, policies and procedures specified in the Manuals. You will have access to our Manuals through our intranet, which is itself considered part of the Manuals.

You must treat the Manuals, any other information which we lend you and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in any manner, or otherwise give them to any unauthorized person. The Manuals will remain our sole property and must be kept in a secure place at your Business.

We may revise the contents of the Manuals, and you must comply with each new or changed standard, at your own expense. You must make sure that the Manuals are kept current at all times. If there is any dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our corporate office will be controlling.

#### Confidential Information

You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of your Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it to operate your Business. 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 include: (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 Always Best Care Senior Services Businesses; (3) marketing and advertising programs for Franchisees' 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 Franchisees Businesses other than your Business; (6) terms of the Franchise Agreement; (7) the Operations Manual; (8) graphic designs and related intellectual property; (9) customer lists, client lists and information; (10) referral sources; and (11) our intranet.

You must require your owners, managers and any personnel having access to any of our confidential information to sign a covenant in which these individuals agree to maintain the confidentiality of information regarding the System that they receive in the course of their employment by you. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

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

If you do not directly oversee the operation of your Franchised Business on a full-time basis, your Franchised Business must at all times be under the direct supervision of a manager who has satisfactorily completed our initial training programs and who devotes his/her full business time, energy and effort to the management and operation of your Always Best Care Senior Services Business (the "Manager"). If you do not employ a Manager, then we require you to personally oversee the operation of your Franchised Business. Neither you nor your Manager may have any interest or business relationship with any competitive business. The Manager is not required to have an ownership interest in your Franchisee Business if you are a Business Entity. When hiring a Manager, you must comply with all applicable laws and you must not harm the goodwill associated with the System and the Proprietary Marks. This requirement may affect who you hire as your Manager. You must have a minimum of 2 full-time staff members, including either yourself or a Manager, engaged in the Always Best Care Senior Services Business specifically for the purposes of: (i) marketing and solicitation of potential Clients, and (ii) recruiting, hiring, and scheduling of caregivers.

We have the right to approve all of your succeeding Managers. Each Manager must attend and successfully complete our training program to our satisfaction. The Manager and other key employees may also be required to sign an agreement not to compete with businesses under the System while employed by you and for 2 years after his or her employment ends, and an agreement not to reveal confidential information obtained while employed by you.

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. This "Guaranty and Assumption of Obligations" is part of the Franchise Agreement. If we do not require 1 of your owners to sign the full Guaranty, that owner still must agree to be bound by all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner.

You must operate the Franchised Business in strict conformity with all applicable federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner. You must learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

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

You must use the Franchised Location solely for the operation of an Always Best Care Senior Services Business. You must keep your Franchised Business open and in normal operation for the minimum hours and days as we specify, subject to applicable law. You must not use or permit the use of the Franchised Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in the Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent; and you must stop selling and offering for sale any services which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized services and there are no limits on our right to make changes.

No third-party contractors may provide any in-home services for, or along with, your Franchised Business without our written approval. You must provide all in-home services through your own employees, rather than independent contractors.

The System may be supplemented, improved or modified by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

You must sell the services and any ancillary products that are approved by us and which strictly conform to our specifications. All products and services approved by us must be offered for sale on a continuous basis at your Franchised Business at the time and in the manner specified by us. No sale of any product or service except those products or services approved by us may be solicited, accepted or made at or from your Franchised Business. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a particular product or service must be discontinued. Then this product or service is no longer an approved product or service.

You are restricted by the Franchise Agreement, the Manual and any other practice or custom relating to the goods or services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, except as described in Item 12.

We may change our System, the services and products which we sell and our franchise program at any time. You must comply with any changes.

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

**This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.**

THE FRANCHISE RELATIONSHIP

Provision	Article in Franchise Agreement	Summary
a. Term of the franchise	Section 3.A	10 years
b. Renewal or extension of the term	Section 3.B	Renewal terms of 10 years each, subject to performance of contractual requirements

Provision	Article in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 3.B	<p>Provide notice, compliance with Franchise Agreement, sign new Franchise Agreement, sign release, you must also meet or exceed the Minimum Gross Sales maximum level.</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract.</p>
d. Termination by you	Section 16.A	If you are in compliance with the Franchise Agreement, and we materially breach the Franchise Agreement and fail to cure this breach within 60 days after you deliver written notice to us, then you may terminate the Franchise Agreement, effective 30 days after delivery to us of proper notice.
e. Termination by us without cause	None	None
f. Termination by us with cause	Section 16.B	Breach of Franchise Agreement and other grounds.
g. "Cause" defined - defaults which can be cured	Section 16.B	Failure to make payments of any amounts due to us and fails to cure within 10 business days of notice; breach of Franchise Agreement other than those listed in Section 16.C of the Franchise Agreement; failure to comply with any mandatory provision in the Manuals and fails to cure within 30 days of notice; violate any health, safety, sanitation or other applicable law, ordinance or regulation and does not immediately begin to cure the noncompliance or violation, and correct this noncompliance or violation within 24 hours after written notice.
h. "Cause" defined - defaults which cannot be cured	Section 16.C	Fails to construct, decorate, equip and maintain the Premises; fails to begin operating the Franchised Business within 90 days; has made any material misrepresentation or omission in application for the Franchise or other document; s convicted of an indictable offence; makes any unauthorized use, disclosure or duplication of any portion of the Manuals; abandons or fails or refuses to actively operate the Franchised Business for 3 consecutive business days; makes an unauthorized transfer; underreports Gross Sales by 2% or more during any 6-month period; makes a general assignment for the benefit of creditors; materially misuses or makes an unauthorized use of any Marks; continues to violate any health, safety or sanitation law, ordinance or regulation after receiving notice of this violation; if the Franchisee's death or permanent disability or the death or Permanent Disability of the Controlling Principal, this Agreement or the Controlling Principal's Ownership Interest in the Franchisee is

Provision	Article in Franchise Agreement	Summary
		not assigned; fails to appoint a new RN or Director within 15 days after the Franchisee's death or Permanent Disability; loses the right to possession and use of the Premises; fails to pay when due any tax due; fails to timely apply for, obtain, or continuously maintain certifications; fails to obtain or retain any license or certification required.
i. Your obligations on termination/non- renewal	Section 17	Obligations include: Pay all monies owed to us; deliver records of the Franchised Business to us; cancel all assumed names and transfer the Franchised Business' telephone number to us; cease operation of the Franchised Business; assign the lease to us; cease using the Marks; cooperate with us to ensure the continued care of Clients. If we terminate your Franchise Agreement for cause, you must pay us liquidated damages equal to the average monthly Royalty Fees and Collected Royalty Fees you paid to us during your last 12 months of operation preceding the Termination Date multiplied by (a) 24 (being the number of months in 2 full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher. This obligation shall be waived unless one or both of the following events happens: 1. The Franchise Agreement is terminated for any reason and Franchisee becomes an owner in or opens a business which sells competing services; 2. The Franchise Agreement is terminated for any reason and Franchisee or any of its owners sues Franchisor.
j. Assignment of contract by us	Section 15.G	No restriction on right to transfer
k. "Transfer" by you - definition	Section 15	Any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting more than 50% ownership or control interests in the Franchised Business.
l. Our approval of transfer by you	Section 15.A	We must approve all transfers
m. Conditions for our approval of transfer	Section 15.A	Includes payment of money owed, non-default, sign release, transferee qualifies, transferee signs new agreement and payment of the transfer fee
n. Our right of first refusal to acquire your business	Section 15.E	We may purchase the Franchised Business on the same terms and conditions as a proposed assignment within 15 days of our receipt of notice from you.
o. Our option to purchase your business	Section 15.E	Upon transfer, expiration or termination, we can buy your Franchised Business
p. Your death or disability	Section 15.F	Franchise must be assigned to approved buyer within 120 days

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	Sections 18.B & 18.C	You may not 1) divert business or customers to any competitor; 2) own or operate a business which sells similar services
r. Non-competition covenants after the franchise is terminated or expires	Section 18.C	For 2 years after the transfer, expiration or termination of the Franchise Agreement, you may not own or operate a business which sells similar services within your Assigned Area or within 25 miles of any unit in the System
s. Modification of the agreement	Sections 22.FG.7, 22.FG.8	Must be in writing by both parties
t. Integration/merger clause	Section 22.G.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable. We may agree to terms which differ from what is described in this disclosure document. In that case, the terms of the final written agreement shall control. However, nothing in the Franchise Agreement or any other agreement is intended to disclaim the representations we make in this FDD.
u. Dispute resolution by arbitration or mediation	None	None (But see State Specific Addenda, Exhibit B)
v. Choice of forum	Section 22.A	Any action shall be brought in the U.S. District Court for the Eastern District of California or if no basis for Federal jurisdiction exists, in California state courts located in Placer County, California, subject to state law.
w. Choice of law	Section 22.A	The laws of the state in which the Franchised Business is located, 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 Franchise Disclosure Document. Financial performance information that differs from that included in this 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.

This Item 19 sets forth certain historical data regarding Always Best Care Franchised Business locations. Written substantiation of the data used in preparing this information will be made available to prospective franchisees upon reasonable request. The representations made in this Item 19 are based upon

the period of time indicated below. Wherever the average for multiple Franchised Businesses is presented in this Item 19, we have listed both the average for the applicable category and the median (midpoint) amount in brackets.

### **Systemwide Growth**

In the table below, we have included annual revenue information for all Franchised Businesses that operated at any point during the calendar year listed, regardless of whether any were newly opened in that year or closed for business or otherwise left the brand in that year. The figures included in the table below do not include any information for company owned businesses.

In 2022, there were 101 Franchised Businesses that generated revenue in 2022, each of which were included in the below table. In 2023, there were 101 Franchised Businesses that generated revenue in 2023, each of which were included in the below table. In 2024, there were 107 Franchised Businesses that generated revenue in 2024, each of which were included in the below table. In both 2022 and 2023 there were two Franchised Businesses that were transferred, and in 2024 there were 6 Franchised Businesses that were transferred, but for purposes of this table we counted the respective seller and buyer as one Franchised Business.

<b>2022 Systemwide Annual Revenue</b>	<b>2023 Systemwide Annual Revenue</b>	<b>Percent Increase 2023 over 2022</b>	<b>2024 Systemwide Annual Revenue</b>	<b>Percent Increase 2024 over 2023</b>
\$212,591,506	\$238,360,485	12.1%	\$280,952,555	17.9%

1. “Annual Revenue” means the total of all revenues from the operation of each franchisee’s business whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise during the calendar year referenced. Annual Revenue does not include the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to Clients, if these taxes are separately stated when the Client is charged and if these taxes are paid to the appropriate taxing authority. In addition, Annual Revenue does not include the amount of any documented refunds, charge backs, credits and allowances given to Clients by a franchisee. The Annual Revenue does include a small percentage of revenue generated in Canada, which in 2024 was a total of \$1,360,640.

### **Monthly Average Number of Clients**

The tables below list the monthly average number of Clients for certain Franchised Businesses over the course of 2024 calendar year, broken down into 3 categories based upon their Annual Revenue during the calendar year ending December 31, 2024. As of December 31, 2024, there were 107 Franchised Businesses that were open and in operation. In the tables below, we have included information relating to Franchised Businesses that were continuously open and operating for the entire 2024 calendar year. There were 32 Single-Unit Franchised Businesses and 66 Multi-Unit Franchised Businesses (Franchised Businesses that operate in more than one Assigned Area) or a total of 98 Always Best Care Senior Services Franchised Businesses that were continuously open and in operation during the entirety of the 2024 calendar year and included in the tables below. 9 Franchised Businesses were excluded from the tables below because they opened in 2024 and were not continuously open and in operation throughout 2024. No Franchised Business were excluded because they closed in 2024. All of these Franchised Businesses reported information to us for this financial performance representation.

Single-Unit Franchisees

2024 Annual Revenue	\$0 to \$484,605	\$513,678 to \$959,482	\$1,069,763 to \$3,674,244	N/A
Monthly Average [Median] Number of Clients	8 [7]	22 [21]	66 [53]	[N/A]
Number of Franchisees in Annual Revenue Category	10	8	14	(N/A)
Number (and Percentage) of Franchisees that Met or Exceeded Average Number of Clients (in Category)	4 (40.0%)	3 (37.5%)	5 (35.7%)	(N/A)

Multi-Unit Franchisees

2024 Annual Revenue	\$0 to \$399,498	\$514,967 to \$999,123	\$1,129,245 to \$7,661,782	\$10,013,599 to \$17,634,033
Monthly Average [Median] Number of Clients	9 [5]	43 [30]	84 [73]	367 [412]
Number of Franchisees in Annual Revenue Category	2	8	51	5
Number (and Percentage) of Franchisees that Met or Exceeded Average Number of Clients (in Category)	1 (50.0%)	3 (37.5%)	22 (43.1%)	3 (60.0%)
Range of Assigned Areas per Franchised Business	2 to 2	2 to 6	2 to 7	2 to 12

Combined Single and Multi-Unit Franchisees

2024 Annual Revenue	\$0 to \$484,606	\$513,678 to \$999,123	\$1,069,763 to \$7,661,782	\$10,013,599 to \$17,634,033
Monthly Average [Median] Number of Clients	8 [7]	33 [29]	80 [67]	367 [412]
Number of Franchisees in Annual Revenue Category	12	16	65	5
Number (and Percentage) of Franchisees that Met or Exceeded Average Number of Clients (in Category)	5 (41.7%)	6 (37.5%)	27 (42.0%)	3 (60.0%)

**Note:**

1. The “Monthly Average Number of Clients” was calculated by adding the number of unique Clients of the Franchised Business for each month during the year, calculating the total number of Clients for all months in 2024, and then dividing that number by 12 months.

**Annual Revenue Growth**

The table below contains certain information related to Annual Revenues realized by Franchised Businesses during calendar year 2024, and compares it with Annual Revenues realized during 2023. The data is broken down into 3 categories based upon the Franchised Businesses’ 2024 level of Annual Revenue. The table below also lists the number and percentage of franchisees that met or exceeded the category average. As of December 31, 2023, there were 101 Franchised Businesses, and as of December 31, 2024, there were 107 Franchised Businesses. We have only included information relating to Franchised Businesses that were continuously open and operating for the entire 2023 and 2024 calendar years in this table. Any Franchised Businesses that were either newly purchased in 2023 or 2024 or closed for business or otherwise left the brand in 2023 or 2024 were excluded. There were 4 new Franchised Business purchased in 2023 and 12 new Franchised Business purchased in 2024. 3 Franchised Businesses were terminated and 1 was not renewed in 2023, and no Franchised Businesses were terminated in 2024. None of these Franchised Businesses were included in the table below.

2024 Annual Revenue	% of Franchisees	Average [Median] Percent Increase over 2023	Number of Franchisees in Annual Revenue Category	Number (and Percentage) of Franchisees that Met or Exceeded Average Percent Increase (in Category)	Range of Assigned Areas per Franchised Business
Over \$2,000,000	51.0%	20.5% [21.4%]	50	25 (50.0%)	2 to 12
Over \$1,000,000 but under \$2,000,000	20.4%	9.7% [9.7%]	20	10 (50.0%)	2 to 6
Under \$1,000,000	28.6%	1.6% [5%]	28	14 (50.0%)	2 to 6

**Notes:**

1. The information in the “Annual Revenue” column in the Annual Revenue Growth chart is based upon results of all Unit Franchisees which were continuously open and operating for at least one full calendar year as of December 31, 2024. The numbers are not related to when franchisees signed franchise agreements. The numbers do not include results from franchises which were terminated during the year listed.
2. The information in this table is broken out by Franchised Business. A Franchised Business may contain between 1 to 12 Assigned Areas. There are 66 Franchised Businesses in the above table that have 2 or more Assigned Areas.
3. The “% of Franchisees” was calculated by dividing the total number of Franchised Businesses within each respective revenue category that were open for at least one year and comparing them against the total number for all Franchised Businesses for 2024 that were open for at least one year.



4. The “Average Percent Increase” was calculated by dividing the total Annual Revenue for 2024 for all Franchised Business within each respective revenue level and comparing them against the total Annual Revenue for all Franchised Businesses for 2024.

Multi-Unit Franchisees

The table below contains certain information related to Annual Revenues realized by Franchised Businesses during calendar 2024, for multi-unit Franchised Businesses operating 2 or more Assigned Areas that were continuously open and operating for the entire 2023 and 2024 calendar years in this table.

2024 Annual Revenue	Number of Franchisees in the Category	Total 2024 Annual Revenue	Average [Median] 2024 Annual Revenue	Number (and Percentage) of Franchisees that Met or Exceeded Average Annual Revenue (in Category)	High / Low Annual Revenue within Category and Range of Assigned Areas per Franchised Business
Over \$10,000,000	5	\$64,515,308	\$12,903,062 [\$10,502,819]	2 (40.0%)	High: \$17,634,033 Low: \$10,013,599 Assigned Areas: 2 to 12
Under \$10,000,000	61	\$181,131,907	\$2,969,376 [\$2,619,943]	26 (42.6%)	High: \$7,661,782 Low: \$125,867 Assigned Areas: 2 to 7

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

Written substantiation of the information set out in this Item 19 will be provided to prospective franchisees on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting, Jake Brown, 1406 Blue Oaks Blvd, Roseville, California 95747, 1-888-430-CARE, the Federal Trade commission, and the appropriate state regulatory authorities.

*[The remainder of this page was intentionally left blank.]*

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

**TABLE NO. 1**  
**Systemwide Outlet Summary**  
**For years 2022 to 2024**

<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>
Franchise	2022	224	231	+7
	2023	231	249	+18
	<b>2024</b>	<b>249</b>	<b>275</b>	<b>+26</b>
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total Outlets</b>	<b>2022</b>	<b>224</b>	<b>231</b>	<b>+7</b>
	<b>2023</b>	<b>231</b>	<b>249</b>	<b>+18</b>
	<b>2024</b>	<b>249</b>	<b>275</b>	<b>+26</b>

\*An “Outlet” refers to an individual Assigned Area (as opposed to a “Franchised Business”) regardless of whether the Unit franchisee has established a physical office within it. In each of the Item 20 charts, “2022” refers to the 12-month period ended December 31, 2022, “2023” refers to the 12-month period ended December 31, 2023, and “2024” refers to the 12-month period ended December 31, 2024.

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For years 2022 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Arizona	2022	0
	2023	0
	2024	0
California	2022	0
	2023	0
	2024	2
Colorado	2022	5
	2023	0
	2024	0
Connecticut	2022	0
	2023	0
	2024	2

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Illinois	2022	0
	2023	0
	2024	2
Maryland	2022	0
	2023	0
	2024	0
Massachusetts	2022	0
	2023	2
	2024	0
Minnesota	2022	0
	2023	0
	2024	0
New Jersey	2022	0
	2023	0
	2024	0
North Carolina	2022	5
	2023	0
	2024	0
Ohio	2022	0
	2023	0
	2024	0
Pennsylvania	2022	0
	2023	0
	2024	0
Tennessee	2022	0
	2025	0
	2024	2
Texas	2022	1
	2023	2
	2024	0
Utah	2022	0
	2023	0
	2024	3
Virginia	2022	0
	2023	0
	2024	2
Wisconsin	2022	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>11</b>
	<b>2023</b>	<b>4</b>
	<b>2024</b>	<b>13</b>

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For years 2022 to 2024**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non - Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations - Other Reasons	Col 9 Outlets at End of the Year
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Arizona	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	1	0	0	0	6
California	2022	33	0	0	0	0	0	33
	2023	33	7	1	0	0	0	39
	2024	39	7	0	0	0	0	46
Colorado	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Connecticut	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
	2024	11	0	0	0	0	0	11
Delaware	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Florida	2022	9	1	0	0	0	0	10
	2023	10	1	0	0	0	0	11
	2024	11	1	0	0	0	0	12
Georgia	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Hawaii	2022	3	0	0	0	0	0	3

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non - Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations - Other Reasons	Col 9 Outlets at End of the Year
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Idaho	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Indiana	2022	4	0	0	0	0	0	4
	2023	4	0	1	0	0	0	3
	2024	3	1	0	0	0	0	4
Iowa	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Illinois	2022	6	2	0	0	0	0	8
	2023	8	0	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Kentucky	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Louisiana	2022	3	0	0	0	0	0	3
	2023	3	4	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Maryland	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	1	0	0	0	0	5
Massachusetts	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
Michigan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Minnesota	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

<b>Col 1 State</b>	<b>Col 2 Year</b>	<b>Col 3 Outlets at Start of Year</b>	<b>Col 4 Outlets Opened</b>	<b>Col 5 Terminations</b>	<b>Col 6 Non - Renewals</b>	<b>Col 7 Reacquired by Franchisor</b>	<b>Col 8 Ceased Operations - Other Reasons</b>	<b>Col 9 Outlets at End of the Year</b>
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
New Jersey	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16
	2024	16	1	0	0	0	0	17
New Mexico	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
New York	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
North Carolina	2022	12	0	0	0	0	0	12
	2023	12	1	0	0	0	0	13
	2024	13	4	0	0	0	0	17
Ohio	2022	10	0	0	0	0	0	10
	2023	10	1	0	0	0	0	11
	2024	11	0	0	0	0	0	11
Pennsylvania	2022	20	0	0	0	0	0	20
	2023	20	0	0	0	0	0	20
	2024	20	0	0	0	0	0	20
South Carolina	2022	9	0	0	0	0	0	9
	2023	9	0	0	1	0	0	8
	2024	8	0	0	0	0	0	8
Tennessee	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Texas	2022	22	0	0	0	0	0	22
	2023	22	2	0	0	0	0	24
	2024	24	3	0	0	0	0	27
Utah	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	1	0	0	0	0	4
Virginia	2022	6	1	0	0	0	0	7
	2023	7	0	1	0	0	0	6
	2024	6	3	0	0	0	0	9
Washington	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non - Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations - Other Reasons	Col 9 Outlets at End of the Year
	2024	4	2	0	0	0	0	6
Wisconsin	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
<b>Total</b>	<b>2022</b>	<b>224</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>231</b>
	<b>2023</b>	<b>231</b>	<b>22</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>249</b>
	<b>2024</b>	<b>249</b>	<b>27</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>275</b>

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
**For years 2022 to 2024**

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 Year
<b>Total</b>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**TABLE NO. 5**  
**Projected Openings (Outlets) as of December 31, 2024**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona		1	0
California	2	2	0
Florida	1	3	0
Nevada	1	1	0
North Carolina	1	0	0
Ohio	0	1	0
Pennsylvania	0	0	0
Utah	1	1	0
Virginia	3	0	0
Texas	0	3	0
<b>TOTAL</b>	<b>9</b>	<b>12</b>	<b>0</b>

A list of the names of all franchisees and the addresses and telephone numbers of their businesses is included as Exhibit D 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 has had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business 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 is listed on Exhibit E to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisees of ours have signed confidentiality clauses with us within the last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Always Best Care. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

Other than our franchise advisory councils described in Item 11 (which were created by us), there are no trademark-specific organizations formed by our franchisees that are associated with the Always Best Care Senior Services System.

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

Attached to this Disclosure Document as Exhibit F are the audited financial statements of our parent, ABCSS Holdings, for the fiscal years ending December 31, 2022, December 31, 2023 and December 31, 2024. ABCSS Holdings absolutely and unconditionally guarantees our obligations under your Franchise Agreement. A copy of the written guarantee is also included with Exhibit F.

## **ITEM 22** **CONTRACTS**

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

## **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 1 signed copy to us and retain the other for your records.



**EXHIBIT A TO DISCLOSURE DOCUMENT**

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

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

If a state is not listed, ABCSP, LLC has not appointed an agent for service of process in that state along with the requirements of franchise laws. There may be states in addition to those listed below in which ABCSP, LLC has appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT B TO DISCLOSURE DOCUMENT**  
**STATE SPECIFIC ADDENDA**

**ADDENDUM TO ABCSP, LLC**  
**DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA**

**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 contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
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. 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.
5. Neither the franchisor, any person or franchise broker 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 these persons from membership in these association or exchange.
6. 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).
7. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
8. **OUR WEBSITE, [www.alwaysbestcare.com](http://www.alwaysbestcare.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL 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.dfpi.ca.gov](http://www.dfpi.ca.gov).**
9. The following paragraphs are added to Item 1 of the disclosure document, with respect to California franchisees:

Pursuant to the Home Care Services Consumer Protection Act of 2013 (the “Act”), you must conform to the Licensure and Certificate 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 as related to this Act include nonmedical services and assistance provided 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, but are not limited to, assistance with the following: bathing, dressing, shopping, eating, exercising, and personal hygiene and grooming. For further

information about the Home Care Services Consumer Protection Act, please visit the following website: <http://www.cclld.ca.gov/PG3654.htm>.

You may choose to offer Skilled Nursing Services from your Franchised Business. If you choose to offer Skilled Nursing Services from your Franchised Business in the state of California, you must obtain a license as a Home Health Agency (“HHA”) from the California Department of Public Health, as required under California Health and Safety Code, Section 1725 *et. seq.* An HHA, under California law, is an entity that provides or arranges for skilled nursing services by a registered nurse or licensed vocational nurse, to patients in their permanent or temporary place of residence. For further information about becoming licensed as an HHA in California, please visit the following website:

<http://www.cdph.ca.gov/pubsforms/forms/Pages/HealthFacility-HomeHealthAgency.aspx>.

10. Part u. and Part v. of Item 17 of the Disclosure Document (with respect to the Franchise Relationship) are amended to state that dispute resolution will be by arbitration under the rules of the American Arbitration Association (“AAA”). The arbitration proceeding will take place at the franchisor’s headquarters or the AAA office nearest the franchisor’s headquarters.

ARBITRATION IN CALIFORNIA MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.

11. Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

12. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF FLORIDA**

**RISK FACTORS:**

Florida laws may require you to obtain licenses before offering some of the services which are a part of our Franchise. This cost of complying with these licensing requirements could be more than what we have described in Item 7. Because of changes in these laws and their interpretation and reductions in the staff of state agencies, the time required to complete Florida's licensing requirements may substantially exceed the 90 day estimate in Item 11.

You should consult with a Florida health care lawyer about the status of licensing requirements before you acquire a franchise.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
FOR THE STATE OF GEORGIA**

Arbitration. Part u. and Part v. of Item 17 of the Disclosure Document (with respect to the Unit Franchise Relationship) are amended to state that dispute resolution will be by arbitration under the rules of the American Arbitration Association (“AAA”). The arbitration proceeding will take place at the franchisor’s headquarters or the AAA office nearest the franchisor’s headquarters.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF HAWAII**

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

Special Risks to Consider About This Franchise, Additional Disclosure:

The following risk factor is added to the page titled, Special Risks to Consider About This Franchise:

**Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS**

1. In conformance with Section 4 of the Illinois Franchise Disclosure Act that designates jurisdiction or 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 the State of Illinois

2. Illinois law governs the Franchise Agreement.

3. Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act which dictates that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state “none”. The Franchise Agreement is amended accordingly.

5. Item 5 Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General’s Office based on our financial statements.

6. In conformance with the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements, adopted September 18, 2022 and effective January 1, 2023, add the following to each Illinois addenda:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF INDIANA**

1. Item 3 of the Disclosure Document is amended to add 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 disclosure 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.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA**

This addendum revises the Disclosure Document as follows:

1. The State Cover Page and Item 17 of the Disclosure Document are amended by the addition of the following language to the original language that appears:

“Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.”

“Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.”

2. Item 13 of the Disclosure Document is amended by the addition of the following language to the original language that appears:

“The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee’s use of a franchisor’s trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.”

3. Item 17 of the Disclosure Document is amended by the addition of the following language to the original language that appears therein:

“Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.”

“We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.”

“Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.”

“The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.”

4. Item 6 of the Disclosure Document is amended to provide that pursuant to Minn. Stat. Sec. 604.113 subd. 2, the NSF Fee will not exceed \$30.

5. Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICE OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3: With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- (A) No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
- (B) No such party has has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- (C) No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise; anti-fraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive practices; or comparable allegations.
- (D) No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling this person from membership in this association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. **ITEM 5: INITIAL FEE**

The following is added to the end of Item 5: The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

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

7. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

This addendum amends and revises the Disclosure Document as follows:

1. Item 17(c) of the Disclosure Document is amended to indicate that a franchisee shall not be required to sign a general release.
2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document is amended accordingly.
3. Item 17(u) of the Disclosure Document is amended to provide that arbitration shall be held at a site that is agreeable to all parties.
4. Item 17(v) of the Disclosure Document designating jurisdiction of courts in the State of California is amended to provide that this jurisdiction selection is subject to the provisions of North Dakota law, which may require that actions be venued in North Dakota.
5. Item 17(w) of the Disclosure Document is amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.
6. Apart from civil liability in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.
7. Item 6 of the Disclosure Document is amended the reference to termination damages.
8. Any required consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are not enforceable.
9. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.
10. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.
11. Item 5 Additional Disclosure:  
  
Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

“A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”



**ADDENDUM TO THE ABCSP, LLC DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF VIRGINIA**

Virginia Retail Franchising Act, §13.1-557 through 574 (the “Act”) provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Act applies and the Agreement is inconsistent with the Act, the Act will control.

In recognition of the restrictions contained in Section 13.1-564 of the Act, the Franchise Disclosure Document for ABCSP, LLC for use in the Commonwealth of Virginia is amended as follows:

The following statement is added to Item 5 of the FDD:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h. in the table relating to the Franchise Agreement:

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 ground for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE  
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

**1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

**3. Site of Arbitration, Mediation, and/or Litigation.** 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.

**4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

**5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

**7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

**8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** 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.

**16. Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**19. Item 5 Additional Disclosures:** The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

**EXHIBIT C TO DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**



**Always Best Care®**

\_\_\_\_\_, 2025

**Unit Franchise Agreement**

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**Always Best Care®**  
**UNIT FRANCHISE AGREEMENT**

**SUMMARY PAGES**

These pages (the “Summary Pages”) summarize certain terms of the attached Unit Franchise Agreement. The Summary Pages are an integral part of the attached Unit Franchise Agreement and are hereby incorporated therein.

1. THE FRANCHISEE:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email Address: \_\_\_\_\_

2. TYPE OF BUSINESS ENTITY: \_\_\_\_\_

3. THE FRANCHISEE’S CEO: \_\_\_\_\_

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Cellphone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Email Address: \_\_\_\_\_

4. EQUITY OWNERS:	OWNERSHIP %
_____	_____
_____	_____
_____	_____
_____	_____

5. ASSIGNED AREA: \_\_\_\_\_

6. BUSINESS PREMISES ADDRESS: \_\_\_\_\_  
 (“Location”)

7. THE FRANCHISOR:

Name: ABCSP, LLC  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Email Address: \_\_\_\_\_

8. INITIAL FRANCHISE FEE: \$\_\_\_\_\_ due upon execution of Franchise Agreement

9. SUBSEQUENT FRANCHISE AGREEMENT FEE: \$10,000

10. SUBSEQUENT FRANCHISE AGREEMENT TERM: 10 years

11. EFFECTIVE DATE: \_\_\_\_\_

12. OPENING DATE: \_\_\_\_\_

13. EXPIRATION DATE: 10 years from the Effective Date

14. FEES	DATE DUE
(a) Interest Charges: Lower of 18% APR or highest rate permitted by law	On demand for late payments
(b) • Royalty Fee (Standard): the greater of 6% of Gross Sales or Minimum Royalty	5th day of the month
• Skilled Care Royalty: 6% of Gross Sales for Skilled Nursing Services	5th day of the month
• Skilled Care Royalty (reimbursed by Medicare): 4% of Gross Sales for Skilled Nursing Services reimbursed by Medicare	5th day of the month
(c) Training Fee for Additional Management Staff: \$1,000, plus expenses	When application for additional training is submitted
(d) Refresher Training Fees: \$500 per day to a maximum of 5 days per instance	When application for additional training is submitted
(e) Per Diem Fee: Currently, \$500 per day (up to \$1,000 per day)	When application for Per Diem support is submitted
(f) Transfer Fee: \$10,000	When application for a Transfer is submitted
(g) Assignment Fee: \$500	When application for an Assignment is submitted
(h) Local Advertising Expenditures: \$800	Per month
(i) Advertising and Promotion Contribution:	5th day of the month

2% of the Franchisee's monthly Gross Sales or \$300 per month minimum, whichever is greater, but not including Gross Sales on Skilled Nursing Services.

Minimum is \$100 per month for each additional Franchise Agreement executed by a multiple franchise owner.

- |   |   |
|---|---|
| (j) NSF Fee: \$50   | On demand   |
| (k) Late Fees: \$500 for each payment, report or corrective action that is late as described in the Manuals   | On demand   |
| (l) Interest Charges: Lower of 18% APR or highest rate permitted by law   | On demand for late payments   |
| (m) Technology Costs:   | 10 <sup>th</sup> of every month   |
| <ul style="list-style-type: none"> <li>• ABC Universe: \$175, plus \$35 for each additional territory</li> </ul>  | 10 <sup>th</sup> of every month   |
| <ul style="list-style-type: none"> <li>• Staffing and Billing Software (non-medical)</li> </ul>   | As invoiced by designated third-party supplier each month   |
| <ul style="list-style-type: none"> <li>• Staffing and Billing Software for Offering Skilled Nursing Services: as incurred to designated third-party supplier</li> </ul>                     | As required by designated third-party supplier  |
| <b>All Technology Costs are subject to increase by Franchisor upon 30 days' written notice to Franchisee.</b>   |   |
| (n) Conference Fees: \$500-\$750  | Upon invoice during years when conference is offered, whether or not Franchisee is able to attend |
| (o) Holdover Fees: 150% of the fees which would have been due to the Franchisor if the Franchise Agreement had neither terminated nor expired   | By the Due Date specified for payment of each fee in the Franchise Agreement                      |
| (p) Business Non-Compliance Fee: 150% of the Franchisor's cost of providing services to Clients which a Franchise Agreement or Client Services Agreement requires the Franchisee to provide | Upon demand   |
| (q) Insurance Procurement Fees: 150% of the cost of insurance premiums the Franchisor pays for the Franchisee   | Upon receipt of invoice   |

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|---|--|
| (r) Supplier Review Fee: Up to \$1,000  | Upon receipt of invoice                        |
| (s) Management System Delinquency Charge: \$50 per instance the Franchisee fails to submit reports in the manner prescribed in the Manual | Upon receipt of invoice                        |
| (t) Grand Opening Costs: \$1,500  | As required by designated third-party supplier |

15. METHOD OF PAYMENT:

The Franchisee shall pay all amounts due and owing to the Franchisor in the manner specified below:

Electronic Funds Transfer

16. REPORT DUE DATES:

Monthly Franchise Report	15th of each month
Year End Financial Statement	January 30th

17. NOTICES TO THE FRANCHISEE:

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

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Email: \_\_\_\_\_

18. NOTICES TO THE FRANCHISOR:

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

Address: 1406 Blue Oaks Blvd, Roseville, California 95747 \_\_\_\_\_

Telephone: (888) 430-2273 \_\_\_\_\_

Facsimile: (916) 469-2920 \_\_\_\_\_

Email: jbrown@abc-seniors.com \_\_\_\_\_

## **GLOSSARY OF TERMS**

**ABC Universe** means Franchisor's required franchisee software platform, which may include, at Franchisor's discretion, client management systems, marketing systems, learning management systems, a digital library, a franchisee intranet, a telephony system, a profit and loss analysis tool, a training platform, an e-mail server, training materials, health flyers and educational collateral materials, roadmaps for operational execution, a marketing collateral order site, and other software components as Franchisor deems advisable for the System.

**Advertising and Promotion Contribution** means the monthly contributions to the Advertising Fund in the amount specified on the Summary Pages.

**Advertising and Promotion Fund or Fund** means a separate segregated fund maintained by the Franchisor following the guidelines established by the Franchisor, consisting of payments from Franchisees pursuant to their Franchise Agreements and contributions from suppliers. The Advertising Fund will be used for marketing, advertising, sales promotion and promotional materials, public and consumer relations, publicity, and any other programs that the Franchisor deems necessary or appropriate.

**Advisory Council/Committee** means a council or various committees formed by the Franchisor composed of Franchisees for the purpose of advising the Franchisor on ways to improve the System.

**Affiliate** means a Business Entity which is controlled by or under common control with another Business Entity.

**Agreement or Franchise Agreement** means this Agreement and all exhibits, schedules, ancillary documents, and guarantees attached hereto.

**Approved Location** means the location for the Franchised Business's Premises which is specified on the Summary Pages.

**Asset Transfer** means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter vivos Transfer, testamentary disposition or other disposition of the Franchised Business, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of the Franchised Business or in an interest therein, including (1) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (2) any Transfer upon the death of any of the Franchisee's Principals by will, declaration of or Transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon the Franchised Business or the Transfer, surrender or loss of possession, control or management of the Premises by the Franchisee.

**Assigned Area** means the area described on the Summary Pages within which a Franchised Business must be located and opened with the Franchisor's approval before the Opening Date.



**Assignment Fee** means the fee charged if less than a Controlling Ownership Interest in the franchise is transferred, as specified on the Summary Pages.

**Assignment of Telephone Number(s)** means the transfer of the Franchised Business(es) telephone number(s) to the Franchisor in the event of termination, transfer of ownership of Franchised Business(es) to the Franchisor, or upon the expiration of the Franchise Agreement. The current form is Schedule D to this Agreement.

**Business Day** means a day when banks are open for regular commercial business in the United States.

**Business Entity** means a corporation, a general or limited partnership, limited liability company, trust, or any other type of business organization.

**Business Non-Compliance Fee** means a fee to compensate the Franchisor for providing services to a Client if the Franchisee fails to provide services required by a Client Services Agreement, as specified on the Summary Pages.

**Caregiver** means an individual employed by the Franchisee to provide services to Clients.

**CEO or Chief Executive Officer** means an individual that either is a registered nurse or possesses a majority Ownership Interest in the Franchisee, if the Franchisee is a Business Entity, and who is designated by the Franchisee to be directly responsible for causing the Franchisee to fulfill its obligations under this Agreement.

**Certified Home Health License** means the license or licenses required in order for the Franchisee to offer Skilled Nursing Services in all applicable jurisdictions in which Franchisee operates, including all required permits, authorizations and other legal and regulatory requirements.

**Client** means a person who has contacted a Franchised Business and who uses or has used a Franchisee's services.

**Client Services Agreement** means an agreement which is in a form prescribed or approved by the Franchisor which defines the scope of services the Franchisee will provide to a Client and the compensation the Franchisee is entitled to be paid by the Client or its payor.

**Collateral** means the following property:

(1) All of the Franchisee's right, title and interest, estate, claim and demand, either at law or in equity, in and to all equipment, machinery, apparatus, fixtures and articles of personal property of every kind and nature whatsoever, located at the Franchised Business's Premises or now or hereafter ordered for eventual delivery to the Franchised Business's Premises (whether or not delivered thereto) and all such as are now or hereafter used or usable in connection with any of the Franchisee's present or future business operations at the Franchised Business's Premises and now owned or hereafter acquired by the Franchisee, and any and all replacements thereof, additions thereto and substitutions therefore, including all computer equipment used in the operation of the Franchised Business;

(2) All of the Franchisee's inventory for sale at the Franchised Business, both now owned and hereafter acquired, whether or not located at the Franchised Business's Premises, and as the same may now and hereafter from time to time be constituted, together with all cash and non-cash proceeds and products thereof;

(3) All proceeds of the conversion, voluntary or involuntary, of any of the Collateral into cash or liquidated claims, including the proceeds of insurance; and

(4) All of the Franchised Business's contracts, cash, and accounts receivable.

**Competitive Services** means non-medical in-home personal care services, Skilled Nursing Services, or senior living/assisted living/residential care referral services which are offered or sold without the Franchisor's express approval.

**Confidential Information** means information relating to the operation of the System, including the standards, methods, procedures and specifications of the System, including the contents of the Manuals, Client lists, Client information, referral sources, prospect lists, information about Franchisees and the operation of its business, information about suppliers and pricing, business plans, marketing plans, advertising programs, market research, and all other information which is used in the Franchised Business, which is derived from the Franchisor or other Franchisees, and which has value to the Franchisor.

**Confidentiality Agreement** means an agreement to be signed by the Franchisee, its CEO, Principals, Director, and employees designated by the Franchisor whereby each agrees not to disclose Confidential Information or to use it other than in the operation of the Franchised Business. The current forms are attached as Schedule C.

**Control, Controlling or Controlling Interest** means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of a Business Entity, through ownership of voting securities, by contract or otherwise.

**Controlling Principal** is an individual owner of at least a fifty-one percent (51%) interest in the Franchisee, if the Franchisee is a Business Entity, who is approved by the Franchisor and who is directly responsible for causing the Franchisee to fulfill its duties under this Agreement.

**Conference Fee** means the fee specified on the Summary Pages payable by the Franchisee for the ABCSP conference.

**Director of Client Care or Director** means the individual who is selected by the Franchisee, and who is approved by the Franchisor, to manage the operation of the Franchised Business under the supervision of the Franchisee's CEO.

**Disclosure Document or FDD** means a disclosure document and all material change statements describing the Franchisor and the Franchised Business which was presented to the Franchisee before this Agreement was executed. It also refers to a similar document which the Franchisor prepares and delivers to prospective Franchisees.

**Due Date** means the day specified on the Summary Pages by which recurring fees and reports are due to the Franchisor and must be received by the Franchisor.

**Effective Date** means the date the Franchise Agreement is executed by the Franchisor as stated on the Summary Pages.

**Equity Owners** are the individuals who are direct and indirect “Owners” of all equity, financial participation or other Ownership Interest in the Franchisee specified on the Summary Pages.

**Expiration Date** means the date this Agreement expires as stated on the Summary Pages.

**Financial Statements** are Quarterly and Year-End Financial Statements, prepared in the manner prescribed by the Franchisor.

**Force Majeure** are acts of God, strikes, lockouts or other labor disturbances, war, riot, acts of terrorism, disease outbreaks, epidemic, fire or other catastrophe, or other forces beyond the Franchisor’s control.

**Franchise** means all forms of Franchises the Franchisor grants, including Unit Franchise Agreements.

**Franchise Agreement** is an agreement which grants a Person a Franchise.

**Franchisee** includes the individual or Business Entity identified as “the Franchisee” on the Summary Pages, and shall also include all persons who succeed the interest of the original Franchisee.

**Franchised Business** means the Always Best Care Senior Services business which is authorized to operate at the Location pursuant this Franchise Agreement.

**Franchisor or ABCSP** means ABCSP, LLC and its successors and assigns.

**Grand Opening** means an event hosted by the Franchisee at the Franchised Business to publicize the opening of the Franchised Business, which will occur within three (3) months after the Opening Date, pursuant to the requirements specified in the Manuals.

**Gross Sales** means all revenue the Franchisee derives from operating the Franchised Business, including all amounts the Franchisee bills for products or services sold at or away from the Franchised Business, and whether from cash, check or credit transactions, and paid to the appropriate taxing authority, for the previous month, regardless of when or whether the amounts are actually collected for services. Gross Sales do not include Client refunds, adjustments, credits, and allowances actually made by the Franchised Business.

**Guarantor** means the Franchisee, if the Franchisee is an individual, and every person who executes, or whom the Franchisor requires to execute, a Personal Guaranty.

**Holdover Fees** means the fees the Franchisee must pay if it continues to operate the Franchised Business beyond the Expiration Date or the Termination Date, as specified on the Summary Pages.

**Improvements** means any improvements, modifications, adaptations, translations, inventions, copyrightable works, trademarks, discoveries, marketing programs, policies and procedures, advertising, prototype plans, manuals, Confidential Information, materials and training relating thereto made by Franchisee, or its employees or agents, in the operation of the Franchised Business and relating to the System.

**Initial Franchise Fee** is the Standard Fee due under this Franchise Agreement for the right to enter into this Agreement or any other form of Franchise Agreement as specified on the Summary Pages, expressed in U.S. Dollars.

**Insurance Procurement Fee** means the fee charged by the Franchisor to purchase required insurance for the Franchisee if the Franchisee does not purchase the insurance itself, as specified on the Summary Pages.

**Intellectual Property or IP** means the Marks, System, Confidential Information, copyrighted materials, software, domain names, URLs, meta tags, trade secrets or trade dress which the Franchisor licensed to the Franchisees.

**Late Fee** is the amount specified on the Summary Pages that is imposed for any failure to submit any payment, report or take any corrective action that is required by the Franchisor within the time prescribed by the Agreement or by the Manuals. The amount of the late fee is based on the frequency and type of default. All fines will be assessed on the following month's Royalties invoice. The amounts and Due Dates are subject to change. Late fees shall have no effect on any right or remedy the Franchisor may have under the Franchise Agreement or under applicable law.

**Location** is the Premises designated on the Summary Pages from which the Franchisee is authorized to operate a Franchised Business.

**Losses and Expenses** means all losses; compensatory, exemplary or punitive damages; fines; charges; costs; expenses; lost profits; lawyers' fees; experts' fees; court costs; settlement amounts; judgments; compensation for damages to the Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time or space, and costs of changing, substituting, or replacing same; and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described.

**Management System Delinquency Charge** means the fee specified on the Summary Pages which the Franchisee must pay the Franchisor if the Franchisee fails to submit reports in the manner prescribed in the Manuals.

**Manuals or Franchisee Manuals** mean manuals or policies developed by the Franchisor regarding or relating to the ongoing development, construction, opening, operation and maintenance of a Franchised Business. The term "Manuals" includes the Operations Manual,

training manuals, development manual, other business manuals as may be prepared from time to time for use by the Franchisees, Franchisor's intranet, and any other materials Franchisor designates. The Manuals may be in printed or electronic format. The Manuals will remain the Franchisor's exclusive property and may not be duplicated, shared or re-distributed. We may update the Manuals from time to time. The electronic Manual is the official version of the Manual unless the Franchisor otherwise informs the Franchisee in writing.

**Marks** include the trademarks, domain names, trade names, trade dress, goodwill, reputation, distinctive slogans, signs, symbols, and devices associated with the System. The Marks may be modified, supplemented, replaced or discontinued from time to time. The Franchisee agrees to use only the Marks designated by the Franchisor and to use them only in the manner prescribed by the Franchisor.

**Medicare License** means all licenses, permits, authorizations and other legal and regulatory requirements needed (under Federal law and in all jurisdictions in which Franchisee operates) to enable the Franchisee to seek and receive reimbursement under Medicare in connection with the provision of Skilled Nursing Services.

**Method of Payment** is the method(s) by which the Franchisor agrees to accept payments due under this Agreement as specified on the Summary Pages. The Franchisor may change the Method of Payment at any time.

**Minimum Gross Sales** is the amount required to be generated by the Franchisee each month commencing on the Due Date following the Opening Date based on the following schedule: months 0-12 = \$8,333.33 per month; months 13 to 24 = \$15,000 per month; months 25 to 36 = \$25,000 per month; months 37 to 48 = \$35,000 per month; months 49 to 60 = \$45,000 per month; month 61 and for the balance of the Term = \$55,000 per month. In the event of a Subsequent Franchise Agreement, the Minimum Gross Sales requirement is \$55,000 per month.

**Minimum Royalty** is the minimum amount due beginning on the first Due Date following the Opening Date based on the following schedule: months 0-12: \$500; months 13-24: \$900; months 25 to 36: \$1500; months 37 to 48: \$2100; months 49 to 60: \$2700; month 61 and for the balance of the Term: \$3300. In the event of a Subsequent Franchise Agreement, the Minimum Royalty payment begins at the maximum level of \$3,300 per month.

**Monthly Franchise Report or "MFR"** is the report the Franchisee must submit to the Franchisor no later than the 15<sup>th</sup> of each month which contains reports of financial and other information related to the operation of the Franchised Business in the form and manner specified by the Franchisor. The MFR shall state all Gross Sales for the preceding month with a certification from the Franchisee or its CEO that the MFR is true and correct.

**National Accounts Contract** is an agreement with a payor or other provider of services under which ABCSP Franchisees in multiple franchise territories deliver services to Clients.

**NSF Fee** is specified on the Summary Pages and is charged by the Franchisor if any payments from the Franchisee required hereunder are returned to the Franchisor or declined due

to insufficient funds. The Franchisor may increase the NSF Fee in the future in its sole discretion upon thirty (30) days' notice to the Franchisee.

**Opening Date** is the date specified on the Summary Pages by which the Franchisee must commence operations pursuant to this Agreement with the Franchisor's approval.

**Operations Manual** consists of the various mandatory and suggested operations and procedures, standards, specifications and requirements regarding or relating to the Franchised Business as the Franchisor specifies and which Franchisor may supplement or modify from time to time.

**Owner** means a Person who directly or indirectly possesses an Ownership Interest in the Franchisee.

**Ownership Interest** means any direct or indirect, legal or beneficial ownership interest of any type, including (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

**Ownership Interest Transfer** means the voluntary, involuntary, direct or indirect sale, assignment, Transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter vivos Transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in the Franchisee or revenues or income of the Franchised Business, including: (1) any Transfer, redemption or issuance of a legal or beneficial Ownership Interest in the Franchisee or any Business Entity that has an interest in the Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in the Franchisee or any Business Entity that has an interest in the Franchisee; (2) any merger or consolidation between the Franchisee or any Business Entity that has an interest in the Franchisee and another Business Entity, whether or not the Franchisee is the surviving Business Entity; (3) any Transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (4) any Transfer upon the Franchisee's death or the death of any of the Franchisee's Principals by will, declaration of or Transfer in trust or under the laws of intestate succession; or (5) any foreclosure upon the Franchised Business or the Transfer, surrender or loss by the Franchisee of possession, control or management of the Premises.

**Permanent Disability or Permanently Disabled State** means any physical, emotional or mental injury, illness or incapacity which prevents the CEO or the Director from performing the obligations set forth in this Agreement in the ordinary course of business for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. If the Franchisee disagrees with the Franchisor about whether the CEO or the Director is permanently disabled, the existence of permanent disability shall be determined by a licensed practicing physician selected by the Franchisor, upon examination of the CEO or the Director; or if the CEO or the Director refuses to submit to an examination, then the person automatically shall be considered permanently disabled as of the date of refusal. The costs of any such examination shall be paid by the Franchisor.

**Person** is an individual, or Business Entity.

**Personal Guaranty** is Schedule B to this Agreement and is also referred to as a Guaranty and Assumption of Obligations.

**Premises** means the real property from which a Franchised Business operates.

**Principal** means collectively or individually, all officers and directors, partners or members of the Franchisee or any of the Franchisee's Affiliates, and Persons holding a direct or indirect Ownership Interest in the Franchisee or in any of the Franchisee's Affiliates, in the Franchise, this Agreement or any interest in or right under this Agreement, or any interest in all or substantially all of the assets of the Franchised Business or an interest therein or in the revenues or income thereof.

**Prior Agreement** means the Franchise Agreement between the Franchisee and the Franchisor for the Franchised Business that is being replaced by a Subsequent Franchise Agreement upon its expiration.

**Products and Services** are the products and services which the Franchisor authorizes for sale in Franchised Businesses.

**Referral Source** means any Person who refers a Client to the Franchised Business or another Franchised Business, including sources from hospitals, doctors' offices, skilled nursing facilities, attorneys, and financial planners.

**Refresher Training Fee** means the fee specified on the Summary Pages that is payable by the Franchisee if the Franchisor requires additional or refresher training of the Franchisee or its management level employees.

**Representatives** means the Franchisor or the Franchisee (as applicable), their respective Affiliates and their respective Owners, officers, directors, employees, agents, lawyers, and representatives.

**Right of First Refusal** means the Franchisor's right to purchase the interest being offered by the Franchisee or anyone owning an Ownership Interest in the Franchisee by matching the bona fide monetary purchase price and payment schedule terms, less any brokerage commission (without having to match any other or non-monetary terms of the proposed transfer).

**Royalty Fee or Royalties** means the higher of the Minimum Royalty or the amount specified on the Summary Pages.

**Subsequent Franchise Agreement** means a new Franchise Agreement which is offered to the Franchisee for a period which commences after the Expiration Date of a Prior Agreement together with all schedules, exhibits, and amendments thereto.

**Skilled Care Royalty Fee** means the percentage royalty amount specified on the Summary Pages.

**Skilled Nursing Services** means services provided in a Client’s home by or under the supervision of a registered nurse. The Franchisee is required to obtain a Certified Home Health License before offering such services.

**Subsequent Franchise Agreement Fee** means the amount specified on the Summary Pages to be paid by the Franchisee to the Franchisor for the option to renew for a term specified on the Summary Pages by signing the Franchisor’s then-current form of the Franchise Agreement.

**System or ABCSP System** means the standards, specification, products and services, methods, procedures, and IP prescribed by the Franchisor relating to the establishment, development and operation of ABCSP Franchised Businesses. The System includes advertising and promotion of non-medical in-home personal care and senior living/assisted living/residential care referral services, skilled care (medical in-home health services), management programs, standards, service programs, business methods, product specifications and proprietary marks and information using the trade name, and trademark of “Always Best Care Senior Services”. The System may be modified by Franchisor at any time.

**Technology Cost** means the monthly amount specified on the Summary Pages for access to access to Franchisor’s software and technology platform.

**Term** means the period from the Effective Date to the earlier of the Expiration Date or the Termination Date.

**Termination Date** means the date upon which this Agreement ends pursuant to Section 17.

**Trade Secrets** means any knowledge, techniques, processes or information made known or available to the Franchisee and its Representatives that the Franchisor treats as confidential, whether existing now or created in the future, including information about the cost of materials and supplies; supplier lists or sources of supplies; internal business forms, orders, client lists, manuals and instructional materials describing the Franchisor’s methods of operation, including the Manuals; drawings, designs, plans, proposals, and marketing plans; all concepts or ideas in, or reasonably related to the System that have not previously been publicly released by the Franchisor; and any other information or property of any kind of ABCSP that may be protected by law as a Trade Secret, confidential or proprietary. The Trade Secrets and Confidential Information described in this Agreement are the sole property of the Franchisor.

**Transfer** means an Asset Transfer or an Ownership Interest Transfer.

**Transfer Fee** is a non-refundable fee specified on the Summary Pages which must be paid to the Franchisor as a condition of approving a Transfer of this Agreement, an Asset Transfer or a Transfer of a Controlling Ownership Interest.

**Transferee** is any Person who wishes to acquire or who acquires Assets of the Franchised Business or an Ownership Interest.



**Year-End Financial Statements** are annual financial statements prescribed by the Franchisor which must be received from the Franchisee by the date specified on the Summary Pages.

**ALWAYS BEST CARE<sup>®</sup>**  
**FRANCHISE AGREEMENT**

This Agreement is made and entered on the Effective Date by and between the Franchisor and the Franchisee.

**1. RECITALS OF FACT**

This Agreement is made and entered into by the Franchisor and the Franchisee with reference to the following facts:

A. The Franchisor has developed a system of standards, methods, merchandising, and advertising for the operation of businesses that will provide the public with non-medical in-home personal care and senior living/assisted living/residential care referral services and skilled home health care, which includes management programs, standards, service programs, business methods, product specifications, proprietary marks, and information using the trade name, and trademark of “Always Best Care Senior Services,” together with any other trade names and trademarks that the Franchisor designates for use with the System.

B. The Franchisor may develop, expand, use, control, and add to the Marks and the System for the benefit of and exclusive use by the Franchisor and its Franchisees in order to identify for the public the source of the Products and Services and to represent the System’s high standards of quality and service.

C. The Franchisee desires to operate a Franchised Business under the System and the Marks and to obtain a license from the Franchisor for that purpose, as well as to receive the training and other assistance provided by the Franchisor in connection therewith.

D. The Franchisee has executed and completed an application for a franchise to own and operate a Franchised Business.

E. The Franchisor has approved the Franchisee’s application in reliance upon all of the representations and warranties made by the Franchisee and its Principals, and grants to the Franchisee a franchise to own and operate a Franchised Business, and to use the Marks in such operation.

F. The Franchisee hereby acknowledges that it has read this Agreement and the Disclosure Document, and that it has no knowledge of any representations about the Franchised Business or about the Franchisor or its franchising program or policies, which contradict the statements in the Disclosure Document or the terms of this Agreement. The Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Franchisor’s high standards of quality and service and thereby to protect and preserve the goodwill of the Marks.

G. As the owner of the System and the Marks, the Franchisor has the right to enforce the standard of services and products represented by the Marks as described in the Manuals.

## 2. GRANT OF FRANCHISE

### A. Location of the Franchised Business

The Franchisor grants to the Franchisee, and the Franchisee accepts, a franchise to operate the Franchised Business, utilizing the System, within the Assigned Area, described on the Summary Pages. The Franchisee must secure space for an office within the Assigned Area and obtain the Franchisor's prior written consent for the space (the "Location"). The Franchisor will not unreasonably withhold its consent to a proposed site for the Location, provided that the proposed site meets the Franchisor's then-current minimum site selection criteria. The Franchisee must obtain an approved Location for the Franchised Business within ninety (90) days after the Effective Date of this Agreement. Once obtained by Franchisee and approved by the Franchisor, the Location will be added to the Summary Pages. The Franchisor also grants and the Franchisee accepts, a limited franchise to use only such Marks, and only in connection with the services, which have been approved by the Franchisor for the Franchised Business. If the Franchisee has executed multiple Franchise Agreements with the Franchisor and is already operating from a Location in an Assigned Area contiguous to the Assigned Area defined in this Agreement, unless applicable law requires the Franchisee to establish a Location, the Franchisee is not required to establish a separate Location in the Assigned Area. The Franchisor will not consent to the Transfer of a Controlling Ownership Interest or to an Asset Transfer unless the transferee establishes a Location in the Assigned Area.

### B. Assigned Area

The Franchisor agrees during the Term, provided the Franchisee is in full compliance with this Agreement, that the Franchisor shall not operate or grant a franchise to operate a Franchised Business at a location within the Assigned Area, as defined in Schedule A.

### C. Limitations of Grant

(a) The Franchisee's activities are limited to offering and selling those Products and Services permitted under the System from the Franchised Business. The Franchisee may provide in-home care services in any of its Clients' homes located anywhere in the world and refer its Clients in any senior living/assisted-living facility located anywhere in the world if, and only if, such Clients are referred by a Referral Source located within the Assigned Area. If the Franchisor designates the Referral Source as non-exclusive, the Franchisee may solicit such a Referral Source in another franchisee's assigned area and provide services to Clients referred by that Referral Source, but only if those Clients reside in the Franchisee's Assigned Area. A "Referral Source" is any person or entity which refers a Client or potential Client to the Franchised Business or another Franchised Business, including hospitals, doctors' offices, skilled nursing facilities, lawyers, and financial planners. All of the Franchisee's marketing activities must be directed to potential Clients in its Assigned Area, to Referral Sources within the Assigned Area, or to non-exclusive Referral Sources which customarily treat or deal with Clients or prospective Clients from the Assigned Area. The Franchisee is prohibited from marketing to, or otherwise soliciting, Clients located outside its Assigned Area. The Franchisee has been granted no right of ownership in or to any part of the System or the Marks.

(b) All of the Franchisee's marketing activities must be to Referral Sources in the Assigned Area and directed to recruiting Clients who will be served in the Assigned Area. Due to the natural circulation of the printed media or reach of television and radio, the Franchisee's local advertising may be viewed by prospective Clients located outside of the Assigned Area. However, the Franchisee may not make any sales to or perform services for Clients outside of the Assigned Area, unless there is no other franchisee in the Client's area. The Franchisee has no options, rights of first refusal, or similar rights to acquire additional franchises.

D. Rights Reserved to the Franchisor

The Franchisor reserves the right of ownership in, and control over the System and the Marks. The Franchisor reserves the right: (i) to grant additional franchises, whether similar or dissimilar to the franchise granted under this Agreement, anywhere the Franchisor deems reasonably appropriate; (ii) to engage fully and freely and without limitation in each and every aspect of the business of selling related services, products, and equipment; (iii) 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 System and the Marks in connection therewith. The Franchisor reserves, maintains, and controls all rights with respect to the metaverse.

**3. TERM AND SUBSEQUENT FRANCHISE AGREEMENT**

A. Term

Subject to the provisions in this Agreement, the Term of this Agreement shall commence on the Effective Date and it shall expire on the Expiration Date.

B. Subsequent Franchise Agreement

The Franchisee may opt to enter into a Subsequent Franchise Agreement for the Subsequent Franchise Agreement Term specified on the Summary Pages, subject to the following conditions, which must be complied with prior to entering into a Subsequent Franchise Agreement:

1. The Franchisee shall give the Franchisor written notice of election to enter into a Subsequent Franchise Agreement not less than ten (10) months and not more than fourteen (14) months prior to the Expiration Date;

2. The Franchisee shall not be in default of any provision or amendment to this Agreement or any other agreement between the Franchisor and the Franchisee. The Franchisee shall have complied with all conditions of all agreements with the Franchisor or its Representatives during the Term;

3. The Franchisee shall complete, at its sole expense, such maintenance or renovation of the Premises as is required by the Franchisor;

4. The Franchisee shall satisfy all monetary obligations owed by the Franchisee to the Franchisor and its Representatives, and shall have timely met these obligations throughout the Term;

5. The Franchisee shall execute, for the Term of the Subsequent Franchise Agreement, the Franchisor's then-current form of Franchise Agreement for similar franchises, which shall supersede this Agreement in all respects, the terms of which may differ materially from the terms of this Agreement. The Franchisee shall pay to the Franchisor on the date of execution of the Subsequent Franchise Agreement, a Subsequent Franchise Agreement Fee in the amount specified on the Summary Pages;

6. The Franchisee shall meet or exceed the Minimum Gross Sales requirement of \$55,000 per month and the Franchisee shall pay the Minimum Royalty of \$3,300 per month or 6% of Gross Sales, whichever is higher.

7. The Franchisee shall comply with the Franchisor's then-current qualifications and training requirements; and

8. The Franchisee and its Representatives shall execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its Representatives, and their respective Representatives.

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

In consideration of the Franchise granted herein, the Franchisee shall pay to the Franchisor an Initial Franchise Fee in the amount specified on the Summary Pages. The Initial Franchise Fee is not refundable, and is fully earned by the Franchisor upon execution by the Franchisee of this Agreement. All amounts payable to the Franchisor pursuant to this Agreement are exclusive of any sales taxes which may be payable.

#### **5. ROYALTY FEES**

Beginning immediately following Franchisee's completion of the initial training program the Franchisee shall pay to the Franchisor a Royalty Fee and a Skilled Care Royalty Fee in the amounts specified on the Summary Pages based upon the Franchisee's Gross Sales for the previous calendar month. If the Franchisee has acquired the Franchised Business through the purchase or other transfer of an existing Always Best Care franchise, the Royalty Fee and the Skilled Care Royalty Fee will commence as of the first day of the month in which the transfer was completed.

##### **A. Payment Procedure**

The Franchisee shall execute and deliver to the Franchisor pre-authorized draft forms for the Franchisee's operating account, which enable the Franchisor to withdraw money on a timely basis from the operating account to collect Royalty payments and any other charges owed by the Franchisee. The Franchisee shall make the funds available to the Franchisor for withdrawal no later than the Due Date for payment.

##### **B. Late Fees and Damage Provisions**

In addition to its other rights and remedies, the Franchisor may charge the Franchisee a Late Fee as specified on the Summary Pages for any payment or electronic funds transfer that is not received by the Franchisor or its Representatives by the Due Date, as well as for any report

that is not received by the Franchisor or its Representatives by the Due Date, and for any corrective action required by the Franchisor following an audit or inspection which is not completed within the time specified by the Franchisor. The Franchisee has the obligation to pay the Franchisor interest on any late payment, report or action, as specified on the Summary Pages.

## **6. ADVERTISING FEES**

### **A. Advertising Fund**

The Franchisor has established an Advertising Fund (“Advertising Fund”). The Franchisee must contribute the amount specified on the Summary Pages to the Advertising Fund, beginning at the same time as Franchisee’s payment of the Royalty Fee begins under Section 5.

The Franchisee agrees that the Advertising Fund shall be maintained and administered by the Franchisor as follows:

1. The Franchisor will direct all marketing programs with sole discretion over the creative concepts, materials and media used in such programs, and the placement of fund allocations thereof. The Franchisee agrees and acknowledges that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally, and that the Franchisor undertakes no obligation in administering the Fund to make expenditures for the Franchised Business which are equivalent or proportionate to the Franchisee’s contribution, or to ensure that any particular Franchisee benefits directly or pro rata from the placement of advertising or other marketing activities.

2. All contributions to the Advertising Fund and any earnings shall be used exclusively to meet any and all costs of maintaining, administering, directing, and preparing advertising activities (including cost of preparing and conducting advertising campaigns in various media; marketing surveys and other public relations activities designed to promote the Marks and the System; employing advertising agencies; and providing promotional brochures and other marketing materials to the Franchised Business). All sums paid by the Franchisee to the Advertising Fund and any earnings shall be maintained in an account separate from the other monies of the Franchisor, and shall not be used to defray any of the Franchisor's expenses, except for such reasonable administrative costs and overhead as the Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs for the Franchisees and the System. The Advertising Fund earnings shall not otherwise inure to the benefit of the Franchisor. The Franchisor shall maintain separate bookkeeping accounts for the Advertising Fund. The Franchisee shall contribute to the Advertising Fund the same way it pays Royalty Fees.

3. It is anticipated that all contributions to and earnings of the Advertising Fund shall be expended for the purposes described during the taxable year, within which the contributions and earnings are received. If, however, excess amounts remain in the Advertising Fund at the end of such taxable year, all expenditures in the following taxable year(s) shall be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

4. The Franchisor reserves the right to defer or reduce contributions of the Franchisee to the Advertising Fund and, upon thirty (30) days' prior written notice, to reduce or suspend the Franchisee's payment of Advertising Fund contributions to and suspend operation of the Advertising Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Advertising Fund. If the Advertising Fund is terminated, all unspent monies on the date of termination will be distributed to the franchisees in proportion to their respective contributions to the Advertising Fund during the preceding three (3) month period, and amounts refunded shall be spent on local advertising in addition to the amounts specified on the Summary Pages.

The Advertising Fund is not and shall not be an asset of the Franchisor. A financial statement of the operations of the Advertising Fund shall be prepared annually and be made available to the Franchisee.

5. Although the Advertising Fund is intended to be of indefinite duration, the Franchisor maintains the right to terminate the Advertising Fund, to reduce required contributions to certain franchisees, to suspend contributions, or to remit a portion of the Advertising Fund to local or regional ABCSP advertising programs. If the Franchisor enters into a settlement of claims with the Franchisee which does not result in a collection of all Royalty Fees, Skilled Care Royalty Fees, and Advertising Fund contributions which were due, the Franchisor may allocate amounts collected as it deems appropriate. The Advertising Fund shall not be terminated, however, until all monies in the Advertising Fund have been expended for the purposes described in this section.

#### B. Grand Opening Promotions

The Franchisee shall expend at least the amount specified on the Summary Pages for Grand Opening promotions. Two-hundred fifty dollars (\$250) of the Grand Opening promotion amount must be spent on making the Franchisee's website search engine optimization compliant, using a vendor approved or designated by the Franchisor. The Franchisor shall coordinate, control, and work with the Franchisee regarding the preparation and placement of such advertising and promotional programs.

#### C. Local Advertising Plan

The Franchisee agrees to implement and follow the advertising and marketing plan created by the Franchisor as posted on the ABCSP intranet. The Franchisee may implement additional advertising, provided such advertising conforms to the standards and requirements of the Franchisor, as set forth in the Manuals, or as otherwise designated by the Franchisor.

The Franchisee shall not advertise the Franchised Business in conjunction with any other business, except with the Franchisor's prior written consent. The Franchisee shall obtain the Franchisor's prior approval of all advertising and promotional plans and materials that the Franchisee desires to use that have not been prepared or approved by the Franchisor within the preceding twelve (12) month period. The Franchisee shall submit such unapproved plans or materials to the Franchisor (by personal delivery or via certified mail/return receipt requested, or overnight courier). The Franchisee shall use no such plans or materials until they have been approved by the Franchisor, and shall promptly discontinue use of any advertising or promotional

plans or materials upon notice by the Franchisor. Any plans or materials submitted by the Franchisee to the Franchisor which have not been approved or disapproved in writing, within thirty (30) days of receipt by the Franchisor, shall be deemed disapproved. The Franchisee shall only use suppliers of advertising services which have been prescribed or approved by the Franchisor.

D. Local Advertising Expenditures

The Franchisee agrees to expend annually for advertising and promotion of the Franchised Business the amount specified on the Summary Pages. The Franchisor may increase this amount from time to time. This amount is in addition to amounts expended for Grand Opening promotions. Proof of the Franchisee's expenditures must be submitted to the Franchisor upon demand. The Franchisor reserves the right to require the Franchisee to spend a portion of local advertising on various programs, including regional advertising efforts and car wrap programs.

E. Use of Photos

The Franchisee consents to the Franchisor's use of photographs of the Franchised Business in advertising and promotional programs, and the Franchisee agrees to obtain the consent of the Franchisee's employees and Clients for the use of photographs of them in advertising programs.

F. Minimum Gross Sales

The Franchisee must achieve the Minimum Gross Sales throughout the Term.

G. Crises Response

The Franchisee shall immediately notify the Franchisor of any event which has occurred or which is alleged to have occurred relating to the Franchised Business, which involves any of the Franchised Business's employees, or which relates to any activity which is sponsored by or affiliated with the Franchised Business, which may adversely affect the image, reputation or goodwill of the Marks or the System. When such event arises, absent the Franchisor's written approval, the Franchisee shall not communicate with the press or communicate information or opinions about the event by any means or medium. At the Franchisor's option, the Franchisor shall control all public relations efforts relating to the event in order to maintain the goodwill of the Marks and System, and the Franchisee shall give the Franchisor all reasonable assistance in its efforts.

The Franchisor shall not be liable to the Franchisee's Representatives for any damages or claims which arise out of its response to the event.

**7. DUTIES OF THE FRANCHISOR**

A. Pre-Opening

The Franchisor shall provide certain pre-opening consultation, support, and assistance regarding certain matters, including site selection, lease negotiations, lease review, equipment, start-up inventory, Franchised Business fixtures, training, Manuals, and signage. The pre-opening consultation, support and assistance is limited to the first Franchised Business only and does not



apply to renewals or transfers. The Franchisor also shall provide the Franchisee with access to its intranet site and forms for reporting sales. Franchisor's consent to any site is not a representation, warranty or guaranty that the Franchised Business will be successful at the site and only indicates that the location meets Franchisor's minimum site selection criteria for an Always Best Care Senior Services Business.

B. Ongoing Assistance

The Franchisor shall provide seminars, consultation, advice, field visits, and assistance on a continuing basis and at the Franchisee's reasonable request, as the Franchisor deems advisable in order to maintain brand standards. For any assistance required above and beyond normal ongoing assistance, which Franchisor may agree to provide in its sole discretion, the Franchisee shall pay all reasonable expenses incurred by the Franchisor and its Representatives in connection with such additional assistance, including the costs of transportation, lodging, meals, and wages. The parties shall agree on any such charges before they are incurred. In an effort to maintain brand standards, the Franchisor may share best practices relating to operating the Franchised Business; provide pricing suggestions; provide administration, bookkeeping, accounting, and inventory control standards; provide ongoing marketing programs; and communicate information about developments in the System.

C. Manuals

Electronic versions of the Manuals will be distributed to the Franchisee during initial training. Furthermore, it is understood the Franchisor's intranet serves as the "working manual" where updates are made from time to time. The book format of the operations manual is updated every twelve (12) to twenty (20) months. The Manuals will contain mandatory and suggested standards and procedures that Franchisor develops for the System. Any mandatory specifications, standards and operating procedures contained in the Manuals exist to create uniform standards of service and to protect the Franchisor's interest in the System and the Marks, and not for the purpose of establishing control over, or any duty to take control over, the day-to-day operations of the Franchised Business reserved to the Franchisee.

D. Advertising/Promotional Material

The Franchisor shall make available to the Franchisee, on an ongoing basis, advertising and promotional materials for use by the Franchisee in advertising the Franchised Business, and other bulletins on sales and service, marketing developments and techniques, and business procedures. The Franchisor shall provide advertising and marketing advice, direction, and training to the Franchisee in accordance with the guidelines established by the Franchisor. The Franchisor shall review all advertising, promotional and public relations programs and materials proposed for use by the Franchisee, as well as any internet or other electronic advertising, promotions or public relations communications the Franchisee proposes to use before it uses them and only approve such communications or materials which meet the Franchisor's standards. The Franchisee can only purchase advertising material from the Franchisor's on-line print store.

E. Service the Franchised Businesses

The Franchisor shall assist with the opening of the Franchised Business and inspect the Franchised Business and the quality of services provided by the Franchisee. All service provided by Franchisor and any inspections completed by Franchisor are to protect the Franchisor's interest in the Marks and System and are not intended to and do not constitute control over the day-to-day operations of the Franchised Business or supervision of the Franchisee's employees.

F. Recruitment

The Franchisor may offer Franchisee assistance and support relating to the recruitment of Caregivers and Clients. Assistance may be provided by third party vendors and may require the payment of a fee to such vendors by Franchisee.

G. Advisory Council/Committees

The Franchisor may establish advisory councils and/or committees of franchisees to advise the Franchisor regarding different aspects of the business, as Franchisor deems advisable. Franchisee shall participate in any council or committee that the Franchisor may require and pay any fee associated with council membership. Advisory councils and committees will serve in an advisory capacity only. The Franchisor has the right to form, change or dissolve all advisory councils and committees.

H. Delegate

The Franchisor may delegate some or all of its duties hereunder to an area representative or other third party.

**8. DUTIES OF THE FRANCHISEE**

A. Maintaining Brand Standards

The Franchisee understands and acknowledges that every detail of the Franchised Business is important to the Franchisee, the Franchisor, and other franchisees to develop and maintain high brand standards and personal Client service, in order to increase the demand for the services sold by all ABCSP Franchised Businesses under the System.

B. Business Entity Guaranty

If the Franchisee is a Business Entity, the Franchisee's Principals shall personally guarantee the Franchisee's performance, and shall bind themselves to the terms of this Agreement; provided, however, the requirements of this Section 8.B shall not apply to owners of a Publicly-Held Business Entity. The Personal Guaranty must be in the form of Schedule B attached to this Agreement.

C. Clauses in Lease

If the Franchised Business is to be leased, the Lease shall be submitted to the Franchisor for written approval at least fifteen (15) days before it is scheduled to be executed. Such approval shall not be unreasonably withheld. If the Franchisee leases the Franchised Business's Premises, the lease must include language contained in the Lease Rider which is attached as Schedule E. The Lease shall give the Franchisor, its agents or designees the right to enter the Premises to conduct inspections at any time during regular business hours, the right to receive notices of default directly from the lessor and the right, but not the duty, to assume the Lease for all or any part of the Term, if the Franchisee defaults under the Lease, is evicted or if this Agreement expires or is terminated. The Franchisee further agrees it shall not lease or sublet all or any part of the Franchised Business to others or use any portion of the Premises for any purpose other than conducting business pursuant to this Agreement without the Franchisor's prior written consent.

D. Construction of Franchised Business

The Franchisee is responsible for developing and constructing the Franchised Business and the Premises. The Franchisor may furnish the Franchisee with mandatory specifications and layouts for an ABCSP business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, color scheme, and other suggestions.

E. Opening of the Franchised Business

By the Opening Date specified on the Summary Pages, the Franchisee shall have obtained the Franchisor's approval to operate and shall have begun to operate the Franchised Business as prescribed by this Agreement. Prior to commencing operation, the Franchisee shall complete to the Franchisor's satisfaction all of the Franchisor's pre-opening requirements, including providing the Franchisor with copies of all insurance policies required by this Agreement or other such evidence of insurance coverage and payment of premiums as the Franchisor may request or accept, completing the Franchisor's initial training program, and obtaining all required permits licenses, and certifications for operating the Franchised Business, as required by the Franchisor and all laws, rules, and regulations. The Franchisee must also develop a Policies and Procedures Manual in accordance with Section 8.P. below. In certain states, as determined by the Franchisor, the Franchisee must contract with a local consultant for the purpose of state license application and processing

F. Grand Opening

The Franchisee shall have a Grand Opening, as specified in the Manuals. The Grand Opening will occur generally within three (3) months after the Opening Date and involve the community, seniors, and business and political leaders through invitation and association.

G. Operation of Business

The Franchisee shall operate the Franchised Business in conformity with such brand standards, techniques, and procedures as the Franchisor may from time to time prescribe in the

Manuals, or otherwise in writing, and shall not deviate from them without the Franchisor's prior written consent.

The Franchisee further agrees:

1. To solicit Clients following procedures which have been prescribed or approved by the Franchisor.
2. To hire and retain at least one (1) full time marketing director who is dedicated to recruiting Clients in each Assigned Area for a minimum of forty (40) hours per week.
3. To hire and retain at least one (1) full time recruiting director who is dedicated to recruiting, hiring, and scheduling Caregivers for a minimum of forty (40) hours per week. The marketing director and the recruiting director may not be the same person.
4. To maintain at all times such minimum stocks of inventory or supplies as the Franchisor may from time to time prescribe.
5. To offer Clients all services and products which the Franchisor may from time to time prescribe or approve.
6. To offer to Clients only those services which meet the Franchisor's standards of quality that the Franchisor has expressly approved to be offered at the Franchised Business, and to discontinue offering any services which the Franchisor may, in its discretion, disapprove.
7. To purchase computer and telephonic equipment meeting Franchisor's then-current specifications for use in day-to-day operations of the Franchised Business.
8. To utilize the various third party supplier software platforms as directed by the Franchisor.
9. To utilize only the Franchisor's standard forms of agreements and contracts, and to include requirements imposed by applicable law.
10. To join the state health care association for the state in which the Franchised Business is situated and such other health care associations that the Franchisor may require.
11. To obtain and continuously maintain all certifications, accreditations, licenses, permits, and authorizations required by law or by the Franchisor, throughout the Term.
12. To pay promptly to the Franchisor and its Representatives any fees, contributions and reimbursement amounts required under this Agreement as well as any additional payments, fees or charges incurred for any equipment, products, supplies or services to be furnished by the Franchisor or its Representatives at the Franchisee's request. Terms for payment of such products, supplies, and services purchased by the Franchisee shall be "on demand." Any payments, which are past due, shall be subject to the Late Fee and Interest Charge described on the Summary Pages.

13. To offer Clients non-medical in-home personal care and senior living/assisted living/residential care referral services and, if desired, Skilled Nursing Services.

14. To cause all Caregivers and staff, at its own expense, to successfully complete all ongoing training required to maintain registrations with any certification organization.

The Franchisee agrees that all Improvements to the System, whether created by Franchisee, another franchisee, an area representative or any other party, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor. The Franchisee shall claim no legal or equitable ownership interest, right, privilege or title thereto. The Franchisee shall, without charge to the Franchisor, execute any and all instruments and documents and do such acts and things as the Franchisor requests so as to establish, protect and maintain the Franchisor's interest in any Improvements.

#### H. Use of Proper Equipment

In operating the Franchised Business, the Franchisee shall use only the Franchisor's approved or designated equipment and supplies (including computer hardware and software) and shall only purchase or lease equipment and supplies from the Franchisor's Representatives or from other suppliers which the Franchisor has approved or designated.

#### I. Image of Business

The Franchisee shall maintain the Premises in a safe, clean, orderly condition, and in full compliance with the Manuals. At the Franchisor's request, which shall not occur more than once during the Term, the Franchisee shall, at the Franchisee's expense, complete all improvements and alterations that may be determined by the Franchisor to be necessary so that the Premises conform to the System image as it may be prescribed by the Franchisor from time to time. The Franchisee shall undertake and complete such improvements and alterations within the time and under the terms and conditions specified by the Franchisor.

#### J. Normal Hours of Operation

Except as otherwise approved in writing by the Franchisor, the Franchisee shall keep the Franchised Business open and in normal operation for such minimum days and hours as the Franchisor may prescribe in the Manuals.

#### K. Maintaining Staff

The Franchisee agrees to recruit and maintain a competent, conscientious, trained staff possessing all licenses and certifications required by the Manuals and applicable laws. Franchisee will hire all employees of the Franchised Business, be exclusively responsible for the terms of their employment, work hours and compensation. All persons hired by or working for Franchisee shall not, for any purpose, be deemed employees of Franchisor or subject to its control.

L. Telephone Numbers of Business

The Franchisee understands and agrees that the telephone number(s) for the Franchised Business constitute(s) a part of the System and are subject to the restrictions of this Agreement. Accordingly, the Franchisee shall not change the telephone number(s) for the Franchised Business without prior written notice and subsequent approval of the Franchisor. The Franchisee shall advertise and publish the telephone number(s) for the Franchised Business in the manner prescribed by the Franchisor.

M. Right to Enter Business

The Franchisee shall permit the Franchisor and its Representatives to enter the Premises at any reasonable time for the purpose of conducting inspections and the Franchisee shall cooperate fully with the Franchisor's Representatives in such inspections by rendering such assistance as the Franchisor's Representatives may reasonably request. Upon notice from the Franchisor or its Representatives and without limiting the Franchisor's other rights under this Agreement, the Franchisee shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections in order to maintain brand standards. Any inspection of the Premises by the Franchisor is to protect the Franchisor's interest in the Marks and the System and is not intended to and does not constitute control over the day-to-day operation of the Franchise Business or supervision of the Franchisee's employees. The foregoing shall be in addition to any other remedies the Franchisor may be granted in this Agreement or otherwise.

N. Operate the System

Neither the Franchisee nor any of its employees may conduct any business at the Premises other than the business licensed to the Franchisee pursuant to this Agreement without the prior written approval of the Franchisor. Neither the Franchisee nor any of its employees may conduct any activity at the Premises or in connection with the Franchised Business which is unlawful or which results in damage to the Marks or reputation and goodwill of the Franchisor.

O. Compliance With Laws

The Franchisee shall comply with all applicable laws and regulations and shall obtain and at all times maintain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. The Franchisee shall cause all of the personnel associated with the Franchised Business to comply with all applicable laws and regulations and shall obtain and at all times maintain any and all permits, certificates, insurance, and licenses necessary for the full and proper conduct of the Franchised Business. The Franchisee and its employees may not provide any service which requires a license which either the Franchisee or its employees do not possess at the time it delivers the service. The Franchisee shall comply with all applicable laws and regulations regarding the hiring and firing of employees.

P. Policies & Procedures Manual

The Franchisee shall contract with a supplier which has been approved by the Franchisor to prepare and maintain a “Policies and Procedures Manual,” which complies with the requirements of the Manuals.

Q. Registration with Home Care Association

The Franchisee shall become a member of a relevant home care association within the Franchisee’s state within thirty (30) days of the Effective Date.

R. Skilled Nursing Services

1. If the Franchisee desires to offer Skilled Nursing Services from the Franchised Business, the Franchisee shall immediately begin the process of obtaining a Certified Home Health License (as defined above) and shall submit a license application to the state or states in which Franchisee operates, if one is required. It is the Franchisee’s exclusive responsibility to meet all legal and regulatory requirements in connection with the provision of Skilled Nursing Services.

2. Once the Franchisee has obtained a Certified Home Health License and begins offering Skilled Nursing Services, the Franchisee is authorized but not obligated to seek a Medicare License and, once the Medicare License is obtained, to seek Medicare reimbursement in connection with Skilled Nursing Services.

3. The Franchisee acknowledges that offering Skilled Nursing Services and seeking Medicare reimbursement for such services will require additional expenses, which vary from state to state.

4. Notwithstanding subsection 8(R)(1) above, if the Franchisee obtains a Certified Home Health License and begins offering Skilled Nursing Services, the Franchisee shall be subject to confirmation by the Franchisor that such activities may be lawfully conducted in the jurisdiction(s) in which the Franchisee operates consistent with the other terms and conditions of this Agreement and the terms of the franchise.

S. Changes to the System

The Franchisor may make changes to any aspect of the System, including operating standards, marketing, signs, equipment standards, and technology. The Franchisee agrees to promptly adopt any such changes specified by the Franchisor and to be responsible for related costs of complying with such changes.

T. National Accounts

The Franchisee shall participate in all National Accounts Contracts implemented or designated by the Franchisor.

U. Client Visitation

The Franchisor, its Representatives, or Persons hired or retained by the Franchisor may visit or interview the Franchisee's Clients for the purpose of monitoring the Franchisee's compliance with System standards. The Franchisee agrees to cooperate with any visit or interview.

V. Internet

The Franchised Business shall use only the web page or pages designated by Franchisor within its primary website or such other sites as Franchisor may direct in writing. The Franchisee shall not use any other website or establish any other form of Internet presence.

W. Holdover

If the Franchisee continues to operate the Franchised Business beyond the Expiration Date or Termination Date, the Franchisee must pay the Franchisor the Holdover Fees specified on the Summary Pages.

X. Business Non-Compliance

If the Franchisee fails to perform services for Clients in the Assigned Area which the Franchisee is required to perform under this Agreement or under any applicable Client Services Agreement in addition to all other remedies available to the Franchisor under this Agreement, the Franchisor may perform the service or hire a third party to perform the service, and the Franchisee shall pay the Franchisor the Business Non-Compliance Fee described on the Summary Pages. The sum is required to reimburse the Franchisor for its direct expenses plus the time and effort expended by its staff, including time spent traveling to and within the Assigned Area and the inability of the Franchisor to devote the resources used in enforcing other Franchise Agreements, to other development and operational requirements of the Franchisor. The Franchisor only shall impose the Business Non-Compliance Fee after giving the Franchisee at least fourteen (14) days' notice and an opportunity to cure such non-compliance within such period. The fee shall be paid to the Franchisor by the Due Date each month until the non-compliance has ended or the Franchisee has been terminated.

**9. USES OF MARKS**

A. Ownership of Marks

The Franchisor is the owner of all rights, titles, and interests in and to the Marks and has granted the Franchisee a license to use the Marks.

B. Franchisee's Use of Marks

With respect to the Franchisee's use of the Marks licensed in this Agreement, the Franchisee agrees:

1. The Franchisee only may use the Marks on the internet on a website which the Franchisor hosts;



2. The Franchisee may only use social or professional networking sites to promote the Franchised Business with the Franchisor's prior approval and only in the manner prescribed by the Franchisor in the Manuals;

3. The Franchisee shall use the Marks only in connection with the operation and advertising of the Franchised Business;

4. The Franchisee shall use and display, as the Franchisor may require in the operation of the Franchised Business, a notice in a form approved by the Franchisor indicating the Franchisee is an "Independent Franchisee" operating under a Franchise Agreement, and that the Marks are used by the Franchisee pursuant to a Franchise Agreement;

5. The Franchisee shall not use the Marks on Franchisee's employment applications, employee evaluation forms, benefits statements, payroll checks or other documents or materials relating to Franchisee's employees;

6. Unless otherwise authorized or required by the Franchisor, the Franchisee only shall operate and advertise the Franchised Business as prescribed in the Manuals;

7. The Franchisee shall comply fully with all marketing, promotions, and public service requirements that the Franchisor prescribes;

8. The Franchisee's right to use the Marks is limited to such uses authorized under this Agreement and any unauthorized use shall constitute an infringement of the Franchisor's rights;

9. The Franchisee shall not use the Marks to incur any obligations or indebtedness on behalf of the Franchisor;

10. The Franchisee shall not use the Marks as part of the name of any Business Entity;

11. The Franchisee shall comply with the Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents deemed necessary by the Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability; and

12. If litigation involving the Marks is instituted or threatened against the Franchisee, the Franchisee shall promptly notify the Franchisor and the Franchisee shall cooperate fully with the Franchisor in defending such litigation. The Franchisor shall, in its sole discretion, determine whether it wishes to initiate any action, litigation or administrative proceeding arising out of such alleged use of the Marks. The Franchisor alone shall control any such litigation or administrative proceeding and settlement terms. The Franchisor shall indemnify the Franchisee for all costs the Franchisee incurs as a result of a suit or action by a third-party or government agency alleging infringement or unfair competition because of the Franchisee's use of the Marks, provided the Franchisee has used the Marks in a way which was prescribed or approved by the Franchisor.

C. Other Covenants of the Franchisee

The Franchisee expressly understands and acknowledges that:

1. The Franchisor is the owner of all rights, titles, and interests in and to the Marks, and the goodwill associated with and symbolized by them.
2. The Marks are valid and serve to identify the System and the Franchised Business under the System.
3. The Franchisee shall not directly or indirectly contest the validity or the ownership of the Marks.
4. The Franchisee's use of the Marks granted in this Agreement does not give the Franchisee any Ownership Interest or other interest in or to the Marks, except the non-exclusive franchise granted herein.
5. Any goodwill arising from the Franchisee's use of the Marks in operation of the Franchised Business under the System shall inure solely and exclusively to the benefit of the Franchisor. Upon the expiration or the termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with the Franchisee's use of the System or the Marks.
6. Except as provided in this Agreement, the right to the Marks granted to the Franchisee is non-exclusive, and the Franchisor may:
  - (a) Grant others the right to the Marks, in addition to those franchises already granted to existing ABCSP franchisees and licensees; and
  - (b) Use the Marks in connection with selling any products and services.
7. The Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business.
8. The Franchisee hereby agrees not to register or attempt to register any of the Marks or a domain name which includes any of the Marks in the Franchisee's name or that of any other individual or Business Entity.

**10. MANUALS**

The Franchisee shall conduct the Franchised Business in accordance with the provisions, standards, and procedures set forth in the Manuals.

The Franchisee agrees as follows:

- A. The Franchisee shall at all times treat the Manuals, created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential;

B. The Manuals shall at all times remain the sole property of the Franchisor, shall be kept in a secure place in the Franchised Business, and shall be returned to the Franchisor immediately upon the expiration or termination of this Agreement;

C. The Franchisor may, from time to time, revise the contents of the Manuals and the Franchisee expressly agrees to comply with all new mandatory modifications. Revisions to the contents of the Manuals shall be deemed effective seven (7) days after the date of mailing or posting on the Franchisor's intranet site, unless otherwise specified by the Franchisor;

D. The Franchisee shall at all times ensure copies of the Manuals are kept current and up-to-date. In the event of any dispute as to the contents of the Manuals, the terms of the Franchisor's copy of the Manuals maintained by the Franchisor at the Franchisor's headquarters shall be controlling; and

E. The Franchisee shall not at any time, without the Franchisor's prior written approval, copy, duplicate, record or otherwise reproduce the Manuals in whole or in part, nor otherwise make the same available to any unauthorized person.

## **11. CONFIDENTIALITY AND TRADE SECRETS**

### **A. The Franchisee Shall Learn Proprietary Matters**

The Franchisee acknowledges that the Franchisor shall provide the Franchisee with knowledge of proprietary matters, techniques, and business procedures of the Franchisor necessary and essential to the operation of the Franchised Business. Without such Confidential Information, the Franchisee could not efficiently and effectively operate the Franchised Business.

The Franchisee acknowledges such Confidential Information was unknown to the Franchisee prior to execution of this Agreement and that the methods of the Franchisor are unique and novel to the Franchisee. The Franchisee shall not divulge Confidential Information without the prior written consent of the Franchisor and the Franchisee shall not sell, assign, copy, assist or make available to anyone any information that would enable such person to substantially duplicate any portion of the System.

### **B. Injunctive Relief Available to the Franchisor**

The Franchisee acknowledges that any failure to comply with the requirements of this section shall cause the Franchisor irreparable injury. The Franchisee consents to any order for injunctive, mandatory or other extraordinary relief against any such failure to comply being obtained by Franchisor without the necessity for the Franchisor to post security or an undertaking in damages.

### **C. The Franchisee's Employees Shall Not Disclose Trade Secrets**

The Franchisee shall obtain from each management employee, representative, and agent an agreement that such person shall not during the course of employment, representation or agency with the Franchisee, or at any time, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of the trade secrets or Confidential

Information of the Franchisor, or use the Franchisor's trade secrets or Confidential Information for any purpose other than operating the Franchised Business. A form of Confidentiality Agreement that is required is attached at Schedule C to this Agreement.

## **12. TRAINING OF THE FRANCHISEE**

### **A. Initial Training**

The current initial training program consists of four (4) modules: pre-training, which includes telephonic and web-based training provided by the Franchisor or its agent (which the Franchisee acknowledges may be an "area representative" of the Franchisor; classroom training, which takes place at the Franchisor's headquarters or at another location designated by the Franchisor; post-classroom training, which takes place remotely; and field training, which is provided by the Franchisor or an Always Best Care area representative and takes place at the Franchised Business' location. Before the Franchised Business opens, the Franchisor will train the Franchisee or its Principal and one (1) additional management level employee in operating the Franchised Business. Approximately five (5) business days of training will be held at the Franchisor's headquarters, an operating Always Best Care Senior Services Business or another location the Franchisor designates and three (3) days of training will be held at the Franchised Business location. The classroom training program is provided for the Franchisee and one (1) management level employee at no fee, but the Franchisee must pay all of its and its trainees' expenses while attending the classroom training program, including travel, lodging, meals, and applicable wages. If the Franchisee requests that the Franchisor provide its then-current classroom training program to additional employees, either before the Franchised Business opens or while it is operating, the Franchisee must pay the Training Fee in effect at the time for additional management staff, as specified on the Summary Pages as well as the trainees' expenses while attending training. At the Franchisor's option, any person subsequently employed as a CEO or Director of the Franchised Business may be required to attend and satisfactorily complete the classroom training program.

### **B. Additional Training**

The Franchisor may require the Franchisee and its designated managers to attend, at a location specified by the Franchisor, training beyond that described in Section 12.A and may charge Refresher Training Fees as specified on the Summary Pages. The Franchisee agrees to give the Franchisor reasonable assistance in training or assisting other ABCSP Franchisees. The Franchisor will reimburse the Franchisee for the reasonable costs and expenses in providing such assistance.

During the Term, guidance may be provided by Franchisor to Franchisee in the manner Franchisor deems advisable, including the following: site visits, telephone consultations, fee-based additional advisory services, ongoing marketing programs, newsletter services, meetings, research and development regarding methods of operation, National Account Contract development, and other additional guidance the Franchisor deems necessary. The Franchisee may be required to attend additional training as specified by the Franchisor.

Upon the Franchisee's request, the Franchisor will furnish additional guidance and assistance and, in such a case, may charge the per diem fees, as specified on the Summary Pages.

C. Number of Persons to be Trained

The Franchisee, the Franchisee's CEO, or the Franchisee's Director and at least one (1) management level employee shall attend and complete, to the Franchisor's satisfaction, the pre-opening training program. The Franchisee agrees to have, during the entire Term, at least one (1) fully trained CEO or Director to operate the Franchised Business.

D. Expenses Paid by the Franchisee

The Franchisee, and those selected by the Franchisee to be trained by the Franchisor, shall pay all expenses incurred in such training program, including transportation, lodging, meals, and wages (if any). In the event the Franchisee's CEO fails to successfully complete the initial training program, the Franchisee shall be deemed to be in default of this Agreement.

E. Annual Conference

The Franchisee, or the Franchisee's CEO or Director, at the Franchisee's own expense, shall attend the Franchisor's annual conference. The Franchisee, or the Franchisee's CEO or Director, must attend any other training that the Franchisor may require. The Franchisee shall pay the Franchisor the Conference Fees, as specified on the Summary Pages, regardless of whether or not the Franchisee, or the Franchisee's CEO or Director can attend the annual conference.

**13. ACCOUNTING AND RECORDS**

A. Bookkeeping, Accounting, and Records

The Franchisee shall maintain during the Term, and shall preserve for the time period specified in the Manuals, full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by the Franchisor in the Manuals or otherwise in writing. The Franchisee must contract with a supplier of whom the Franchisor has approved for bookkeeping services that the Franchisor designates from time to time in connection with the Franchised Business, which may include software.

B. Payment of Monies to the Franchisor

The Franchisor may require the Franchisee to submit to the Franchisor a Monthly Franchise Report ("MFR") no later than the 15th of each month for the previous month during the Term, on forms prescribed by the Franchisor, accurately reflecting the Franchisee's Gross Sales during the preceding month, profit and loss statement for the Franchised Business, a year-to-date balance sheet as of the end of such month in the Franchisor's approved format, and such other data and information regarding the operation of the Franchised Business as the Franchisor may require. This monthly report shall provide the basis for the electronic funds to be transferred monthly.

C. Submission of Financial Statements and Other Reports

The Franchisee shall, at its expense, submit to the Franchisor within ninety (90) days of the end of each of its fiscal years during the Term, a complete financial statement for said fiscal year, including both an income statement and balance sheet, which may be unaudited but must be reviewed, together with such information in such form as the Franchisor may require. The Franchisee must input the monthly profit and loss statements and other information that the Franchisor requests into the franchise management system designated by the Franchisor. Each financial statement shall be signed by the Franchisee or by the Franchisee's CEO and treasurer or chief financial officer, attesting the statement is true and correct. The Franchisee shall also submit to the Franchisor the current financial statement and tax return filing(s), including any Owner's tax return filings, and any other forms, records, reports, information or data the Franchisor may reasonably designate, in the form and at the times and places reasonably required by the Franchisor, upon request, and as specified from time to time in the Manuals, or otherwise in writing.

D. Computer Systems

The Franchisee shall purchase such computer and telephonic hardware, software systems, data, training and support services as the Franchisor may designate from time to time in connection with day to day operations of the Franchised Business, all in accordance with the Manuals. The Franchisee shall capture and collect all information and data regarding Clients and the Franchised Business as, and in the manner that, the Franchisor directs. The Franchisee shall not transfer, sell, copy, disclose, or allow any person(s), firm, or entity to view or access this information (other than the Franchisor, as directed) for any reason, except as may be required by a court of law and the Franchisee shall not store such information except as specifically permitted by the Franchisor. The Franchisee shall protect and safeguard all Client data (including credit card information) to ensure privacy, protection from theft, piracy, or unauthorized use. The Franchisee is solely responsible for protecting itself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders and the Franchisee waives any and all claims the Franchisee may have against the Franchisor as the direct or indirect result of such disruptions, failures, or attacks. The Franchisee must comply with all laws and regulations related to privacy and data protection and breach response policies the Franchisor may periodically establish. The Franchisee will inform all of its employees of their obligations concerning this requirement. The Franchisee shall notify the Franchisor immediately upon any suspected or actual discovery of any prohibited use or disclosure of confidential or proprietary information or any breach of these obligations; and the Franchisee will cooperate fully to prevent further prohibited use. Client information and data may be used by the Franchisor for business and marketing purposes as the Franchisor deems advisable. Through the computer systems used in connection with the Franchised Business, the Franchisee agrees to grant the Franchisor unrestricted access to all information generated by the systems, including the Gross Sales information for use in calculating Royalty Fee and Advertising Fund contributions.

The Franchisor agrees to treat any data secured from the Franchisee's computer systems as proprietary to the Franchisee and shall not share it with any other franchisee or any entity outside of the Franchisor or the Franchisor's Representatives, except for the Franchisor's Representatives, without the Franchisee's express written permission. However, the Franchisor may share

composite information with other the Franchisees, and may use information generated through the Franchisee's computer systems to prepare financial performance representations or earnings claims in Disclosure Documents and for use in substantiating those representations.

E. The Franchisor's Right to Audit

The Franchisor or its designated agents, shall have the right, at all reasonable times, to examine and copy (at its expense), the Franchisee's books of account. The Franchisor shall also have the right at any time to audit the books and records of the Franchisee. The Franchisee must respond to the Franchisor's request to audit the Franchisee's books of accounts, including copies of federal and state income and other tax returns of the Franchisee and any Owner, within seven (7) days of a request. If any audit reveals that the Franchisee has underreported the Franchised Business's Gross Sales by more than two percent (2%) in any report to the Franchisor, the Franchisor may at its option, charge the Franchisee for any and all costs and expenses incurred in connection with such audit. The Franchisee shall pay to the Franchisor any amounts owing, immediately upon demand, together with the Interest Charges specified on the Summary Pages, from the date such amounts were due until paid. Such remedy shall be in addition to any other remedies available to the Franchisor under this Agreement or otherwise. If the Franchisor's audit reveals understated payments more than twice during the Term, the Franchisor at its option, in addition to any other remedies it may have, may elect to require the Franchisee's future financial statements, as required by this Agreement, be audited at the Franchisee's expense.

F. The Franchisor's Right to Use Secret Shoppers

The Franchisor may hire or retain Persons to make contact with the Franchisee and the Franchisee's staff for the purpose of evaluating their compliance with System standards. As part of the evaluation, telephone or other conversations may be recorded. The Franchisee consents to the Franchisor and its Representatives engaging in such activities and the Franchisee agrees to require each member of its Franchised Business's staff to consent to such activities.

G. Use of Franchisor Software Platform

The Franchisee shall become proficient in and use the software platform(s) and systems designated by the Franchisor for franchisees. The Franchisee shall use the designated systems as prescribed by the Franchisor for, among other things, client relationship management, lead management, telephony, learning management systems, marketing systems, accounting, payment of royalties, advertising expenditure management, monitoring of key performance indicators relating to licensing or Skilled Nursing Care, compilation and submission of reports as prescribed by the Franchisor, and for any other purpose that the Franchisor prescribes. Franchisee shall pay the Technology Costs (including the fees for ABC Universe) specified in the Summary Pages.

## 14. INSURANCE

Prior to the Opening Date, the Franchisee must obtain the following insurance coverage under policies of insurance issued by the insurance carrier(s) that the Franchisor designates or approves, if the Franchisor does not designate or approve a specific insurance carrier, by carriers having an A.M. Best rating of "A" or better: (1) comprehensive general and professional liability

insurance 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 the Franchised Business is located; (3) a surety bond; and (4) automobile liability coverage, including coverage of owned, non-owned and hired vehicles. If the Franchisee leases a space for the Franchised Business, the Franchisee may need to obtain additional insurance coverage according to the terms of the Franchisee's lease. The Franchisee must maintain all required policies in force during the entire term of this Agreement. The Franchisor may increase or decrease the amounts of coverage required under these insurance policies as stipulated by the Manuals and may require different or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must name the Franchisor (and, if the Franchisor so requests, its directors, employees or shareholders) as additional insureds and must provide the Franchisor with ten (10) days' advance written notice of any material modification, termination, cancellation, or expiration of the policy. The Franchisee must obtain its insurance from an insurance carrier designated or approved by the Franchisor.

A. Certification of Insurance and Copy of Policies

Before the expiration of the term of each insurance policy, the Franchisee must furnish the Franchisor with copies of the certificate of insurance, additional insured endorsement declarations pages, a copy of the policy for each policy to be maintained for the upcoming term, and other evidence of compliance with these requirements as the Franchisor periodically requires along with evidence of the payment of the premium for each.

B. Maintain Insurance Coverage

The Franchisee's obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance the Franchisor maintains on its own behalf; nor will the Franchisor's maintenance of that insurance relieve the Franchisee of any obligations under this Section 14.

C. Insurance Procurement

If the Franchisee at any time fails or refuses to maintain any insurance coverage required by the Franchisor, or to furnish satisfactory evidence, the Franchisor, at its option and in addition to any other rights and remedies available, may, but need not, obtain such insurance coverage on behalf of the Franchisee. If the Franchisor elects to obtain any such insurance on behalf of the Franchisee, the Franchisee shall pay the Franchisor on demand, the Insurance Procurement Fees, as specified on the Summary Pages.

**15. TRANSFER OF INTERESTS**

The Franchisee shall not make a Transfer except as permitted by this Section 15. Any Transfer or attempted Transfer without the Franchisor's prior written consent or which otherwise violates the requirements in this Section 15 shall be ineffective against the Franchisor and, without limiting the Franchisor's remedies, shall constitute a material breach of this Agreement.



A. Prior Written Consent

Neither the Franchisee nor its Principal shall effect an Asset Transfer without the Franchisor's prior written consent, which shall be conditioned on the following:

1. At the time of Asset Transfer, the Franchisee and its Principal must be in full compliance with all obligations under this Agreement and all other agreements between the Franchisee and the Franchisor and the Franchisor's Representatives, including payment of all monetary obligations due to the Franchisor and its Representatives;

2. The proposed transferee must have demonstrated to the Franchisor's satisfaction that it satisfies all of the Franchisor's standards for new Franchisees Businesses;

3. The purchase price and terms of the Transfer shall not, in the Franchisor's judgment, negatively impact the capability of the Franchised Business to operate profitably following the Transfer;

4. The transferee executes the Franchisor's then-current form of Franchise Agreement of the type which is to be the subject of the Transfer (which may contain different terms and conditions from this Agreement, and which may limit the term of the transferee's Franchise to the unexpired term of this Agreement, and which shall supersede the terms of this Agreement), Personal Guaranty, Assignment of Telephone Number(s) and other collateral agreements the Franchisor may then require;

5. The transferee upgrades the Franchised Business to meet the Franchisor's then-current standards for new Franchised Business(es);

6. The transferee and its Owners provide the Franchisor with a waiver and release with respect to liability for any financial data, financial performance representations, other representations and information the Franchisee or its Representatives provided the transferee;

7. The transferee's Controlling Principal executes a Personal Guaranty (Schedule B);

8. The transferee and the transferee's Principal and Director satisfactorily complete the Franchisor's training program;

9. The Franchisee sends the Franchisor a notice requesting the Franchisor's approval of a Transfer and provides the Franchisor with a Transfer Fee in the amount specified on the Summary Pages;

10. The Franchisee and its Representatives and its respective Principal and Guarantors provide to the Franchisor an unconditional, general release of all claims they have against the Franchisor, and its Representatives; and

11. Any purchase and sale agreement between the Franchisee and the transferee shall provide for and require that the Franchised Business shall continue to operate without interruption during the Asset Transfer.

B. Involuntary Asset Transfer

No involuntary Asset Transfer or partitioning of the Franchisee or its Principal's interest in this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, shall be effective against the Franchisor unless (i) and until the transferee furnishes the Franchisor with a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of the Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (ii) and until the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (iii) if the Asset Transfer encompasses the Franchisee and its Controlling Principal's total interest in this Agreement or in the Franchised Business, they designate and appoint the Franchisee to be the transferee's agent and attorney in fact with whom the Franchisor may deal for all purposes expressed in or contemplated by this Agreement.

C. Ownership Interest Transfer

Any Ownership Interest Transfer shall be subject to the Franchisor's prior written consent, which shall be conditioned on the following:

1. At the time of the Ownership Interest Transfer, the Franchisee is in full compliance with its obligations under this Agreement, and all other agreements between the Franchisor and the Franchisee and the Franchisor's Representatives, including payment of all monetary obligations due to the Franchisor and its Representatives;

2. Each proposed Principal of the proposed transferee meets our criteria for qualifying as the new Franchisee and delivers a signed Personal Guaranty;

3. If the Ownership Interest Transfer involves control of the Ownership Interest in the Franchisee, the transferees comply with Section 15.A;

4. If the Franchisor agrees to release the Franchisee from further liability under this Agreement, or to release the Franchisee's Principals from further liability under a Personal Guaranty, the Franchisee and each of its Principals must also give the Franchisor an unconditional, general release of all claims they and the Franchisee may have against the Franchisor, and its Representatives;

5. If less than a Controlling Ownership Interest is transferred, the Franchisee pays the Assignment Fee specified on the Summary Pages. If a controlling Ownership Interest is transferred, the Franchisee pays the Transfer Fee specified on the Summary Pages; and

6. Any purchase and sale agreement between the transferor and the transferee shall provide for and require that the Franchised Business shall continue to operate without interruption during the Ownership Interest Transfer.

The Franchisee acknowledges that the Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with the Franchisee. The Franchisee also acknowledges that the Franchisor's contact

with potential transferees for the purpose of protecting the Franchised Business interests shall not constitute improper or unlawful conduct. The Franchisee expressly authorizes the Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to transferees or transactions which do not satisfy the Franchisor's standards. The Franchisee and its Principals waive any and all claims that actions taken by the Franchisor or its Representatives in relation to a proposed Transfer to protect the Franchisor's business interests constitute tortious interference with contractual or business relationships.

#### D. Special Transfers

1. If the Franchisee is an individual or partnership who at any time notifies the Franchisor that it wants to assign the franchise to a Business Entity in which the Franchisee shall own one hundred percent (100%) of the Ownership Interest (and, in the case of a partnership, a share ownership in the Business Entity apportioned substantially the same as were the partnership interests), the Franchisor shall consent to the assignment and waive payment of a Transfer Fee or an Assignment Fee and its Right of First Refusal under Section 15.E upon its receipt of such documentation and information concerning the Business Entity and its Principals as the Franchisor may request. The required documentation shall include, without limitation, (i) a certified list of the corporation's Principals (designating the amount and percentage of shares or units of beneficial ownership each Principal owns), (ii) a Personal Guaranty signed by each Principal, and (iii) an express assumption by the Business Entity of the Franchisee's obligations under this Agreement.

2. If the Franchisee is a Business Entity, the Franchisor shall consent to Ownership Interest Transfers among the Franchisee's original Principals and waive payment of a Transfer Fee and its Right of First Refusal under Section 15.E if the Transfer does not result in a Transfer of a Controlling Ownership Interest. The transferor must deliver to the Franchisor such documentation and information concerning the Ownership Interest Transfer and the resulting ownership of the Franchisee as the Franchisor may request. The required documentation shall include a Personal Guaranty signed by each Principal who has not previously executed such documents.

#### E. Right of First Refusal

1. If the Franchisee or one or more of the Franchisee's Principals wish to effect a Transfer pursuant to any bona fide binding offer received from a third party to purchase that interest, then the proposed seller shall promptly notify the Franchisor in writing of the offer, and shall provide any additional information and documentation relating to the offer that the Franchisor requires. The Franchisor shall have the option, exercisable within fifteen (15) days after receipt of all written documentation requested by the Franchisor describing the terms of the offer, to notify the proposed transferee that the Franchisor intends to acquire the proposed transferee's interest on the same terms and conditions that were offered by the proposed transferee.

2. Any material change in the terms of any offer before closing shall constitute a new offer subject to the Franchisor's option to purchase as in the initial offer. The Franchisor's failure to exercise the option set forth in this section shall not constitute a waiver of any other provision of this Agreement, including the requirements of this section. If the Franchisor exercises

its option to purchase, the Franchisor shall not be liable for paying a brokerage or sales commission. If an offer provides for payment of consideration other than cash or involves certain intangible benefits, the Franchisor may elect to purchase the interest proposed for sale for the reasonable cash equivalent. If the parties cannot agree within seven (7) days on the cash equivalent of the non-cash part of the offer, the Franchisor shall designate an independent appraiser to determine such amount and his determination shall be binding on the parties. The Franchisor may set off the cost of such appraisal against the purchase price. If the offer includes items which are not assets of the Franchised Business or items used in the Franchised Business, at the Franchisor's option, the Franchisor may acquire only the Franchised Business assets or such other items as the Franchisor selects, without any duty to purchase the other items included in the purchase offer. The apportionment of the value of the items to be purchased by the Franchisor shall be determined by the Franchisor, subject to an evaluation by an independent appraiser under the same procedures as non-cash consideration to be evaluated.

3. The Franchisor's decision not to exercise the Right of First Refusal granted by this section shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 15, with respect to a proposed Transfer. If the Franchisor does not exercise its Right of First Refusal on any particular offer, any material change in the terms of the offer before closing shall constitute a new offer subject to the Franchisor's same Right of First Refusal as in the case of the initial offer.

F. Purchase Upon the Franchisee's CEO's Death or Disability

1. This Section 15.F applies only if (a) the Franchisee's Controlling Principal or CEO dies or suffers a Permanent Disability and (b) the death or Permanent Disability results in a change in executive-level responsibility for managing the Franchised Business.

2. Upon the occurrence of an event described in Section 15.F.(1), the Franchisee's Controlling Principal, if he is living and has not suffered a Permanent Disability, shall appoint an interim CEO or Director to operate the Franchised Business and within fifteen (15) days of such event notify the Franchisor of the event and indicate the Franchisee's intention of continuing to operate the Franchised Business pursuant to this Section 15.F.(2). During the first one hundred twenty (120) days after the death or Permanent Disability occurs, the Franchisor shall evaluate the interim management's willingness and ability to operate the Franchised Business in compliance with this Agreement. By the end of the one hundred twenty (120)-day evaluation period, the Franchisor shall decide whether the interim management is qualified to manage the Franchised Business and become its CEO or Controlling Principal, and the Franchisor shall notify the Franchisee's known Principals of the Franchisor's decision. As conditions to continuing the franchise relationship, each Principal must furnish the Franchisor with a signed Personal Guaranty and any deficiencies in the Franchisee's compliance with the requirements of this Agreement must be cured. The Franchisor also may require the new Controlling Principal, CEO or Director to attend and satisfactorily complete the Franchisor's initial training program.

3. If any of the conditions stated in Section 15.F.(2) is not satisfied, or if the Franchisor decides that the interim management has not adequately demonstrated its business qualifications or commitment to the franchise relationship, the surviving Principals shall have one hundred twenty (120) days after delivery of the Franchisor's notice to (a) locate a new CEO who

is acceptable to the Franchisor or (b) sign a binding contract to sell the Franchise or a Controlling Interest in the Franchise to a buyer approved by the Franchisor in accordance with, and in a transaction structured to comply with, this Section 15. The proposed sale shall be subject to the Franchisor's Right of First Refusal under Section 15.E.

4. If any of the Franchisee's Principals fails to sign a binding contract of sale before the one hundred twenty (120)-day selling period expires, or (i) if a contract is signed, but the proposed sale is not concluded within thirty (30) days after the Franchisor relinquishes its option under Section 15.E, the Franchisor shall have an additional option during the next following thirty (30) days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest shall be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price shall be payable in cash at closing. If the Franchisor delivers written notice of its intention to exercise the option within the thirty (30)-day period the option shall be considered effectively exercised whether or not the purchase is actually consummated within the thirty (30)-day period.

5. If the parties fail to agree on a purchase price for the interest within twenty-one (21) days after delivery of the Franchisor's notice, the purchase price shall be determined by an appraiser selected by the Franchisor in accordance with the appraisal process specified in Section 15.E.

G. Transfer by the Franchisor

The Franchisor and any holder of an Ownership Interest in the Franchisor may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security, collateral or conditional interest, inter vivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in the Franchisor to any person. The Franchisee agrees not to interfere in or to attempt to interfere with a proposed Transfer by the Franchisor or by the Franchisor's Principals. Specifically, and without limitation to the forgoing, the Franchisor may sell its assets, Marks, or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other business entities, or be acquired by another business entity; 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, the Franchisee expressly and specifically waives any claims, demand, or damages against the Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from the Franchisor to any other party. If the Franchisor assigns its right in this Agreement, the Franchisor shall be released from all further liability under this Agreement. Nothing contained in this Agreement requires the Franchisor to offer any services or products, whether or not bearing the Marks, to the Franchisee if the Franchisor assigns its rights in this Agreement.

## 16. TERMINATION OF FRANCHISE

### A. By the Franchisee

If the Franchisee is in compliance with this Agreement, and the Franchisor materially breaches this Agreement and fails to cure such breach within sixty (60) days after the Franchisee delivers written notice to the Franchisor, then the Franchisee may terminate this Agreement, effective thirty (30) days after delivery to the Franchisor of proper notice. Any termination of this Agreement by the Franchisee, without complying with these requirements, shall be deemed a termination by the Franchisee without cause.

### B. By the Franchisor

This Agreement shall terminate without further action by the Franchisor on notice to the Franchisee if the Franchisee or any of the Franchisee's Representatives:

1. Fails or refuses to make payments of any amounts due the Franchisor or its Representatives for Royalty Fees, Advertising Fund contributions, purchases from the Franchisor or its Representatives or any other amounts due to the Franchisor or its Representatives, and does not correct such failure or refusal within ten (10) business days after written notice of such failure is delivered to the Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification or standard prescribed in the Manuals or otherwise in writing, and does not correct such failure within thirty (30) days.

3. Violates any health, safety, sanitation or other applicable law, ordinance or regulation and does not immediately begin to cure the non-compliance or violation, and correct such non-compliance or violation within twenty-four (24) hours after written notice is delivered to the Franchisee.

### C. Termination of the Franchisee Without Cure Period

This Agreement shall terminate automatically upon delivery of notice of termination to the Franchisee, if the Franchisee or any of its Representatives:

1. Fails to construct, decorate, equip, and maintain the Premises as required in Section 8.D, 8.I, and 8.J hereof, or fails to satisfactorily complete the initial training program as provided in Section 8.E of this Agreement;

2. Fails to obtain an approved Location and begin operating the Franchised Business within ninety (90) days after the Effective Date, unless an extension is mutually agreed upon;

3. Has made any material misrepresentation or omission in their application for the Franchise or other documents or reports submitted to the Franchisor;

4. Is convicted of a felony or pleads no contest to a felony, or is convicted of or pleads no contest to any other crime or offense that is likely to adversely affect the reputation of the Franchisor, the Franchisee or the System;

5. Makes any unauthorized use, disclosure or duplication of any portion of the Manuals, or duplicates or discloses or makes any unauthorized use of any of the Franchisor's trade secrets or Confidential Information;

6. Abandons, fails or refuses to actively operate the Franchised Business for three (3) consecutive business days (other than holidays as described in the Manuals), unless the Franchised Business has been closed for a purpose approved by the Franchisor or due to a Force Majeure, or fails to relocate to approved Premises within an approved period of time following expiration or termination of the lease for the Premises;

7. Surrenders or transfers control of the operation of the Franchised Business, makes an unauthorized direct or indirect Transfer, fails or refuses to assign the franchise or the interest in the Franchise of a deceased or disabled Controlling Principal thereof as required herein;

8. Underreports Gross Sales by two percent (2%) or more during any six (6) month period;

9. Acknowledges that Franchisee is unable to pay its debts as they come due or commits any other affirmative act of insolvency, or files any petition or action of insolvency, or for appointment of a receiver or trustee, files a petition in bankruptcy or makes any assignment for the benefit of creditors, or fails to vacate or dismiss within thirty (30) days after filing any such proceedings commenced against Franchisee by a third party;

10. Is subject to a dismissal of a liquidation proceeding pursuant to 11 U.S.C. Section 707, dismissal of a reorganization proceeding pursuant to 11 U.S.C. Section 1112, revocation of an order of confirmation pursuant to 11 U.S.C. Section 1330(b) or dismissal of a debt adjustment proceeding pursuant to 11 U.S.C. Section 1307;

11. Materially misuses or makes an unauthorized use of any Marks or commits any act which can reasonably be expected to materially impair the goodwill associated with any Marks;

12. Continues to violate any health, safety or sanitation law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to its Clients or the public after receiving notice of such violation;

13. In the event of the Franchisee's death or Permanent Disability or the death or Permanent Disability of the Controlling Principal, this Agreement or the Controlling Principal's Ownership Interest in the Franchisee is not assigned as herein required;

14. Fails to appoint an interim CEO or Director within fifteen (15) days after the Franchisee's death or Permanent Disability, or within fifteen (15) days of the death or Permanent Disability of the Controlling Principal;

15. Loses the right to possession and use of the Premises;

16. Fails to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the Franchised Business, unless the Franchisee is, in good faith, legally contesting the Franchisee's liability for such taxes;

17. Fails to timely apply for, obtain, or continuously maintain certifications required by law or designated by the Franchisor for the Franchised Business;

18. Fails to obtain or retain any license or certification required by law or the Manuals for the operation of the Franchised Business;

19. Commits the same or a substantially similar default under this Agreement on two (2) or more separate occasions within any twelve (12) month period, whether or not the prior default was cured.

In addition to the Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights against the Franchisee, if the Franchisee has not cured a default under this Agreement within the twenty (20) days after receipt of a notice of default from the Franchisor, the Franchisor may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of said business until such time as the Franchisor determines that the Franchisee's default has been cured and that there is compliance with the requirements of this Agreement. The Franchisee specifically agrees that a designated representative of the Franchisor may take over, control, and operate said business, and that the Franchisee shall pay the Franchisor a service fee in the amount specified in the Manuals, plus all travel expenses, room and board, and other expenses reasonably incurred by such representative so long as it shall be required by the representative to enforce compliance herewith. The Franchisee further agrees that if, as herein provided, the Franchisor temporarily operates the Franchised Business, the Franchisee shall indemnify and hold harmless the Franchisor and any representative of the Franchisor who may act hereunder, respecting any and all acts and omissions which the Franchisor may perform, or fail to perform as regards to the interests of the Franchisee or third-parties; or

20. If the Franchisee's Representatives default under the terms of any other Franchise Agreement, development agreement or any other agreement with the Franchisor or its Representatives and fail to cure each such default within the time specified in such agreement, if such agreement permits the default to be cured. If such a default is not curable, this Agreement shall terminate upon the Franchisee's receipt of a notice of termination.

21. If the Franchisee fails to meet its monthly Minimum Gross Sales, as set forth in the Summary Pages, the Franchisor has the right to terminate the Franchise Agreement.

## **17. THE FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION**

### **A. Payment of Monies Owed to the Franchisor**

The Franchisee agrees to pay to the Franchisor, within fifteen (15) days after the Termination Date or the Expiration Date, the Royalty Fees, Advertising Fund contributions,



payments for inventory, equipment or merchandise, or any of the products or services purchased by the Franchisee from the Franchisor or its Representatives, and any other sums owed to the Franchisor by the Franchisee.

B. Return of Operations Manual and Other Materials

The Franchisee agrees upon termination or expiration of this Agreement to immediately return to the Franchisor all copies of the Manuals, training aids, and any other materials loaned by the Franchisor.

C. Deliver Records

The Franchisee agrees upon termination or expiration of this Agreement to immediately deliver to the Franchisor in the form requested by the Franchisor, complete records of the Franchised Business in the form requested by the Franchisor, including but not limited to:

1. Complete financial records of the Franchised Business, Client lists, prospect lists, copies of all documents filed with any governmental agency that relate to the operation of the Franchised Business, copies of promissory notes, lists of employees, and other Representatives;
2. Assign to the Franchisor or to its designee all agreements which the Franchisor requires the Franchisee to assign;
3. Copies of all contracts, leases, options, guarantees, commitments, written or oral, which the Franchisee has relating to the operation of the Franchised Business;
4. Statements of account showing all amounts owed by or to the Franchisor or to any Clients or third party for any reason, and all amounts due to the Advertising Fund by the Franchisee;
5. A summary of all claims, lawsuits, threats of litigation, government investigations, and copies of any documents that relate to the claims, threats or investigation; and
6. All other records relating to the Franchised Business which the Franchisor may request.

The cost of providing this information shall be paid by the Franchisee. The Franchisee must cooperate fully with the Franchisor and its representatives in providing such oral or written answers to questions relating to the Franchised Business as they may request.

D. Cancel Assumed Names/Transfer Phone Numbers

The Franchisee agrees upon termination or expiration of this Agreement to take such action that may be required to cancel all assumed names or equivalent registrations relating to use of any Marks. The Franchisor may immediately file with the Franchisee's local telephone company the Assignments of Telephone Numbers that the Franchisee has provided the Franchisor as reflected in Schedule D and may instruct the telephone company to transfer use and control of the Franchised Business's telephone numbers to the Franchisor or its designee. If the Franchisee's Assignment

of Telephone Numbers is no longer valid, the Franchisee shall immediately execute a new Assignment of Telephone Numbers in the form requested by the Franchisor. The Franchisee irrevocably constitutes and appoints the Franchisor and its designee as the Franchisee's agent and lawyer-in-fact to effect the transfer of the Franchised Business's telephone number(s), including authority to execute and deliver on the Franchisee's behalf any transfer of service agreement the telephone company requires, and to revoke any call-forwarding or similar instructions the Franchisee has given the telephone company. The Franchisor shall have no liability to the Franchisee on account of or arising from any action it authorizes or takes to effect the transfer of the Franchised Business's telephone number(s) in accordance with this Section 17.D. In addition, the Franchisor shall be entitled to injunctive or similar relief, without bond, against the Franchisee and any other person bound to enforce compliance with these requirements.

E. Cease Operation of the Franchised Business

The Franchisee agrees upon termination or expiration of this Agreement, to cease to operate the Franchised Business, and to not thereafter, directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of the Franchisor.

F. Assign the Lease

Upon termination or expiration of this Agreement, the Franchisee shall, at the Franchisor's option, and without paying compensation to the Franchisee, assign to the Franchisor, or to the Franchisor's designee, the Franchisee's interest in any lease then in effect for the Premises. The Franchisor shall notify the Franchisee of its intent to exercise this option and the identity of the designee within thirty (30) days after termination or expiration of this Agreement.

G. Cease Using Marks

Upon termination or expiration of this Agreement, the Franchisee shall immediately and permanently cease to use, by advertising, or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the Franchisor and the Marks and any proprietary marks and distinctive forms, slogans, signs, symbols, logos, or devices associated with the System. In particular, the Franchisee shall cease to use all signs, advertising materials, stationery, forms, and any other articles which display the Marks.

H. Continue Client Care

The Franchisee agrees that upon termination or expiration of this Agreement it will cooperate with the Franchisor or with the Franchisor's designee to ensure the continued care of Clients. At the Franchisor's or its designee's option, the Franchisee's obligations include assigning without charge all patients' contracts, including Client Services Agreements, to the Franchisor or its designee, providing the Franchisor or its designee access to all Client files, authorizing or releasing all Caregivers from employment contracts to allow them to work for the Franchisor or for its designee.

## 18. COVENANTS

### A. Full-Time Operation of Business

The Franchisee covenants during the Term, the Franchisee, or the Franchisee's CEO, and the Franchisee's Director, shall devote full-time energy and best efforts to the management and operation of the Franchised Business, and shall refrain from engaging in any business offering Competitive Services, directly or indirectly, during the Term, except pursuant to another ABCSP Franchise Agreement.

### B. No Diversion of Business

The Franchisee's Representatives covenant that they shall not directly or indirectly, for themselves, through, on behalf of, or in conjunction with any person or legal entity divert or attempt to divert any business or Client of the Franchised Business, or of any other Franchised Business, 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 or the System.

### C. Covenant Not To Compete

The Franchisee and its Principals covenant, except as otherwise approved in writing by the Franchisor, that they shall not, for a continuous uninterrupted period commencing upon the Expiration Date or Termination Date of this Agreement, regardless of the cause for termination, and continuing for twenty-four (24) months, either directly or indirectly (including through a spouse, parent, or child), for themselves, on behalf of, or in conjunction with any person, individual or Business Entity sell, promote, recommend, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business which offers Competitive Services or a division or subsidiary of a business which provides Competitive Services:

1. Within the Assigned Area; or
2. Within a radius of twenty-five (25) miles of the Premises of any other operating ABCSP Franchised Business.

The Franchisee and its Principals agree that the time periods in this Section 18 will be tolled for any period during which the Franchisee or its Principals are in breach of the covenants and any other period during which the Franchisor seeks to enforce this Agreement.

### D. Exception to Covenant Not to Compete

Section 18.C. shall not apply to ownership by the Franchisee of less than a five percent (5%) Ownership Interest in the outstanding equity securities of any Publicly-Held Business Entity.

### E. Covenants Are Independent

The Franchisee and the Franchisor agree each of the 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 Section 18 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any final decision to which the Franchisor is a party, the Franchisee expressly agrees 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 resulted covenant were separately stated in and made a part of this Section 18.

F. Right to Reduce Scope

The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Section 18, or any portion thereof, without the Franchisee's consent, effective immediately upon receipt by the Franchisee of written notice thereof. The Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

G. Claims Are Not Defense to Covenants

The Franchisee's Representatives expressly agree that the existence of any claim they may have against the Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Franchisor of the covenants in this Section 18.

H. Injunctive Relief Available to the Franchisor

The Franchisee acknowledges that any failure to comply with the requirements of this section shall cause the Franchisor irreparable injury. The Franchisee consents to any order for injunctive or other extraordinary relief against any such failure to comply being obtained by Franchisor without the necessity for the Franchisor to post a bond. The Franchisor may further avail itself of any legal or equitable rights and remedies under this Agreement or otherwise.

I. Non-Disparagement

To the extent permitted by applicable law, the Franchisee's Representatives expressly agree that they shall not, at any time, either orally or in writing or through any other medium, or any other form of communication, (i) disparage, defame, impugn or otherwise damage or assail the reputation, integrity or professionalism of the Franchisor's Representatives, the Franchisees of the Franchisor, or any of their Representatives, or (ii) encourage any of the Franchisor's Franchisees to abandon their franchise, not pay fees to the Franchisor or not support the Franchisor or any of its programs in any way.

J. Identifying Business Information

The Franchisee and its Representatives agree to permit the Franchisor to disclose identifying information about the Franchised Business, including information about the name, address and telephone number of the Franchised Business, and any termination of the franchise relationship outlined in the Franchisor's Disclosure Document.

## **19. TAXES, PERMITS, AND INDEBTEDNESS**

### **A. The Franchisee Must Pay Taxes Promptly**

The Franchisee shall promptly pay when due all taxes levied or assessed against the Franchised Business, including unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by the Franchisee in the conduct of the Franchised Business. The Franchisee shall promptly pay when due all taxes assessed on the Franchisor regarding the operation of the Franchised Business, except for income tax. In the event gross receipts tax or other tax (other than income taxes) which is based on Gross Sales, receipts, sales, business activities or operation of the Franchised Business is imposed upon the Franchisor by any taxing authority, then the Franchisee will reimburse the Franchisor in an amount equal to the amount of such taxes and related costs imposed upon and paid by the Franchisor.

### **B. The Franchisee May Contest Tax Assessment**

In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, the Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall the Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises or any assets of the Franchised Business.

## **20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

### **A. The Franchisee Must Notify the Franchisor of Lawsuits**

The Franchisee shall notify the Franchisor in writing immediately of the commencement of any investigation, inquiry, action, suit or proceeding against the Franchisee or of the issuance of any subpoena, summons, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which arises out of, concerns, or may affect the operation, reputation or financial condition of the Franchised Business, including any criminal action or any proceeding brought by the Franchisee against its employees, Clients or other persons who are associated or affiliated with the Franchisee.

### **B. No Fiduciary Relationship**

It is understood and agreed by the Franchisee and the Franchisor this Agreement does not constitute a fiduciary relationship. The Franchisee is an independent contractor and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, joint employer, employee or servant of the other for any purpose.

### **C. The Franchisee is an Independent Contractor**

The Franchisee shall at all times hold itself out to the public as an independent contractor operating its business pursuant to a Franchise from the Franchisor. The Franchisee shall conspicuously identify itself in all dealings with its Clients, contractors, suppliers, public officials, and others, as an independent Franchisee of the Franchisor; and shall place such notice of independent ownership on all business forms, business cards, stationery, advertising, signs, and

other materials, as the Franchisor may specify in the Manuals. Franchisee is prohibited from using any of the Marks on Franchisee's employment applications, benefits statements, payroll checks or other documents or materials relating to Franchisee's employees. Except as otherwise expressly authorized by this Agreement, neither the Franchisee nor the Franchisor shall make any express or implied agreements, warranties, guarantees or representations; or incur any debt in the name of or on behalf of the other party; or represent the relationship between the Franchisor and the Franchisee is other than that of the Franchisor and the Franchisee. The Franchisor does not assume any liability, and shall not be deemed liable, for any agreements, representations or warranties made by the Franchisee, which are not expressly authorized under this Agreement. The Franchisor shall not be obligated for any damages to any person or property, which directly or indirectly arise from or are related to the operation of the Franchised Business. Notwithstanding any other provision of this Agreement, the Franchisee will control and be solely responsible for the day-to-day operations of the Franchised Business and the terms and conditions and employment of the Franchisee's personnel, including the soliciting, hiring, firing, disciplining, paying, scheduling, and managing of the Franchisee's employees.

D. The Franchisor Is Not Liable for Acts of the Franchisee

Nothing in this Agreement authorizes the Franchisee to make any contract, agreement, warranty or representation on the Franchisor's behalf, or to incur any debt or other obligation in the Franchisor's name. The Franchisor shall not be liable hereunder as a joint employer of Franchisee's employees or as a result of any such action or by reason of any act or omission of the Franchisee in its conduct of the Franchised Business's business or any claim or judgment arising against the Franchisee. The Franchisee shall indemnify and hold harmless the Franchisor's Representatives against any acts, omissions or claims arising directly or indirectly from, as a result of, or in connection with the Franchisee's operation of the Franchised Business, as well as the costs, including lawyers' fees incurred in defending same.

E. Indemnification

The Franchisee agrees at all times to defend at the Franchisee's expense, to indemnify and hold harmless to the fullest extent permitted by law, the Franchisor's Representatives from all losses and expenses, and interest on such expenses, 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 the Franchised Business or the relationship between the parties, including the following:

1. The Franchisee's infringement or any other alleged violation of any patent, trademark, or other proprietary right that is owned, licensed or controlled by the Franchisor.
2. The Franchisee's alleged violation of any law, regulation or ordinance, or any directive or any industry standard.
3. The Franchisee's libel, slander or any other form of defamation.
4. The Franchisee's alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement.

5. Any acts, errors or omissions of the Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives.
6. Any services provided by the Franchisee related to the operation of the Franchised Business.
7. Any injury that arises out of the services provided by the Franchisee.
8. Any claims brought by the Franchisee's Representatives

F. Franchisee Is Not Third Party Beneficiary of other Agreements

The Franchisee acknowledges that is not intended to be and is not a third party beneficiary of any agreement between the Franchisor and any another Franchisee or Area Representative of the Franchisor.

**21. WAIVER**

No failure of the Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by the Franchisee with any obligation or condition, and no custom practice of the parties at variance with the terms, shall constitute a waiver of the Franchisor's right to demand exact compliance with any such terms. Waiver by the Franchisor of any particular default by the Franchisee shall not affect or impair the Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, forbearance or omission of the Franchisor to exercise any power or right arising out of any breach or default by the Franchisee of any of the terms, provisions or covenants, affect or impair the Franchisor's right to exercise same; nor shall such constitute a waiver by the Franchisor of any preceding breach by the Franchisee of any terms, covenants or conditions of this Agreement. In addition, acceptance by the Franchisor of any payments or partial payments due to it under this Agreement shall not be deemed a waiver by the Franchisor of any preceding or succeeding breach by the Franchisee of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due.

**22. ENFORCEMENT**

A. Governing Law; Venue. Subject to the Franchisor's rights under federal trademark laws, this Agreement, and the relationship between the Franchisee and the Franchisor and any disputes arising thereunder, shall be construed and interpreted under the procedural and substantive laws of the state where the Franchised Business is headquartered, and these laws shall govern the relationship of the Franchisor and the Franchisee and their respective Representatives as set forth in this Agreement, irrespective of any conflict of laws. Except as otherwise provided in this Agreement, any proceeding arising out of or relating to this Agreement shall be commenced in the United States District Court for the Eastern District of California or if no basis for Federal jurisdiction exists, in California state courts located in Placer County, California, unless the parties to the dispute agree otherwise.

B. Dispute Resolution

The following provisions shall apply to resolution of any disputes arising out of or relating to this Agreement:

1. Each party agrees to first notify the other party in writing of any dispute or claim arising out of or relating to this Agreement. The written notification shall specify, to the fullest extent possible, the notifying party's version of facts surrounding the dispute or claim. The Franchisee agrees to use its best efforts to communicate with the Franchisor to attempt to resolve the dispute.

2. The Franchisee's Representatives and Guarantors represent and agree that the sole entity against which the Franchisee's Representatives and Guarantors may seek any remedy at law or in equity for any claim arising out of or relating to this Agreement, if any, is the Franchisor or its successor or assignee. The Franchisee represents and agrees that the Franchisor's Representatives (other than the Franchisor itself) shall not be liable or named as a party in any legal proceeding commenced by the Franchisee's Representatives or Guarantors. The Franchisee's Representatives and Guarantors acknowledge that the Franchisor's Representatives have relied upon this representation, are intended beneficiaries of this representation, and where they are not the Franchisor may take legal proceedings in their own names and independently of the Franchisor in order to enforce any rights arising therefrom.

3. Notwithstanding any other provision in this Agreement, the Franchisor may send default notices to the Franchisee, and terminate or refuse to renew this Agreement without first providing notification as otherwise required by Section 22.B.1 and without the need to obtain any judicial, administrative or other resolution, ruling or award, and without incurring any responsibility derived therefrom. If the Franchisor terminates this Agreement and the Franchisee disputes the termination, the Franchisee must give notice of the dispute within thirty (30) days after the effective date of the notice of termination or otherwise will be deemed to have accepted the termination.

4. The claims of the Franchisee's Representatives against the Franchisor may only be pursued separately from the claims of other Persons. The Franchisee and its Representatives' claims may not be joined with those of any other Person or heard on a consolidated, common, or class action basis.

5. Except for those claims brought by the Franchisor under the indemnification or insurance coverage provisions of Sections 20.E and 14 of this Agreement, all claims or proceedings arising out of or relating to this Agreement brought by either party against the other must be commenced within one (1) year from the occurrence of the facts giving rise to such claim, or such claim shall be barred. The parties recognize that this time limit may be shorter than that otherwise allowed by law.

6. If a court enters a binding order or judgment in any litigation between the Franchisee and/or its Representatives and the Franchisor and/or its Representatives, that any part, term or provision of this Agreement or any other agreement between the parties concerning the payment of monies due, directly or indirectly to the Franchisor is in any manner or to any extent void, invalid, or unenforceable or which requires the Franchisor to materially increase its duties or



to incur liabilities which exceed its previously stated interpretation of those duties, the Franchisor may terminate this Agreement immediately upon delivering notice to the Franchisee.

C. Waiver of Certain Damages. The parties agree as follows:

1. The parties and their Representatives agree to waive, to the fullest extent permitted by applicable law, the right to or any claim against the other for punitive or exemplary damages of any kind. In addition, the parties and their Representatives agree to waive, to the fullest extent permitted by applicable law, the right to or any claim against the other for consequential, special or expectation damages, specifically including: (i) lost profits or lost future revenues of the Franchised Business claimed by Franchisee and (ii) lost future royalties and fees claimed by Franchisor.

2. Except as set forth in Section 22.E below, the parties and their Representatives agree that in the event of any dispute between them, the aggrieved party's sole and exclusive remedy shall be to terminate this Agreement and to recover monetary damages that shall be limited as follows: (i) if Franchisee is found to have materially breached this Agreement, Franchisor's recoverable monetary damages shall be limited to the amounts recoverable by Franchisor under Section 17.A, above; and (ii) if Franchisor is found to have materially breached this Agreement, Franchisee's recoverable monetary damages shall be capped at the amount of the Initial Franchise Fee previously paid by Franchisee to Franchisor under this Agreement. Notwithstanding Section 22.G.1, if the limitation of Franchisor's remedies set forth in this Section 22.C.2 are found to be unenforceable, then the limitation of Franchisee's remedies set forth in this Section 22.C.2 shall also be null and void, and vice versa. Notwithstanding the foregoing, the Franchisee must pay to the Franchisor any lost future profits resulting from the termination of this Agreement before the Expiration Date, if: (i) the Franchise Agreement is terminated for any reason whatsoever and the Franchisee becomes an owner in or opens a business offering Competitive Services; or (ii) the Franchise Agreement is terminated for any reason whatsoever and the Franchisee initiates any legal claim against Franchisor.

**D. WAIVER OF JURY TRIAL. THE PARTIES AND THEIR REPRESENTATIVES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY OR THEIR REPRESENTATIVES RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER.**

E. Certain Claims; Injunctive Relief. Notwithstanding any other provision in this Agreement, there shall be no monetary limitation on damages with respect to any claim by the Franchisor arising out of infringement of any of the Franchisor's intellectual property rights, unauthorized disclosure of the Franchisor's Confidential Information or trade secrets, violations of the covenant not to compete (contained in Section 18 of this Agreement) or a Transfer in violation of Section 15. The Franchisee's Representatives agree that violations of these provisions may cause irreparable harm to the Franchisor and to other Always Best Care franchisees. Accordingly, the Franchisee and the Franchisee's Representatives hereby consent to the entry of an injunction, without the necessity of the Franchisor posting a bond, or providing an undertaking

in damages, which prohibits the Franchisee and the Franchisee's Representatives from engaging in such violations. The Franchisor may bring a proceeding in any court having jurisdiction in connection with any such claim, and pursue any remedy available under applicable law, including for injunctive, mandatory, or other extraordinary relief.

F. Enforcement Costs. The Franchisee shall reimburse the Franchisor for any and all costs and expenses, including reasonable attorneys' fees, expert witness fees, costs of investigation, court costs, disbursements of counsel, and travel and living expenses (and interest on such fees, costs and expenses), reasonably incurred by the Franchisor in collecting (including via settlement) any amount due and payable by the Franchisee to the Franchisor under this Agreement or otherwise, in enforcing the terms and conditions of this Agreement, and/or in pursuing any of its rights and remedies, including any and all such costs and expenses incurred by the Franchisor in seeking equitable relief against the Franchisee, including orders of specific performance enforcing the terms and conditions of this Agreement and/or temporary and/or permanent injunctions enjoining violations of the terms and conditions of this Agreement.

G. Miscellaneous.

1. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required, or the taking of some other action not required, the prior notice or other action required by such law or rule shall be substituted for the notice of requirements in this Agreement. Likewise, if the limitation of remedies set forth in Section 22.C.3(ii) is found, for any reason, to be unenforceable then, in such event, the limitation of the remedies set forth in 22.C.3(i) shall also be null and void, and vice versa.

2. The Franchisee agrees that it shall not withhold payments of any fees or contributions or any other amounts of money owed to the Franchisor or its Representatives for any reason, on the grounds of the alleged non-performance by the Franchisor of any obligation.

3. The rights of the Franchisor or the Franchisee hereunder are cumulative and no exercise or enforcement by the Franchisor or the Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the Franchisee of any other right or remedy, or which the Franchisor or the Franchisee is entitled by law to enforce.

4. This Agreement is binding upon the Franchisor and the Franchisee and their respective heirs, assigns, and successors in interest. Any promises made outside of the Disclosure Document and this Agreement may not be enforceable. This Agreement shall become valid when executed and accepted by the Franchisor in the State where the Franchisor's headquarters is located.

5. The Recitals of Fact (Section 1) are a part of this Agreement, which together with the Franchisor's Disclosure Documents, any other agreements or instruments referred to or which relate to the purchase or lease by the Franchisee from the Franchisor of any fixtures, signs, equipment or merchandise, constitutes the entire Agreement of the Franchisor and the Franchisee.

There are no other oral or written understandings or agreements between the Franchisor and the Franchisee relating to the subject matter of this Agreement. The words “including,” and “includes” and similar references are intended to mean “including, without limitation” or “includes, without limitation,” or “includes, but is not limited to.”

6. The headings of these several sections and paragraphs are for convenience only and do not define, limit or construe the contents of those sections or paragraphs. Except as expressly provided to the contrary, each section, part, term, and provision of this Franchise Agreement is considered severable. If for any reason, any section, part, term or provision is determined to be invalid or contrary to or in conflict with any existing or future law or regulation by a court or agency having competent jurisdiction, such determination shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and provisions of this Franchise Agreement that may remain otherwise intelligible; and the latter shall continue to be given full force and effect and to bind the Franchisor and the Franchisee. Any sections, parts, terms or provisions determined to be invalid shall be deemed deleted from this Franchise Agreement.

7. This instrument contains the entire Agreement between the Franchisor and the Franchisee relating to the rights granted and the obligations assumed. Any oral representations or modifications concerning this Agreement shall be of no force or effect excepting a subsequent modification in writing and signed by the Franchisor and the Franchisee. Nothing in this Agreement is intended to waive the Franchisee’s right to rely upon representations made in the Franchisor’s Disclosure Document, its exhibits and amendments, except for terms of this Agreement and agreements executed contemporaneously with it which the Franchisee negotiated with the Franchisor before their execution.

8. No notice, request, consent, approval, waiver or other communication which may be or is required or permitted to be given under this Agreement will be effective unless it is in writing and is delivered to the other party as a notice as set forth in Section 24.

9. This Agreement shall only become effective when it has been signed by the Franchisor. No amendment to this Agreement and no Transfer shall become effective until they have been approved by the Franchisor.

10. The Franchisee and the Franchisor agree that time is of the essence in the Franchisee’s performance of Franchisee’s obligations hereunder. Any failure by the Franchisee to meet the time limits imposed under this Agreement shall constitute a default under Section 16.C of this Agreement.

11. Notwithstanding anything in this Agreement to the contrary, the Franchisee may, in accordance with any applicable law, including the federal Defend Trade Secrets Act, disclose Confidential Information, including the Franchisor’s trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of the Franchisee, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

## **23. SECURITY INTEREST**

The Franchisee hereby grants the Franchisor a Security Interest in its Collateral in accordance with the Uniform Commercial Code of the state in which the Franchised Business is located (the “UCC”), as security for the full and punctual payment of all of the fees and other amounts due under this Agreement, and the performance of, and compliance with, all of the terms, covenants and agreements contained in this Agreement. The Franchisee agrees that any default by the Franchisee under this Agreement which continues beyond any applicable cure period will entitle the Franchisor to exercise any and all rights and remedies provided under the UCC with respect to any part of the Collateral, including the right to take possession of all personal property of the business subject to this Agreement without the use of judicial process (the Franchisee hereby waives all right to prior notice and a judicial hearing) and the right to require the Franchisee to assemble the same at the Franchised Business or such other place as the Franchisor may designate. Any disposition of so much of the Collateral as may constitute personal property will be considered commercially reasonable if made pursuant to a public sale which is advertised at least twice in a newspaper of local circulation in the community where the Franchised Business is located. Any notice required to be given to the Franchisee pursuant to the UCC will be considered reasonable and properly given if given in the manner and at the address provided in Section 24 at least five (5) calendar days prior to the date of any scheduled public sale. All such rights and remedies are cumulative and may be exercised either concurrently or independently of the Franchisor’s other rights under this Agreement and in such order as the Franchisor may determine in its sole and absolute discretion. Provided Franchisee is not in default under this Agreement or any other Agreement between Franchisee and Franchisor, Franchisor shall subordinate the lien and security interest more particularly described in Section 23 above to: (i) holders of purchase money security interests and equipment lessors, and (ii) to any individual, bank or financial institution that lends money to the Franchisee in connection with the Franchised Business, on terms reasonably acceptable to Franchisor.

## **24. NOTICES**

All notices required by this Agreement shall be written and sent to the location specified on the Summary Pages. All notices shall be given in writing in the English language. Notices shall be deemed delivered immediately if delivered by hand, delivered in three (3) days after being placed in the mail (Registered Mail/Return Receipt Requested), postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has on record, or on the second day after being sent by an overnight courier service (e.g. FedEx, UPS, DHL), and scheduled for next day delivery.

## **25. AUTHORITY**

Except as otherwise provided, all references to the Franchisee in this Agreement shall be deemed to include, personally and individually, all the Franchisee’s Principals, if the Franchisee is a Business Entity. All acknowledgments, promises, covenants, agreements, and obligations made or undertaken by the Franchisee shall be deemed jointly and severally undertaken by them and by all signatories on behalf of the Franchisee and by all of the Franchisee’s Representatives.

## **26. BUSINESS JUDGMENT**

Notwithstanding any contrary provisions contained in this Agreement, the Franchisee's Representatives acknowledge and agree that:

A. This Agreement (and the relationship of the parties which arises from this Agreement) grants the Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the Franchisee's Representatives explicit rights and obligations hereunder that may affect favorably or adversely the Franchisee's Representatives interests;

1. The Franchisor shall use its business judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the System and Franchisees' Businesses generally (including the Franchisor, and its Representatives, and other Franchisees), and specifically without considering the Franchisee's Representatives' individual interests or the individual interests of any other particular franchisee (examples of items that shall promote or benefit the System and Franchisees' Businesses generally include, without limitation, enhancing the value of the Marks, improving Client satisfaction, improving quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System);

2. The Franchisor shall have no liability to the Franchisee for the exercise of its discretion in this manner; and

3. Even if the Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for the Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion.

If the Franchisor takes any action or the Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction if challenged for any reason, the parties expressly direct the trier of fact that the Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

B. In granting approval, designating suppliers or setting standards, the Franchisor shall exercise its reasonable business judgment. However, in the exercise of its business judgment, the Franchisor shall not be liable to the Franchisee's Representatives, guarantors, Clients, suppliers or anyone else, if the Franchisor's exercise of its business judgment results in a business loss, or if the advertising, service or software fails to meet either the Franchisor's, the Franchisee's or the Client's expectations. The Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which the Franchisee use, purchase, retain or hire pursuant to the Franchisor's exercise of its business judgment hereunder.

## **27. TERRORISTS AND MONEY LAUNDERING ACTIVITIES**

The Franchisee's Representatives represent and warrant to the Franchisor that none of the Franchisee's Representatives is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control. Further, the Franchisee's Representatives represent and warrant that none of the Franchisee's Representatives has violated and agrees not to violate any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the U.S. Patriot Act, U.S. Executive Order 13224, or any similar law. The foregoing constitute continuing representations and warranties, and the Franchisee and its Principals shall immediately notify the Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## **28. SPECIAL REPRESENTATIONS**

The Franchisee and its Principals represent as follows:

A. The Franchisee has conducted an independent investigation of the System and recognizes the business venture contemplated by this Agreement involves business risks and that the Franchisee's success is largely dependent upon the ability of the Franchisee as an independent businessperson. The Franchisor expressly disclaims the making of, and the Franchisee acknowledges it has not received and has not relied on, any warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. The Franchisee acknowledges having received, read, and understood this Agreement, and the Franchisee acknowledges the Franchisor has accorded the Franchisee the required time and opportunity to consult with advisors about the potential benefits and risks of entering into this Agreement. The Franchisee further acknowledges that it is fluent in the English language and has been provided with a full opportunity to read and understand this Agreement (and all of its appendices and/or attachments). The Franchisee acknowledges having had the opportunity to discuss with the Franchisor each of the provisions, including the essential provisions, of this Agreement.

C. The Franchisee acknowledges receipt of a complete copy of this Agreement, the Schedules referred to, and agreements relating to, if any, and the Disclosure Document at least fourteen (14) days prior to the earlier of (1) the date on which this Agreement or any other agreement was executed and (2) any payment of any consideration by or on behalf of the Franchisee to the Franchisor or any of its associates for the grant of the Franchise.

D. The Franchisee affirms and agrees the Franchisor may sell its assets to a third party; may issue shares to the public; may engage in a private placement of some or all of its 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, the Franchisee expressly and specifically waives any claims, demands or damages arising from any of the above.

E. The covenants set forth in this Agreement are fair and reasonable, and shall not impose any undue hardship on the Franchisee's Representatives, because the Franchisee's Representatives have other considerable skills, experience, and education which afford the Franchisee the opportunity to derive income from other endeavors.

F. The Franchisee affirms all information set forth in any and all applications, financial statements, and submissions to the Franchisor is true, complete, and accurate in all respects, the Franchisee acknowledges that the Franchisor is relying upon the truthfulness, completeness, and accuracy of such information in making its decision to grant this Franchise.

G. The Franchisee acknowledges that an Always Best Care area representative may fulfill many of the Franchisor's obligations under this Agreement to the Franchisee.

**[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]**

THE FRANCHISEE ACKNOWLEDGES THAT ITS SIGNATURE TO THIS AGREEMENT HAS NOT BEEN INDUCED BY ANY REPRESENTATION INCONSISTENT WITH THE TERMS OF THIS AGREEMENT OR INCONSISTENT WITH THE DISCLOSURE DOCUMENT GIVEN TO THE FRANCHISEE BY THE FRANCHISOR IN CONNECTION WITH THIS FRANCHISE. THIS AGREEMENT MAY BE AMENDED ONLY BY WRITTEN INSTRUMENT SIGNED BY ALL PARTIES.

**THE FRANCHISOR:**

BY: \_\_\_\_\_

\_\_\_\_\_  
WITNESS

**THE FRANCHISEE:**

\_\_\_\_\_

BY: \_\_\_\_\_

\_\_\_\_\_  
WITNESS

BY: \_\_\_\_\_

\_\_\_\_\_  
WITNESS

BY: \_\_\_\_\_

\_\_\_\_\_  
WITNESS



**SCHEDULE A**  
**ASSIGNED AREA**

The Assigned Area is defined as: (add map)

\_\_\_\_\_  
Initials

\_\_\_\_\_  
Initials

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**SCHEDULE B**  
**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

DATE OF AGREEMENT: \_\_\_\_\_

ABCSP, LLC (“Franchisor”)

\_\_\_\_\_ (“Franchisee”)

In consideration of, and as an inducement for the granting, execution, and delivery of the foregoing Franchise Agreement (“Agreement”) between the Franchisor and the Franchisee, the each of the undersigned (herein and in the Franchise Agreement collectively called the “Guarantor”), hereby personally and unconditionally (1) guarantees to the Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; (2) shall be personally bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the provisions of Sections 4-6, and 8-20 of the Agreement; and (3) acknowledges that he is included in the term “Principal” as used in the Agreement and makes all of the covenants, representations, warranties and agreements of Principals set out in the Agreement. Each of the undersigned waives: (1) acceptance and notice of acceptance of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

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

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP IN  
FRANCHISE, OR FRANCHISEE

\_\_\_\_\_%: \_\_\_\_\_

\_\_\_\_\_%: \_\_\_\_\_

\_\_\_\_\_%: \_\_\_\_\_

\_\_\_\_\_%: \_\_\_\_\_

\_\_\_\_\_%: \_\_\_\_\_

\_\_\_\_\_%: \_\_\_\_\_

**SCHEDULE C**  
**CONFIDENTIALITY AGREEMENT**

**[Note to Franchisee: This document is a sample form only for use with your managers and employees with access to Confidential Information. You may use this form or choose to use your own form of agreement, provided that if you use your own form of agreement it must meet our standards and specifications. If you use this form, you should consult with your attorney to ensure that the terms of this agreement are enforceable within your state and make any necessary modifications. In some states, this agreement may only be enforceable to the extent permitted by state law. Further, in certain states, this form of agreement (including, but not limited to, the non-compete that is contained herein) may be unlawful as written, and could make you liable to pay damages, penalties and other compensation to your employees.]**

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between \_\_\_\_\_ a \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Employee”).

**RECITALS**

WHEREAS, ABCSP, LLC (“ABCSP” or “Franchisor”) has developed a system of standards, methods, merchandising, and advertising for the operation of franchisees’ businesses that will provide the public with non-medical in-home personal care and senior living/assisted living/residential care referral services and skilled nursing services, which includes management programs, standards, service programs, business methods, product specifications and proprietary marks and information using the trade name, and trademark of “Always Best Care Senior Services,” together with any other trade names and trademarks that ABCSP designates for use with the system (“System”).

WHEREAS, Employee understands that ABCSP is the owner of confidential information relating to the management and operation of the Franchised Business and of methods of conducting marketing and promoting the Franchised Business.

WHEREAS, Employee understands that as a part of its employment with the Franchisee it will be provided information relating to the operation of the System, including the standards, methods, procedures, and specifications of the System, including the contents of the Manuals, client lists, client information, referral sources, prospect lists, information about the ABCSP franchisees and the operation of their business, information about suppliers and pricing, business plans, marketing plans, advertising programs, market research, information about clients and all other information that is used in Franchised Business, which is derived from ABCSP or franchisees, and which has value to ABCSP (“Confidential Information”).

WHEREAS, while employed with the Franchisee, Employee will receive valuable training and will be entrusted with Confidential Information relating to the Franchised Business and relating to clients. In consideration of Employee’s employment by the Franchisee, Employee agrees to comply with the provisions stated below. Employee also agrees the restraints imposed by this Agreement are reasonable and necessary to protect the Franchised Business, the Franchisor, franchisees, and the System.

WHEREAS, the Franchisee and Employee acknowledge and agree: (1) that the Franchisor is a third-party beneficiary of the rights and obligations set for in this Agreement; (2) that the Franchisor will suffer irreparable harm in the event of any breach or violation of this Agreement; (3) that the Franchisor shall have the right to enforce the provisions of this Agreement in the event of any breach or violation, or threatened breach or violation, of this Agreement; and (4) that the Franchisor's appropriate remedies for breach or violation, or threatened breach or violation of this Agreement, include interim, interlocutory, and final orders granting injunctive, mandatory, or other extraordinary relief, without the need for the posting of security or an undertaking in damages.

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

### **Confidentiality Agreement**

1. The Franchisee will provide Employee with special techniques and information, including Confidential Information, which the Franchisee believes will be helpful and necessary to the performance of Employee's duties.

2. Employee will not, at any time during or after his/her employment by Franchisee, communicate or disclose to any person or entity, or use for his/her benefit or for the benefit of any other person or entity any Confidential Information Employee acquired while employed by Franchisee.

3. Upon termination of his/her employment, Employee will return all materials, documents, lists, and other items containing Confidential Information, all customer information, manuals, sales and service reports, sales and service manuals and literature, price books, samples and any Franchisor issued tools or control concerning clients, products or services of Franchisee and the Franchisor.

4. All provisions of this Agreement, which are to be effective following termination of Employee's employment, will be effective regardless of whether such termination was voluntary or involuntary.

5. This Agreement will not become effective or be binding upon the parties until accepted by the Franchisor. This Agreement represents the entire agreement between the parties and supersedes any previous agreements between the parties, written or oral, relating to this subject matter and may be amended or modified only by a writing signed by the parties hereto.

6. This Agreement shall be construed and interpreted under the laws of the State where the Franchisee's headquarters is located, and these laws shall govern the relationship of Franchisee, the Franchisor, and the Employee as set forth in this Agreement. Any proceeding arising out of or relating to this Agreement shall be commenced in the United States District Court of the said State, unless the parties to the dispute agree otherwise. If the United States District Court of the said State does not have jurisdiction, any such proceeding may be commenced in any court having jurisdiction thereof, unless the parties to the dispute agree otherwise. Notwithstanding the foregoing, any proceeding brought against the Franchisee and/or the Employee for injunctive, mandatory, or other extraordinary relief may be brought in any court of competent jurisdiction.

7. If any provisions in this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such holding will not invalidate any of the other provisions of this Agreement, it being intended that the provisions of this Agreement are severable.

8. Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed delivered immediately if delivered by hand, delivered in three (3) days after being placed in the mail (Certified Mail/Return Receipt Requested), postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has on record, or on the second day after being sent by an overnight courier service (e.g. FedEx, UPS, DHL) and scheduled for next day delivery.

If directed to the Franchisee the notice shall be addressed to:

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

If directed to Employee the notice shall be addressed to:

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

8. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors, and assigns. The respective obligations of the Franchisee and Employee hereunder may not be assigned by the Franchisee or Employee, without the prior written consent of the Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISEE:**

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

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

**EMPLOYEE:**

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

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

## CONFIDENTIALITY AGREEMENT

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between \_\_\_\_\_ a \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Principal”).

### RECITALS

WHEREAS, ABCSP, LLC (“ABCSP” or “Franchisor”) has developed a system of standards, methods, merchandising, and advertising for the operation of franchisees’ businesses that will provide the public with non-medical in-home personal care and senior living/assisted living/residential care referral services and skilled nursing services, which includes management programs, standards, service programs, business methods, product specifications and proprietary marks and information using the trade name, and trademark of “Always Best Care Senior Services,” together with any other trade names and trademarks that ABCSP designates for use with the system (“System”).

WHEREAS, Principal understands that ABCSP is the owner of confidential information relating to the management and operation of the Franchised Business and of methods of conducting marketing and promoting the Franchised Business.

WHEREAS, Principal understands that as a part of its relationship with the Franchisee it will be provided information relating to the operation of the System, including the standards, methods, procedures and specifications of the System, including the contents of the Manuals, client lists, client information, referral sources, prospect lists, information about the ABCSP franchisees and the operation of their business, information about suppliers and pricing, business plans, marketing plans, advertising programs, market research, information about clients and all other information that is used in Franchised Business, which is derived from ABCSP or franchisees, and which has value to ABCSP (“Confidential Information”).

WHEREAS, Principal will receive valuable training and will be entrusted with Confidential Information relating to the Franchised Business and relating to clients. In consideration of Principal’s relationship with the Franchisee, Principal agrees to comply with the provisions stated below. Principal also agrees the restraints imposed by this Agreement are reasonable and necessary to protect the Franchised Business, the Franchisor, franchisees, and the System.

WHEREAS, the Franchisee and Principal acknowledge and agree: (1) that the Franchisor is a third-party beneficiary of the rights and obligations set for in this Agreement; (2) that the Franchisor will suffer irreparable harm in the event of any breach or violation of this Agreement; (3) that the Franchisor shall have the right to enforce the provisions of this Agreement in the event of any breach or violation, or threatened breach or violation, of this Agreement; and (4) that the Franchisor’s appropriate remedies for breach or violation, or threatened breach or violation of this Agreement, include interim, interlocutory, and final orders granting injunctive, mandatory, or other extraordinary relief, without the need for the posting of security or an undertaking in damages.



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

### **Confidentiality Agreement**

1. The Franchisee will train Principal and provide it with special techniques and information, including Confidential Information, which the Franchisee believes will be helpful and necessary to the performance of Principal's duties.

2. Principal will not, at any time during or after his/her employment by Franchisee, communicate or disclose to any person or entity, or use for his/her benefit or for the benefit of any other person or entity, any Confidential Information Principal acquired during its relationship with Franchisee.

3. Upon termination of his/her relationship with Franchisee, Principal will return all materials, documents, lists and other items containing Confidential Information, all customer information, manuals, sales and service reports, sales and service manuals and literature, price books, samples, and any ABCSP issued tools or control concerning clients, products or services of Franchisee and ABCSP.

### **Covenants Not to Compete**

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Principal of the Confidential Information, Principal further agrees and covenants as follows:

a. Not to divert or attempt to divert any business or client of the Franchised Business, or of any other Franchised Business, 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 ABCSP trademarks or the System.

b. Not to employ or seek to employ any person, who is at that time employed in a senior management position by the Franchisor or by any Franchisee of the Franchisor, or otherwise, directly or indirectly, induce or seek to induce such person to leave his or her employment.

2. Principal covenants that it shall not, for a continuous uninterrupted period commencing upon the expiration date or termination date of the Franchisee's Franchise Agreement, regardless of the cause for termination, and continuing for twenty-four (24) months, either directly or indirectly, for themselves, on behalf of, or in conjunction with any person, individual or business entity, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Services (non-medical in-home personal care services, skilled at home nursing services and senior living/assisted living/residential care referral services which are offered or sold without the Franchisor's express written approval) or a division or subsidiary of a business which provides home care services:

a. Within the assigned area as defined in the Franchise Agreement; or

b. Within a radius of twenty-five (25) miles of the premises of any other operating ABCSP Franchised Business.

**Miscellaneous**

1. All provisions of this Agreement, which are to be effective following termination of Principal’s relationship with Franchisee, will be effective regardless of whether such termination was voluntary or involuntary.

2. This Agreement will not become effective or be binding upon the parties until accepted by the Franchisor. This Agreement represents the entire agreement between the parties and supersedes any previous agreements between the parties, written or oral, relating to this subject matter and may be amended or modified only by a writing signed by the parties hereto.

3. This Agreement shall be construed and interpreted under the laws of the State where the Franchisee’s headquarters is located, and these laws shall govern the relationship of Franchisee, the Franchisor, and the Principal as set forth in this Agreement. Any proceeding arising out of or relating to this Agreement shall be commenced in the United States District Court of the said State, unless the parties to the dispute agree otherwise. If the United States District Court of the said State does not have jurisdiction, any such proceeding may be commenced in any court having jurisdiction thereof, unless the parties to the dispute agree otherwise. Notwithstanding the foregoing, any proceeding brought against the Franchisee and/or the Principal for injunctive, mandatory, or other extraordinary relief may be brought in any court of competent jurisdiction.

4. If any provisions in this Agreement are held to be invalid or unenforceable by a court of competent jurisdiction, such holding will not invalidate any of the other provisions of this Agreement, it being intended that the provisions of this Agreement are severable.

5. Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed delivered immediately if delivered by hand, delivered in three (3) days after being placed in the mail (Registered Mail/Return Receipt Requested), postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has on record, or on the second day after being sent by an overnight courier service (e.g. FedEx, UPS, DHL) and scheduled for next day delivery.

If directed to the Franchisee the notice shall be addressed to:

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

If directed to Principal the notice shall be addressed to:

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

5. The rights and remedies of the Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors, and assigns. The respective obligations of the Franchisee and Principal hereunder may not be assigned by the Franchisee or Principal, without the prior written consent of the Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISEE:**

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

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

**PRINCIPAL:**

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

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

**SCHEDULE D**  
**ASSIGNMENT OF TELEPHONE NUMBER(S)**

This Assignment relates to:

Name of the Franchisee: \_\_\_\_\_

Address of Franchised Business: \_\_\_\_\_

Telephone Number(s): (\_\_\_\_) \_\_\_\_\_; (\_\_\_\_) \_\_\_\_\_; (\_\_\_\_) \_\_\_\_\_

Telephone Company: \_\_\_\_\_

For valuable consideration, the Franchisee identified above (the "Franchisee") assigns and Transfers to \_\_\_\_\_ (the "Franchisor") all of the Franchisee's rights and interests in each and all of the telephone numbers listed above (the "Numbers").

The Franchisee authorizes the Franchisor to file this Assignment with the telephone company that issued the Numbers for the purposes of establishing the Franchisor's claim to and right to designate the user of the Numbers.

The Franchisee irrevocably constitutes and appoints the Franchisor as the Franchisee's agent and lawyer-in-fact for the purposes of (i) signing and delivering any Transfer of Service Agreement or comparable document the telephone company requires to Transfer the rights in the Numbers from the Franchisee to the Franchisor or its designee, and (ii) canceling and revoking any call-forwarding or similar instructions the Franchisee has issued to the telephone company with respect to any of the Numbers, with full power to sign the Franchisee's name and otherwise to act in the Franchisee's name, place, and stead.

The Franchisee agrees to reimburse the Franchisor the full amount of any local service and long distance charges the telephone company requires that the Franchisor pays to obtain the Numbers, together with interest as provided in the parties' Franchise Agreement.

The Franchisee represents and warrants to the Franchisor that the Franchisee obtained the Numbers in his, her or its own name, and that the Franchisee is the person of record the telephone company shall recognize as registered user or "owner" of the Numbers.

**THE FRANCHISEE:**

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**SCHEDULE E**  
**LEASE RIDER**

This Lease Rider is executed as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ (the “Franchisee”) and \_\_\_\_\_, (“Landlord”) as a Rider to the lease (as amended, renewed, and/or extended from time to time, “the Lease”) for the Premises located at \_\_\_\_\_ (the “Premises”), State of \_\_\_\_\_ (the “Location”) dated as of \_\_\_\_\_.

WHEREAS, the Franchisee has executed or intends to execute a franchise agreement (the “Franchise Agreement”) with \_\_\_\_\_ (the “Franchisor”), for the operation of an ABCSP business (the “ABCSP Business”) at the Location, and as a requirement thereof, the Lease for the Location must include the provisions contained in this Rider; and

WHEREAS, Landlord and the Franchisee agree that the terms contained herein shall supersede any terms to the contrary set forth in the Lease;

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and the Franchisee hereby agree as follows:

1. The Location only may be used for the operation of an ABCSP Business.
2. Landlord shall deliver to the Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to the Franchisee, but no later than thirty (30) days before a termination of the Lease would become effective.
3. The Franchisor shall have the right, but not the obligation, upon giving written notice of its election to the Franchisee and Landlord, to enter the Premises to cure any breach of the Lease, and if so stated in the notice, to also succeed to the Franchisee’s rights, title, and interests thereunder.
4. Notwithstanding anything to the contrary contained in the Lease, the Franchisee shall have the absolute right to sublet, assign or otherwise transfer its interest in the Lease to the Franchisor or its affiliate, or to a company with which the Franchisee or the Franchisor may merge or consolidate, without Landlord’s approval, written or otherwise, without any increase in rent, without a material change in any other terms of the Lease, and without execution of a guarantee of the Franchisor’s obligations (if any) under the assigned Lease.
5. The Franchisee shall, if requested by the Franchisor, assign to the Franchisor, and Landlord hereby irrevocably and unconditionally consents to such assignment, all of the Franchisee’s rights, title, and interest to and under the Lease upon any termination, or if no subsequent Franchise Agreement is executed, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without execution of a Subsequent Franchise Agreement; and (b) the Franchisor notifies the Franchisee and Landlord in writing that the Franchisor assumes the Franchisee’s obligations under the Lease.

6. The Lease may not be modified, amended, renewed or extended in any manner or assigned by the Franchisee without the Franchisor's prior written consent. The Premises may not be altered or modified in any way without the Franchisor's prior written consent. Moreover, without the Franchisor's prior written consent, the Location may not be sublet, subdivided or used for any purpose other than for the operation of an ABCSP Business.

7. The Franchisee and Landlord acknowledge and agree that the Franchisor shall have no liability or obligation whatsoever under the Lease unless and until the Franchisor assumes the Lease in writing pursuant to Paragraphs 3, 4 or 5 above. The Franchisor shall assume all of the Franchisee's obligations under the Lease from and after the date of assignment, but shall have no obligation to pay any delinquent rent or to cure any other default under the Lease that occurred or existed prior to the date of the assignment.

8. If the Franchisor assumes the Lease, as above provided, the Franchisor may further assign the Lease to another person or entity to operate the ABCSP Franchised Business at the Location, subject to Landlord's consent which consent shall not be unreasonably withheld or delayed. No such consent shall be required if the Lease is assigned or sublet to another ABCSP franchisee. Landlord agrees to execute such further documentation to confirm its consent to the assignments permitted under this Rider as the Franchisor may request.

9. If the Franchise Agreement expires or is terminated, Landlord shall exercise its right to terminate the Lease and/or to exercise its other remedies under the Lease, unless the Lease is assumed by the Franchisor or its designee within thirty (30) days of the termination or expiration of the Franchise Agreement.

10. If the Lease expires or is terminated for any reason, the Franchisor may enter the Premises and remove any signs or other articles bearing any trade names, logos, trademarks that are part of the System and de-identify the leased Premises as an ABCSP business (including removing any ABCSP trade dress features and/or fixtures), without legal process and without being guilty of trespass.

11. Landlord and the Franchisor may rely upon any notice from either of them regarding the status of the Lease or of the Franchise Agreement; they shall have no duty to perform any independent investigation to verify the Franchisee's rights under the Lease or the Franchise Agreement; and, the Franchisee agrees to indemnify and hold the Franchisor harmless from any and all claims arising out of the Lease and the reliance upon the Franchisor's or Landlord's representations regarding the Franchisee's status, the status of the Franchisor or the status of the Franchise Agreement.

12. Landlord shall make available to the Franchisor all information which it collects or produces related to sales of the ABCSP Franchised Business and the way in which the ABCSP Business is operated. The Franchisee consents to Landlord providing all such information to the Franchisor.

13. Copies of any and all notices required or permitted hereby or by the Lease shall also be sent to the Franchisor at \_\_\_\_\_, Attn: President or such other address as the Franchisor shall specify by written notice to Landlord.

14. Under the Franchise Agreement, any lease or any modification or renewal of the Lease for the Location of the ABCSP Business is subject to the Franchisor's approval. Accordingly, the Lease is contingent upon such approval.

LANDLORD:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

THE FRANCHISOR:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

THE FRANCHISEE:

\_\_\_\_\_

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

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

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

Date: \_\_\_\_\_

**SCHEDULE F**  
**SECURITY AGREEMENT**

This security agreement (hereinafter "Security Agreement") is made as of \_\_\_\_\_, between \_\_\_\_\_ "Debtor"), and ABCSP, LLC ("Secured Party").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby grants to Secured Party a security interest in present and after acquired personal property of the Debtor including without limitation in all accounts; accounts receivable; contract rights; leases; furniture; furnishings; equipment (including motor vehicles); fixtures; machinery; accessories; movable trade fixtures; goods held for sale or being processed for sale in Debtor's business, including all supplies, finished goods and all other items customarily classified as inventory; building improvement and construction materials; chattel paper; instruments; documents; letters of credit; all funds on deposit with any financial institution; commissions; and including the proceeds and products therefrom and any and all substitutions, replacements, additions and accessions thereto and any rebate/award program (or similar incentive programs) to which Debtor may be entitled pursuant to any franchise agreement entered into with Secured Party, together with all such rights and property hereafter acquired by Debtor; and all general intangibles (collectively, the "Collateral") as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto) as security for (i) the prompt payment of any promissory notes executed by Debtor in favor of Secured Party, and any renewals, compromises, extensions, modifications, accelerations or other changes in the time for performance or other terms thereof (the "Notes"), and (ii) performance under any franchise agreements between Debtor and Secured Party, as the same may be amended (the "Franchise Agreements"), and (iii) all other agreements between Debtor and Secured Party. The Collateral shall not include consumer goods. The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the security interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

**SECTION 1 -- DEBTOR'S OBLIGATIONS.** Debtor agrees to the following:

- (a) Debtor will properly maintain and care for the Collateral and will not remove the Collateral from the Franchised Business' Location (as defined in the Franchise Agreement).
- (b) Debtor will notify Secured Party in writing prior to any change in Debtor's place of business;
- (c) Debtor has not executed and will not execute as debtor thereunder any security agreement or financing statement covering any of the Collateral except with Secured Party, nor will Debtor charge, pledge or encumber the Collateral, or allow any lien to be placed against the Collateral, whether voluntary or involuntary;
- (d) Debtor represents and warrants to Secured Party that the Collateral shall not become collateral for any other obligations previously incurred, nor collateral under any other security agreement(s) previously executed by Debtor; and



(e) Debtor will not sell, contract for sale or otherwise dispose of any of the Collateral except in the ordinary course of business.

SECTION 2 -- DEFAULTS. Debtor shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions (an “Event of Default”):

(a) The failure by Debtor to pay any amount when due under the terms and provisions of the Notes (after applicable grace periods, if any); or

(b) Debtor’s breach of any term, provision, warranty or representation set forth herein or in the Franchise Agreements, or in any other agreement between Debtor and Secured Party; or

(c) The making of any levy on, or seizure or attachment of, any of the Collateral, if such levy, seizure or attachment is not set aside within fifteen (15) days thereafter; or

(d) The dissolution, termination of existence or insolvency of Debtor; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor; or

(e) Any guarantor, surety or endorser for Debtor defaulting in any obligation or material liability to Secured Party, if such default is not cured within five (5) days thereafter.

SECTION 3 -- REMEDIES AFTER DEFAULT.

(a) In the event of the occurrence of an Event of Default, Secured Party, in addition to all other rights and remedies given Secured Party under any and all agreements by and among Secured Party, Debtor and/or Debtor’s guarantors, or otherwise by law, may do one or more of the following, without notice to or demand upon Debtor:

1) Declare all obligations secured hereby immediately due and payable;

2) Enforce the security interest given hereunder and otherwise exercise the rights of a secured creditor provided under the laws of the province in which the Office is located

3) Require Debtor to assemble the Collateral and make it available to Secured Party; and/or

4) Subject to applicable law, enter any office or offices of Debtor and take possession of the Collateral and of the records pertaining to the Collateral.

(b) Secured Party may apply the proceeds of any disposition of Collateral available for satisfaction of Debtor’s indebtedness, which shall include the reasonable expenses of such sale, in any order of preference which Secured Party, in its sole discretion, chooses. Debtor shall remain liable for any deficiency.

SECTION 4 -- INSURANCE PROCEEDS. So long as no default exists hereunder, the proceeds of fire and casualty insurance covering the Collateral may be utilized by Debtor for the repair and restoration of Debtor's facilities, subject to such procedures as Secured Party may reasonably require to assure the application of any such insurance proceeds for such purpose and completion of such repair and restoration.

SECTION 5 -- DUTIES OF SECURED PARTY. Secured Party's duties or responsibilities with reference to the Collateral shall be limited solely to the duties and responsibilities set forth in this Security Agreement and Secured Party shall not be responsible in any way for the condition, depreciation or maintenance of the Collateral other than as set forth herein. Debtor shall pay when due all taxes, charges, liens and assessments against the Collateral. In the event Debtor endeavors to seek third-party financing for its franchised business, Secured Party agrees that it will subordinate the Security Interest granted hereunder to the primary third party lender for Debtor's franchised business, and Franchisor will execute such other documents as may be reasonably required in order to secure such third-party financing.

SECTION 6 -- MISCELLANEOUS.

(a) Performance of Debtor's Obligations. Simultaneously with the payment in full of all of Debtor's obligations under the Notes and performance of all outstanding obligations under the Franchise Agreements, all liens, encumbrances and security interests created by this Security Agreement shall be null and void.

(b) Waiver. Any waiver, express or implied, of any provision of this Security Agreement and any delay or failure by Secured Party to enforce any provision of this Security Agreement shall not preclude Secured Party from enforcing any such provision thereafter.

(c) Governing Law. This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the state in which the Debtor's Office is located.

(d) Remedies. All rights and remedies provided herein are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(e) Financing Statement. Concurrently herewith, Secured Parties shall file a financing statement and financing change statements as necessary in the personal property security registrar of the province in which the Franchised Business' Location is located as may be necessary to preserve, protect and perfect the security interest created hereby. Debtor waives any statutory requirement for notice of registration of any financing statement or financing change statement. Debtor will execute such other documents as Secured Party may reasonably require to perfect its security interest in the Collateral.

(f) Notices. In the event either party desires to give notice to the other with regards to this Security Agreement, such notice shall be in writing and may be hand delivered, express mailed, or sent by certified or registered mail. Notices mailed as provided herein shall be deemed to be given two (2) days after they are sent. Such notices shall be sent to the address provided for

such party in the Franchise Agreement, unless a party gives notice of a change of its respective address.

(g) Attorneys' Fees. In the event either party commences litigation against the other with respect to this Security Agreement, or its interpretation or enforcement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs.

(h) Successors in Interest. This Security Agreement shall inure to the benefit of, and be binding upon, the successors in interest of the parties hereto and their permitted assignees.

(i) Amendments. This Security Agreement may only be amended by a writing executed by both of the parties hereto.

(j) Entire Agreement. The foregoing constitutes the entire agreement between the parties, all representations or understandings, whether oral or written, having been incorporated herein or otherwise superseded hereby.

(k) Facsimiles. Facsimile or electronic copies of this Security Agreement shall be deemed to have the same force and effect as the original and, as such, shall be fully binding on all parties.

**THE PERSON SIGNING THIS AGREEMENT ON BEHALF OF THE DEBTOR REPRESENTS AND WARRANTS THAT HE OR SHE IS A DULY APPOINTED OFFICER OR OTHERWISE HAS BEEN AUTHORIZED TO BIND THE FRANCHISEE TO THE TERMS OF THIS AGREEMENT.**

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

**DEBTOR**

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

Name:

Title: **Authorized Person**

**SECURED PARTY**

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

Name:

Title: **Authorized Person**

**SCHEDULE G**  
**GENERAL RELEASE AGREEMENT**

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL  
BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT.**

**THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, ABCSP, LLC (“Franchisor”), \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Guarantors”) enter into this Release of Claims (“Agreement”).

**RECITALS**

A. Franchisor and Franchisee entered into an Always Best Care Senior Services Franchise Agreement dated \_\_\_\_\_, \_\_\_\_.

B. [NOTE: Describe the circumstances relating to the release.]

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims.**

A. Definitions.

1. Franchisor Parties: Franchisor and each of its respective officers, directors, attorneys, affiliates, agents, employees, owners, partners, members, shareholders, successors and assigns.

2. Franchisee Parties: Franchisee and each of the Guarantors, and each of their heirs, executors, administrators, trustees, agents, attorneys, employees, owners, shareholders, partners, members, directors, affiliates, successors and assigns.

B. The Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all past, present, and future claims, demands, obligations, actions and causes of action at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence, that they may now have, hereafter have, or claim to have, that arise out of or relate to the franchise relationship, the development or operation of any franchised business, the sale of any franchise, or any franchise or development agreement between Franchisor and Franchisee.

C. The Franchisee Parties hereto specifically and expressly contemplate that this release of claims covers all of their claims, including those known and unknown claims for known and unknown injuries and/or damages, and those for expected and unexpected consequences.

D. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement and the performance hereunder are governed by the laws of the State of \_\_\_\_\_ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

FRANCHISEE:

ABCSP, LLC

\_\_\_\_\_

\_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

ITS: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

PERSONAL GUARANTORS:

\_\_\_\_\_

\_\_\_\_\_

## **CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT**

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

1. Release. Sections 3(B)(7), 15(A)(10) and 15(C)(4) of the Franchise Agreement require Franchisee to sign a general release of claims. This provision may not be enforceable under California law.

2. Covenant Not To Compete. Section 18(C) of the Franchise Agreement is amended by the addition of the following sentence: “The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.”

3. Dispute Resolution. Sections 22(A) and 22(D) shall be deleted and the following shall replace Section 22(A):

22(A) This Agreement shall be governed by and construed according to the laws of California, and these laws shall govern the relationship of the Franchisor and the Franchisee and their respective Representatives as set forth in this Agreement

4. Fee Deferral. Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchise is open for business.

1. If any dispute arises between the Franchisor and its Representatives and the Franchisee and its Representatives concerning the construction interpretation application or consequences of any of the provisions of this Agreement whether during the Term or after the termination thereof by whatever cause, such dispute will be referred to the arbitration at the instance of either party. The arbitration will be under Rules of the American Arbitration Association (“AAA”), as amended, and the governing law/substantive law will be the laws of California and the venue will be Franchisor’s headquarters or the AAA’s offices closest to Franchisor’s headquarters. The parties will jointly choose a sole arbitrator and in the event that the parties are unable to reach an agreement, the sole arbitrator will be chosen by the AAA. Both the Franchisor and its Representatives and the Franchisee and its Representatives agree to be bound by the award given by the sole arbitrator and to bear the cost of such arbitration in equal shares.

2. Notwithstanding any other provision of this Agreement, both parties and their Representatives shall have the right to apply at any time for preliminary or temporary injunctive, other interlocutory or emergency relief in any court of competent jurisdiction.

3. The claims of the Franchisee and its Representatives may only be individually arbitrated with the Franchisor. The Franchisee and its Representatives’ claims may not be joined with those of any other party or heard on a class action basis. The parties agree that the binding effect of any decision shall be limited to the actual dispute or claim arbitrated. The arbitrator must apply applicable law. No arbitration decision shall have any collateral effect on any other dispute or claim of any kind whatsoever, including litigation, arbitration, or other dispute resolution.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**FLORIDA ADDENDUM TO  
FRANCHISE AGREEMENT**

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

Acknowledgement

The Franchisee acknowledges that the cost of complying with these licensing requirements to offer all services prescribed in the Franchise Agreement could be more than what the Franchisor has described in Item 7, and that the time required to obtain those licenses may exceed the ninety (90) day estimate described in the FDD. The changing requirements of the laws and the reduced staffing levels of government agencies make it difficult to predict the actual time which will be required.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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



## **GEORGIA ADDENDUM TO THE FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Georgia and is intended to comply with Georgia statutes and regulations. In consideration of the execution of the Franchise Agreement (the "Agreement"), Franchisor and Franchisee agree to amend the Agreement as follows:

Dispute Resolution: Sections 22(A) and 22(D) shall be deleted and the following shall replace Section 22(A):

22(A) This Agreement shall be governed by and construed according to the laws of Georgia, and these laws shall govern the relationship of the Franchisor and the Franchisee and their respective Representatives as set forth in this Agreement.

1. If any dispute arises between the Franchisor and its Representatives and the Franchisee and its Representatives concerning the construction interpretation application or consequences of any of the provisions of this Agreement whether during the Term or after the termination thereof by whatever cause, such dispute will be referred to the arbitration at the instance of either party. The arbitration will be under Rules of the American Arbitration Association ("AAA"), as amended, and the governing law/substantive law will be the laws of Georgia and the venue will be Franchisor's headquarters or the AAA's offices closest to Franchisor's headquarters. The parties will jointly choose a sole arbitrator and in the event that the parties are unable to reach an agreement, the sole arbitrator will be chosen by the AAA. Both the Franchisor and its Representatives and the Franchisee and its Representatives agree to be bound by the award given by the sole arbitrator and to bear the cost of such arbitration in equal shares.

2. Notwithstanding any other provision of this Agreement, the parties shall have the right to apply at any time for preliminary or temporary injunctive, other interlocutory or emergency relief in any court of competent jurisdiction.

3. The claims of the Franchisee and its Representatives may only be individually arbitrated with the Franchisor. The Franchisee and its Representatives' claims may not be joined with those of any other party or heard on a class action basis. The parties agree that the binding effect of any decision shall be limited to the actual dispute or claim arbitrated. The arbitrator must apply applicable law. No arbitration decision shall have any collateral effect on any other dispute or claim of any kind whatsoever, including litigation, arbitration, or other dispute resolution.

4. All claims arising out of or relating to this Agreement brought by either party against the other, whether in arbitration, litigation or any other proceeding, must be commenced within one (1) year from the occurrence of the facts giving rise to such claim, or such claim shall be barred. The parties recognize that this time limit may be shorter than that otherwise allowed by law. Except to the extent the parties have agreed otherwise, the arbitrators shall apply the statutes of limitations prescribed in the law which governs the interpretation of this Agreement.

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

**[Signature Page Follows.]**

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**HAWAII ADDENDUM TO  
FRANCHISE AGREEMENT**

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**ILLINOIS ADDENDUM TO  
FRANCHISE AGREEMENT**

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

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal of an agreement 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.

Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with the *NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements*, adopted September 18, 2022 and effective January 1, 2023, add the following to each Illinois addenda:

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

## **MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, Subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, Subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**NEW YORK ADDENDUM TO  
FRANCHISE AGREEMENT**

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

1. Release. Sections 3(B)(7), 15(A)(10), and 15(C)(4) of the Franchise Agreement are amended to provide that all rights enjoyed by Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the applicable nonrenewal or termination provisions of the General Business Law be satisfied.

2. Governing Law. Section 22(A) of the Franchise Agreement is amended by adding the following sentence at the end of such Section: “The foregoing should not be considered a waiver of any right that either Franchisor or Franchisee may have under the General Business Law of the State of New York, Article 33.”

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

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

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

1. Initial Franchise Fee. Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.
2. Release. Section 3(B) of the Franchise Agreement is amended to provide that a release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.
3. Franchisor's Right to Purchase Store. Section 13(E) of the Franchise Agreement is amended to provide that, in the second paragraph of such Section, Franchisor and Franchisee will mutually agree to the certified public accountant or firm of certified public accountants used to conduct an audit to determine the Book Value of the Franchised Business. If Franchisor and Franchisee cannot agree on the selection of a certified public accountant, each will select an accountant and the two accountants will select a third accountant to conduct such audit.
4. Covenant Not to Compete. Section 18(C) of the Franchise Agreement is amended to provide that covenants not to compete upon termination or expiration of the Franchise Agreement may be unenforceable, except in certain circumstances provided by law.
5. Venue. Section 22(A) of the Franchise Agreement designating jurisdiction of courts in the State of California is amended to indicate that this jurisdiction selection is subject to the provisions of North Dakota law, which may require that actions be venued in North Dakota.
6. Limitation of Claims. Section 22(B) of the Franchise Agreement is amended to provide that to the extent this provision conflicts with North Dakota law, North Dakota law will apply.
7. Waiver of Punitive Damages. Section 22(C) of the Franchise Agreement is amended to provide that to the extent this provision conflicts with North Dakota law, North Dakota law will apply.
8. Waiver of Trial by Jury. Section 22(D) of the Franchise Agreement is deleted in its entirety.
9. Enforcement Costs. Section 22(F) of the Franchise Agreement is amended to provide that for North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.
10. Termination Damages. The second and third sentences, and clauses (1) and (2) of Section 17.A of the Franchise Agreement are deleted in their entirety.
11. Construction. In all other respects, the Franchise Agreement will be construed and enforced with its terms.



12. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**RHODE ISLAND ADDENDUM TO  
FRANCHISE AGREEMENT**

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

1. Governing Law. Section 22(A) of the Franchise Agreement is amended by the addition of the following sentence: “Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a ‘provision in a franchise agreement restricting jurisdiction or venue to a forum outside the state or requiring the application of the laws of another state is void respecting a claim otherwise enforceable under this Act.’”

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

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**VIRGINIA ADDENDUM TO  
FRANCHISE AGREEMENT**

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

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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 ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

“The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.”

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE  
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

**1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

**2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

**3. Site of Arbitration, Mediation, and/or Litigation.** 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.

**4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

**5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

**7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

**8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** 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.

**16. Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**17. Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

**18. Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

**19. Item 5 Additional Disclosures:** The collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

ABCSP, LLC

FRANCHISEE:

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

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

Its: \_\_\_\_\_

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

**EXHIBIT D TO DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES**

**Exhibit D to Franchise Disclosure Document  
List of Current Franchisees  
As of December 31, 2024**

**ALABAMA**

<b>Birmingham, AL</b> Jennifer Mancuso	6 Office Park Circle, Suite 315 Birmingham, AL 35223	(205) 874-9730
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**ARIZONA**

<b>Chandler, AZ</b> Marcy Stenger & Briana Green	1820 E Ray Rd. Chandler, AZ 85225	(480) 656-8393
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<b>Mesa, AZ</b> Ganeen & John Harstick	7165 E University Dr., Suite 144 Mesa, AZ 85207	(480) 984-8000
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<b>Tempe, AZ</b> Tom & Jann'e Gutierrez	2111 E Baseline Rd., Suite B4 Tempe, AZ 85283	(480) 676-1446
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**CALIFORNIA**

<b>Fresno, CA</b> Rian Superales	339 West D St., Ste. A Fresno, CA 93245	(559) 441-3787
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<b>South San Francisco, CA</b> Angela Encarnacion	901 Sneath Lane, Suite 109 San Bruno, CA 94066	(650) 634-8270
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<b>Torrance/South Bay, CA</b> Carrie Bianco	370 South Crenshaw Blvd., Ste. E106 Torrance, CA 90503	(310) 503-6893
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<b>Sacramento/Roseville, CA</b> Dan Barbee	1406 Blue Oaks Blvd., Suite 175 Roseville, CA 95747	(916) 266-6453
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<b>San Diego, CA</b> Ethan Kim	3665 Ruffin Rd. Suite 202 San Diego, CA 92123	(858) 299-6900
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<b>Vacaville, CA</b> Rebecca Smith	479 Mason St., Suite 109 Vacaville, CA 95688	(707) 317-1740
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**Temecula, CA**  
Rebecca Prouty  
43980 Margarita Rd., Ste 102  
Temecula, CA 92592  
(951) 292-9777

**Indian Wells, CA**  
Eiso Wortelboer  
45-150 Club Drive  
Indian Wells, CA 92210  
(760) 507-4547

**Newport Beach, CA**  
Phuong Nguyen  
17151 Newhope St., Ste 114  
Fountain Valley, CA 92708  
(714) 489-5411

**Thousand Oaks, CA**  
Thomas & Mary Ellen Herring  
509 Marin Street, Ste. 227  
Thousand Oaks, Ca 91360  
(805) 563-6440

**Pasadena, CA**  
Diane Pierson  
425 N. Santa Anita Ave., Suite A  
Arcadia, CA 91007  
(626) 778-1411

**Corona, CA**  
Sheena Wallace  
1101 California Ave., Suite 100-22  
Corona, CA 92881  
(951) 582-2566

**Pleasanton, CA**  
Jeramogi Todd  
4725 First Street, Suite #235  
Pleasanton, CA 94566  
(925) 484-4725

## **COLORADO**

**Denver, CO**  
Daniel Curtis  
860 Tabor Street #101  
Lakewood, CO 80404  
(303) 952-3060

**Boulder, CO**  
Inga Juzysta  
2101 Ken Pratt Blvd., Suite 101  
Longmont, CO 80501  
(720) 494-8407

## **CONNECTICUT**

**Stanford, CT**  
Alan Lipset  
162 East Ave., Ste LL1  
Norwalk, CT 06851  
(203) 292-6200

**Southbury, CT**  
Jeff & Evelyn Gladstein  
88 Main Street South, Suite 301  
Southbury, CT 06488  
(203) 262-6170

**Central Connecticut, CT**  
John & Kristine Lajeunesse  
621 Middle Turnpike E  
Manchester, CT 06040  
(860) 533-9343

**New Haven, CT**  
Ariel Calmanovici  
20 Ives Road, Suite 202B  
Wallingford, CT 06492  
(203) 269-1522

**Greater Bristol, CT**  
Richard & Brenda Downey  
22 Pine Street, Suite 213  
Bristol, CT 06010  
(860) 261-4405

**Fairfield County, CT**  
Susan Oderwald  
50 Broad Street, Suite #06  
Milford, CT 06460  
(203) 877-1377

**DELAWARE**

**Wilmington, DE**  
Bryant Greene  
1905 N Market Street  
Wilmington, DE 19802  
(302) 409-3710

**FLORIDA**

**North Tampa, FL**  
Keith & Jeri Booe  
9622 Linebaugh Ave  
North Tampa, FL 33626  
(813) 524-5752

**Shalimar, FL**  
Jeremy Meng  
60 2nd Street Suite C-1  
Shalimar, FL 32579  
(850) 797-8710

**Jacksonville, FL**  
Marlynn Bruno  
1835 East West Parkway, #4  
Fleming Island, FL 32003  
(904) 701-7660

**Treasure Coast, FL**  
Steve & Claudia Snell  
9002 SE Bridge Rd.  
Hobe Sound, FL 33455  
(888) 316-6178

**Southeast Orlando, FL**  
Matias Tarrío-Pages  
37 N Orange Ave, #807  
Orlando, FL 32801  
(689) 250-6924

**Windermere, FL**  
Blake & Kristin Meyer  
11225 Cedar Grove CRT  
Windermere, FL 34786  
(407) 280-0498

## **GEORGIA**

**Atlanta Metro, GA**  
Latasha Emeri

1775 Parker Road SE, Suite C-210  
Conyers, GA 30094

(678) 487-3803

**Roswell, GA**  
Kathryn Godwin

1214 Wildwood Springs Dr.  
Roswell, GA 30075

(404) 822-0934

## **HAWAII**

**Oahu, HI**  
Tyler Kimura

1001 Dillingham Blvd., Suite 317  
Honolulu, HI 96817

(808) 207-8558

## **ILLINOIS**

**NW Chicago, IL**  
Aiman Abdelmajid & Tarik  
Alsilwadi

2017 W Irving Park Rd., Suite 100  
Chicago, IL 60618

(312) 465-6833

**Glenview, IL**  
Charmaine Conaghan

1155 Waukegan Rd., Suite 2A  
Glenview, IL 60025

(847) 730-5930

**DuPage, IL**  
Jeffrey Jaunich

477 E Butterfield Rd., Suite 202  
Lombard, IL 60148

(630) 426-1099

**Naperville, IL**  
Raghu Sarup

3060 Ogden Ave, Suite 302  
Lisle, IL 60532

(630) 425-4001

## **INDIANA**

**Terre Haute, IN**  
Ryan Mitchell

605 Ohio Street, Suite 415  
Terre Haute, IN 47807

(812) 990-3625

**South Bend, IN**  
Danielle Loupee

310 N Ironwood Drive  
South Bend, IN 46615

(574) 232-8487

## **IOWA**

**Cedar Rapids, IA**  
Bryan McGlothlin

4935 Bowling St. SW, Suite D  
Cedar Rapids, Iowa 52404

(877) 292-2126

**KENTUCKY**

**Louisville, KY** 9900 Corporate Campus Dr., Ste #3000 (502) 265-5848  
Dan Chitwood  
Louisville, KY 40223

**Lexington, KY** 121 Prosperous Place, Suite #3A (859) 305-0060  
Phil Morgan & Sarah Diener  
Lexington, KY 40509

**LOUISIANA**

**Monroe, LA** 201 Trenton Street, Suite 2 (318) 322-2223  
Kandace Stroo &  
Kristen Lambrecht  
West Monroe, LA 71291

**Northwest Louisiana, LA** 1805 Line Ave (318) 424-5300  
Keith Carter  
Shreveport, LA 71101

**Baton Rouge, LA** 10435 Jefferson Hwy, Suite 110 (225) 771-8605  
Shonda Boudet  
Baton Rouge, LA 70809

**MARYLAND**

**Parkville, MD** 8606 Harford Rd (410) 952-7206  
Haley Davis  
Parkville, MD 21234

**Fallston, MD** 724 Rock Spring Rd., Suite 100 (410) 877-3787  
Tamara Riley  
Bel Air, MD 21014

**Rockville, MD** 15705 Crabbs Branch Way (301) 637-0233  
Robin Henoeh  
Rockville, MD 20855

**MASSACHUSETTS**

**Boston, MA** 375 Concord Ave, #102 (617) 489-9000  
David Robinson  
Belmont, MA 02478

**Worcester, MA**  
Kingsley Asare-Mensah

276 Turnpike Rd., Suite #230  
Westborough, MA 01581

(508) 304-8556

**MICHIGAN**

**Mt Clemens, MI**  
Tom Isett

319 North Gratiot Ave,  
Mt Clemens, MI 48043

(586) 690-7500

**Troy, MI**  
Nita Bhatnagar

200 E Big Beaver Rd  
Troy, MI 48083

(248) 525-3466

**MINNESOTA**

**Waconia, MN**  
Rick Selvey

712 Vista Blvd, Suite #149  
Waconia, MN 55387

(952) 283-1654

**Saint Paul, MN**  
Ken Crawford, Erica Schneekloth  
& Judy Gustafson

733 E 7th St  
St Paul, MN 55106

(651) 774-9979

**NEVADA**

**Henderson, NV**  
Ian & Sarah Peaceful

871 Coronado Center Dr. Suite 200  
Henderson, NV 89052

(914) 226-  
5301

**NEW JERSEY**

**Gloucester City, NJ**  
Steven Thomas & Munirah Ahmad

14 S Broadway  
Gloucester City, NJ 08030

(856) 432-6030

**Princeton, NJ**  
Gimber & Carmen Fernandez

13 Roszel Road, Suite 101C  
Princeton Junction, NJ 08540

(609) 455-2886

**Basking Ridge, NJ**  
Greg & Robin LaVersa

233 Mount Airy Road, Suite 100  
Basking Ridge, NJ 07920

(908) 484-1600

**Melton, NJ**  
Michael & Comfort Oseme  
1101 North Kings Highway, Suite 101A  
Cherry Hill, NJ 08034  
(856) 574-4308

**Monroe, NJ**  
Piya & Hebjan Paulus  
981 State Route 33 W, Suite C  
Monroe Township, NJ 08831  
(732) 483-4611

**Bergen & Passaic, NJ**  
Elizabeth Johnson  
111 Northfield Ave, Suite 204-A  
West Orange, NJ 07052  
(877) 318-0529

**Morris, NJ**  
Paulette Chatman  
30 Tinc Rd.  
Flanders, NJ 07836  
(862) 772-7047

**NEW MEXICO**

**Albuquerque, NM**  
Darlene Wood  
8333 2nd Street, NE, Suite #B  
Los Ranchos, NM 87114  
(505) 898-6262

**Las Cruces, NM**  
Carlos & Karla Camacho  
505 S Main Street  
Las Cruces, NM 88001  
(575) 222-9623

**NORTH CAROLINA**

**Burlington, NC**  
Samantha Loy  
2260 South Church Street, Suite 303  
Burlington, NC 27215  
(336) 270-4352

**Raleigh, NC**  
Sanjay Das  
5421 Old Poole Rd, #106  
Raleigh, NC 27610  
(919) 600-2620

**Wake Forest, NC**  
Shawn Cothran  
120 Capcom Ave, Suite 103  
Wake Forest, NC 27587  
(919) 554-2223

**Winston-Salem, NC**  
Joanne Pizzuto  
802 Birch Lane, Suite B  
Kernersville, NC 27284  
(336) 654-5001

**Charlotte, NC**  
Gary & Jill Jewell  
2015 Ayrslay Town Blvd., Suite 302A  
Charlotte, NC 28273  
(704) 552-8581

**Fletcher, NC**  
Jim Smeaton  
103 Underwood Rd, Suite J  
Fletcher, NC 28732  
(828) 676-2939

**New Bern, NC**  
Trinette & David Reo  
1335 South Glenburnie Rd., Suite B  
New Bern, NC 28562  
(252) 669-0023

**OHIO**

**North Columbus, OH**  
Tom & Kathy Misiuk  
752 North Sate Street, #216  
Westerville, OH 43082  
(614) 284-6764

**Greater Cleveland, OH**  
Jim & Christi Bechtold  
951 Main Street  
Grafton, OH 44044  
(440) 791-7177

**Brunswick, OH**  
Neil Golli  
7123 Pearl Rd., Suite 102 & 103  
Middleburg Heights, OH 44130  
(440) 202-1706

**Columbiana, OH**  
Anthony & Pamela Puorro  
1324 St. Claire Ave  
East Liverpool, OH 43920  
(330) 385-5960

**PENNSYLVANIA**

**Downingtown, PA**  
John Montgomery  
55 Country Club Drive, Suite 101  
Downingtown, PA 19335  
(610) 450-6776

**Upper Buxmont, PA**  
Ken & Rebecca Good  
615 Farm Lane  
Doylestown, PA 18901  
(267) 893-4799

**E. Montgomery, PA**  
Mitchell Balaban  
610 Old York Rd., Suite 400  
Jenkintown, PA 17046  
(215) 914-5005

**Oakmont, PA**  
Richard & Julie Clements  
9800A McKnight Rd. #204  
Pittsburgh, PA 15237  
(412) 639-8339

**Philadelphia, PA**  
Bryant Greene  
668 Woodbourne Rd., Suite 105  
Langhorne, PA 19047  
(267) 909-9248

**SOUTH CAROLINA**

<b>Charleston, SC</b> Christine & Rick Johnson	1064 Garden Rd, Suite 310 Charleston, SC 29407	(843) 996-4498
<b>Midlands, SC</b> Nate Rhodes	3800 Forest Drive, Suite C-201 Columbia, SC 29204	(803) 403-1895
<b>Greater Greenwood, SC</b> Elizabeth & Russ Kapperman	1201 E Cambridge Ave Greenwood, SC 29646	(864) 229-1211
<b>Greenville, SC</b> Bruce & Helen Meyer	20 Roper Corners Circle, Suite #A Greenville, SC 28615	(864) 527-0464
<b>Rock Hill, SC</b> Phillp Davidson & Crystal Hopkins	1420 Ebenezer Rd., Suite 105 Rock Hille, SC 29732	(803) 329-0079

**TENNESSEE**

<b>Knoxville, TN</b> Ed Hoyt	9050 Executive Park Dr., #200A Knoxville, TN 37923	(865) 259-7770
<b>Memphis, TN</b> Rico Andrews	3181 Poplar Ave., Suite 310 Memphis, TN 38111	(901) 414-2388
<b>Nashville, TN</b> Francie Logan	5141 Virginia Way, Suite 100 Brentwood, TN 37027	(615) 678-0293

**TEXAS**

<b>Longview, TX</b> Keith Carter	3122 Nealy Way, Suite #104 Longview, TX 75605	(855) 822-2227
<b>Sugar Land, TX</b> Guido Cubellis	10700 Richmond Ave, Suite 302 Houston, TX 77042	(281) 392-1222
<b>The Woodlands, TX</b> Richard & Kelly Britton	26029 Aldine Westfield RD, Ste 206 Spring, TX 77373	(832) 585-1941



**Dallas, TX**  
Marcus Gardner  
3101 Preston Rd. Suite 515  
Dallas, TX 75240  
(972) 739-8886

**Denton, TX**  
Shane Carpenter  
2652 FM 407, Suite 220  
Argyle, TX 76226  
(940) 241-2273

**Spring, TX**  
Stuart Spoonemore  
140 Cypress Station Drive, #100-17  
Spring, TX 77090  
(832) 704-0462

**Cypress, TX**  
Meyhawani & Tunisha Che  
17840 Mound Rd., Suite #B  
Cypress, TX 77433  
(281) 246-0080

**Friendswood, TX**  
Titilola Adio  
1560 W Bay Area Blvd., Suite #170  
Friendswood, TX 77546  
(281) 954-6096

**Houston Metro, TX**  
Glenn & Lilia Castaneda  
5555 West Loop South, Suite #435  
Bellaire, TX 77401  
(713) 485-5000

**El Paso, TX**  
Carlos & Karla Camacho  
2601 E Yandell, Suite 106  
El Paso, TX 79903  
(915) 250-0177

**Boerne, TX**  
Ken Thomas  
31007 IH-10W, Suite 109  
Boerne, TX 78006  
(830) 431-9115

**San Antonio, TX**  
Patrick & Wendy O'Kane  
1846 N Loop W, Suite 205  
San Antonio, TX 78248  
(210) 772-2277

**Kingwood, TX**  
Marisa Thompson  
1525 Lakeville Dr. Suite #125  
Kingwood, TX 77339  
(713) 898-5475

**UTAH**

**St George, UT**  
Bret Lyman  
1079 E Riverside Dr., #202 & #203  
St. George, UT 84790  
(435) 216-7080

**West Jordan, UT**  
Jeremy & Julianna Thorne  
8817 S Redwood Rd., #A  
West Jordan, UT 84088  
(801) 679-2623

**VIRGINIA**

**Alexandria, VA**  
Pete Guzman & Caitlin Mackay 630 N Washington St. #B  
Alexandria, VA 22314 (703) 424-9768

**Woodbridge, VA**  
Isata Kamara 13797 Lynn Street  
Woodbridge, VA 22191 (571) 297-5794

**Herndon, VA**  
Rashid Farrell 530B Huntmar Park Drive, Suite D  
Herndon, VA 20170 (703) 463-9462

**Leesburg, VA**  
Susanne Kondracki 44084 Riverside Parkway, Suite LL325  
Leesburg, VA 20176 (571) 206-3525

**Richmond South, VA**  
Joan Shifflett 10810 Hasty Lane, Suite 103  
Midlothian, VA 23112 (804) 912-5688

**Metro Richmond West, VA**  
Lynn Hancock 2012 John Rolfe Parkway  
Henrico, VA 23238 (804) 368-3200

**Norfolk, VA**  
Sonya Meade-Settles 5660 E Virginia Beach Blvd. Suite 203  
Norfolk, VA 23502 (757) 802-4080

**WASHINGTON**

**Tacoma, WA**  
Phil Natsiopoulos 10324 Canyon Rd E, Suite 206  
Puyallup, WA 98373 (253) 534-9596

**Seattle, WA**  
Sarah Cave 2915 E Madison St., Suite 304  
Seattle WA 98112 (206) 922-3795

**WISCONSIN**

**Milwaukee, WI**  
Colleen Foley 16869 W Greenfield Ave  
New Berlin, WI 53151 (262) 439-8616

**Madison, WI**  
David Ogunnoiki 437 S Yellowstone Dr., Suite 218  
Madison, WI 53719 (608) 315-2378

**EXHIBIT E TO DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**  
**DURING THE LAST FISCAL YEAR**

**Exhibit E to Franchise Disclosure Document**  
**List of Current Franchisees Who Have Left the System During the Last Fiscal Year**  
**As of December 31, 2024**

**CALIFORNIA**

**Pleasant Hill, CA \***  
Bill Kammerer

251 Lafayette Circle Suite 310  
Lafayette, CA 94549

(415) 750-0000

**CONNECTICUT**

**Wallingford, CT\***  
Linda Craig

20 Ives Road, Suite 202B  
Wallingford, CT 06492

(203) 494-9789

**ILLINOIS**

**NW Chicago, IL\***  
Ali Asmi

6160 Cicero Ave, Unit 202  
Chicago, IL 60646

(773) 610-6222

**TENNESSE**

**Knoxville, TN\***  
Andrew Scruggs

9050 Executive Park Dr., #200A  
Knoxville, TN 37923

(865) 805-3963

**UTAH**

**St George, UT\***  
Henry & Julie Lee

1079 East Riverside Dr., # 202 & 203  
St. George, UT 84790

(805) 264-0645

**VIRGINIA**

**Fairfax, VA\***  
Scott Maquire

530B Huntmar Park Drive, Suite D  
Herndon, VA 20170

(571) 830-5653

\* These franchisees were transferred.

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

**EXHIBIT F TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS AND PARENT GUARANTEE**

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2024 and 2023  
with Report of Independent Auditors**

# **ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2024 and 2023**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
ABCSS Holdings, LLC and Subsidiaries

### Opinion

We have audited the consolidated financial statements of ABCSS Holdings, LLC and Subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, members’ deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Financial Information**

Management is responsible for the other information attached to the consolidated financial statements. The other information comprises the Consolidated Schedules of Adjusted EBITDA for the years ended December 31, 2024 and 2023, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Plano, Texas  
March 14, 2025

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,622,991	\$ 2,168,752
Restricted cash	1,617,065	1,318,925
Accounts receivable, net of allowance for credit losses of \$0 and \$18,233 at December 31, 2024 and 2023	2,179,424	1,854,263
Current portion of prepaid contract costs	183,151	188,025
Current portion of notes receivable	251,750	251,750
Prepaid expenses and other current assets	118,433	220,032
Total current assets	<u>8,972,814</u>	<u>6,001,747</u>
Goodwill	2,346,265	2,346,265
Intangible assets, net	4,230,388	4,934,321
Other assets		
Right of use asset - operating lease, net	16,177	74,280
Prepaid contract costs, net of current portion	838,501	898,066
Notes receivable, net of current portion	271,475	78,100
Perpetual licenses, net of accumulated amortization	101,007	153,487
Total other assets	<u>1,227,160</u>	<u>1,203,933</u>
Total assets	<u>\$ 16,776,627</u>	<u>\$ 14,486,266</u>
<b>Liabilities and Members' Deficit</b>		
Current liabilities		
Accounts payable	\$ 2,549,560	\$ 1,849,854
Accrued compensation	481,617	440,720
Current portion of long-term debt	1,700,000	1,450,000
Other accrued liabilities	625,773	364,709
Current portion of operating lease liability	18,491	73,509
Current portion of deferred franchise fees	461,034	402,937
Current portion of termination liability	122,803	122,803
Total current liabilities	<u>5,959,278</u>	<u>4,704,532</u>
Long-term debt, net of current portion and debt issuance costs	13,175,050	12,526,850
Other long-term liabilities		
Operating lease liability, net of current portion	-	18,506
Deferred franchise fees, net of current portion	2,283,652	2,103,126
Termination liability, net of current portion	737,849	860,658
Total liabilities	<u>22,155,829</u>	<u>20,213,672</u>
Commitments and contingencies		
Members' deficit		
Common units	1,000	1,000
Accumulated deficit	(5,380,202)	(5,728,406)
Total members' deficit	<u>(5,379,202)</u>	<u>(5,727,406)</u>
Total liabilities and members' deficit	<u>\$ 16,776,627</u>	<u>\$ 14,486,266</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenues, net		
Royalties	\$ 16,181,419	\$ 13,874,923
Advertising fee revenue	4,010,317	3,419,495
Franchise fee revenue	776,419	357,067
Technology fee revenue	294,186	265,709
Other income, net	81,983	80,592
Total revenues, net	<u>21,344,324</u>	<u>17,997,786</u>
Expenses		
Cost of sales	1,902,522	1,759,815
National advertising costs	4,010,317	3,419,495
Operating expenses	<u>7,024,022</u>	<u>5,444,952</u>
Total expenses	<u>12,936,861</u>	<u>10,624,262</u>
Operating income	8,407,463	7,373,524
Interest expense	<u>(1,452,182)</u>	<u>(1,393,563)</u>
Net income	<u>\$ 6,955,281</u>	<u>\$ 5,979,961</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT**  
**Years Ended December 31, 2024 and 2023**

Balance at January 1, 2023	\$ (3,645,975)
Net income	5,979,961
Distributions	<u>(8,061,392)</u>
Balance at December 31, 2023	(5,727,406)
Net income	6,955,281
Deemed contribution	80,000
Distributions	<u>(6,687,077)</u>
Balance at December 31, 2024	<u><u>\$ (5,379,202)</u></u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Net income	\$ 6,955,281	\$ 5,979,961
Adjustments to reconcile net income to net cash, cash equivalents, and restricted cash provided by operating activities:		
Amortization	756,413	833,048
Amortization of debt issuance costs through interest expense	35,700	67,922
Noncash operating lease costs	58,619	70,922
Provision for credit losses	18,760	18,233
Changes in operating assets and liabilities:		
Accounts receivable	(343,921)	(237,622)
Prepaid contract costs	64,439	(15,360)
Notes receivable	(193,375)	(137,800)
Prepaid expenses and other current assets	101,599	(83,226)
Accounts payable and accrued expenses	1,081,667	793,023
Deferred franchise fees	238,623	220,998
Operating lease liability	(74,040)	(70,922)
Net cash provided by operating activities	<u>8,699,765</u>	<u>7,439,177</u>
Cash flows from financing activities:		
Payments on long-term debt	(1,637,500)	(12,058,172)
Proceeds from long-term debt	2,500,000	14,500,000
Debt issuance costs	-	(178,500)
Payments on line of credit	-	(150,000)
Payments on termination liability	(122,809)	(117,045)
Member distributions	(6,687,077)	(8,061,392)
Net cash used in financing activities	<u>(5,947,386)</u>	<u>(6,065,109)</u>
Net increase in cash, cash equivalents, and restricted cash	2,752,379	1,374,068
Cash, cash equivalents, and restricted cash at beginning of year	<u>3,487,677</u>	<u>2,113,609</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 6,240,056</u>	<u>\$ 3,487,677</u>
Classification of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 4,622,991	\$ 2,168,752
Restricted cash	<u>1,617,065</u>	<u>1,318,925</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 6,240,056</u>	<u>\$ 3,487,677</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 1,426,673</u>	<u>\$ 1,325,641</u>
Cash paid during the year for taxes	<u>\$ 58,427</u>	<u>\$ 16,463</u>
Deemed contribution through payable extinguishment	<u>\$ 80,000</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2024 and 2023**

**A. Nature of Business**

ABCSS Holdings, LLC (the “Company”) is a holding company that owns 100 percent of the membership interest in ABCSP, LLC. ABCSP, LLC owns 100 percent of the membership interest in ABCCAN, LLC, which was formed in May 2020. ABCSS Holdings, LLC is a Delaware limited liability company formed on April 16, 2016 and is based in Roseville, California. ABCSP, LLC is a franchisor of nonmedical in-home care, assisted living placement services, and skilled home health care services businesses. ABCSP, LLC has approximately 279 independently owned and operated senior care franchise territories throughout the United States and Canada as of December 31, 2024.

**B. Summary of Significant Accounting Policies**

A summary of the Company’s significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

**Basis of Accounting**

The accounts are maintained and the consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. Significant intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

**Cash, Cash Equivalents, and Restricted Cash**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2024 and 2023, the Company had no such investments. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses related to amounts in excess of FDIC limits.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Cash, Cash Equivalents, and Restricted Cash – continued**

Amounts included in restricted cash represent those funds required to be set aside equal to the amount of unspent advertising funds on deposit. These balances contain offsetting liabilities within accounts payable and other accrued liabilities on the accompanying consolidated balance sheets.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are stated at amounts management expects to collect from outstanding balances and do not bear interest. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. The Company operates as a franchisor and its accounts receivables are primarily derived from franchisees. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate for accounts receivable is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segment has remained consistent since the Company's inception.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income (or an offset to provision for credit losses) in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs of accounts receivable was \$18,233 and \$0 for the years ended December 31, 2024 and 2023, respectively.

The allowance for credit losses for accounts receivable and the related activity during the year ended December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 18,233	\$ -
Provision for credit losses	-	18,233
Write-offs	(18,233)	-
Recoveries	-	-
Ending balance	<u>\$ -</u>	<u>\$ 18,233</u>

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Notes Receivable and Allowance for Credit Losses**

During the normal course of business, the Company may provide financing to franchisees in the form of notes receivable. These notes receivable do not bear interest and are based on the franchisee's individual franchise and territory mix, including any renewals. The notes are classified as current or long term on the accompanying consolidated balance sheets depending on the maturity dates of the notes receivable.

Notes receivable are reported at original issue amount less principal repaid, reduced by an allowance for credit losses. An allowance for expected credit losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for credit losses in the period that determination is made. The allowance for credit losses for notes receivable incorporates an estimate of lifetime expected credit losses and is recorded on each note upon asset origination. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. As of December 31, 2024 and 2023, there were no modifications to notes receivable.

In evaluating the notes receivable, management determines that the notes are pooled based on historical collections and write-offs for purposes of determining its allowance for credit losses related to notes receivable. These notes have an amortized cost of \$523,225 and \$329,850 at December 31, 2024 and 2023, respectively. Historical loss information for notes receivable at the Company shows a 0% loss rate over the contractual term. The Company wrote off one note during the prior year, which management believes was an isolated circumstance, and as such the write-off is not factored into its allowance for credit losses of notes receivable at December 31, 2024 or 2023. This write-off was recorded directly against deferred franchise fees.

As of December 31, 2024 and 2023, the Company has not recorded any allowance for credit losses related to the notes receivable balances. Additionally, as of December 31, 2024 and 2023, the Company did not have any notes receivable with past due or non-accrual status. The total amount of write-offs of notes receivable was \$0 and \$50,000, respectively, for the years ended December 31, 2024 and 2023. The amount written off during the year ended December 31, 2023 went against the note and did not impact the allowance for credit losses.

##### **Goodwill**

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations. The Company tests goodwill for impairment on an annual basis and when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment assessment first requires evaluating qualitative factors to determine if the carrying value would more likely than not exceed its fair value.



## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Goodwill – continued**

If the Company concludes, based on the qualitative assessment, that the carrying value would more likely than not exceed its fair value; the Company would perform a two-step quantitative impairment test. When a quantitative assessment is performed, the first step is to identify a potential impairment, and the second step measures the amount of the impairment loss, if any. Goodwill is deemed to be impaired if the carrying amount of goodwill exceeds its estimated fair value. No impairment of goodwill was required at December 31, 2024 or 2023.

##### **Long-lived Assets**

The Company evaluates its long-lived assets including definite lived intangible assets including franchise rights, trade names, and acquired technology for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows that the assets are expected to generate. If intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value and is recorded in the period the determination was made. Based upon management's assessment, there was no impairment of intangible assets at December 31, 2024 or 2023.

##### **Intangible Assets**

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets.

	<u>Useful Life – Years</u>
Technology	8
Trade name	15
Franchise rights	15

##### **Debt Issuance Costs**

Debt issuance costs were incurred by the Company in connection with obtaining long-term debt to finance its ongoing operations. The costs are amortized over the term of the related debt and reported as a component of interest expense.

##### **Termination Agreements**

From time to time, the Company enters into termination agreements with former area representatives. It is the Company's policy to expense these agreements as incurred. These agreements do not stipulate an interest rate, however a discount rate has been imputed on the termination agreements in place at the effective date of each agreement.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Termination Agreements – continued**

At December 31, 2024 and 2023, \$860,652 and \$983,461 was outstanding under a long-term agreement with a former area representative and is included in current and long-term liabilities on the consolidated balance sheets. Payments are due monthly through December 2030 and calculated as the lower of \$13,958 or an agreed-upon percentage of royalties from the former area representative's territory. Minimum future principal payments due on the termination liability for the succeeding five years and thereafter is as follows:

2025	\$ 122,803
2026	128,851
2027	135,197
2028	141,856
2029	148,843
Thereafter	<u>183,102</u>
	<u>\$ 860,652</u>

The Company entered into a short-term termination agreement in 2024 with a former area representative for \$1,000,000. Payments are due in two \$500,000 payments in July 2024 and January 2025. The outstanding balance at December 31, 2024 is \$500,000 and is included in accounts payable on the consolidated balance sheets.

##### **Revenue Recognition**

The Company's revenue from operations mainly consists of franchise fees, royalties, technology fees, and advertising fees. The Company sells individual franchisees the right to operate an Always Best Care Senior Services business within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

When a franchisee no longer wishes to operate their franchise, they have the choice to terminate it or to transfer the franchise to a new or existing franchisee, for a fee. The termination of a franchise results in all outstanding revenue being fully recognized at the time of the termination. When a transfer occurs, the transferred revenue is amortized over the same term as the original franchise contract. The franchise transfer fees typically have a 10 year contract term and the fee is amortized over 120 months from the signing date of the transfer.

The Company has obligations to provide franchisees with the franchise rights to operate an Always Best Care Senior Services business, training, and site selection, as well as provide advertising for which fees are charged. The Company has concluded that these items represent a single performance obligation.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Revenue Recognition – continued**

Therefore, initial franchise fees, transfer fees, and renewal fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement when the agreement is signed and training commences, depending on state regulations where the franchise will be located. Income for royalties and advertising fees is recognized over the term of the respective franchise agreement as the underlying sales occur. Revenue on the consolidated statements of income has been disaggregated accordingly.

##### *Payment Terms*

Initial franchise and transfer fees are typically paid at or near the beginning of the franchise term. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee net sales. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheets. Deferred franchise fees at December 31, 2024 and 2023, were \$2,744,686 and \$2,506,063, respectively. The balance of deferred franchise fees at January 1, 2023, was \$2,285,065.

Contract assets represent the Company's right to consideration based on satisfied performance obligations from contracts with customers and consist of accounts receivable as of December 31, 2024 and 2023. Accounts receivable at December 31, 2024 and 2023, were \$2,179,424 and \$1,854,263, respectively. The opening balance of accounts receivable at January 1, 2023, was \$1,634,874.

##### *Allocating the Transaction Price*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate an Always Best Care Senior Services business. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The license of the franchise right is the predominant item to which the royalty relates; therefore, the variable consideration is recognized based on the actual amounts incurred each month.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Revenue Recognition – continued**

###### *Costs to Obtain a Contract*

The Company pays commissions to internal staff and third parties that assist in selling franchise agreements. As these represent the cost to obtain a franchise contract, they are deferred prepaid contract costs. The amounts deferred will be amortized generally over a 10-year period as the corresponding franchise agreement is recognized as revenue. At December 31, 2024, December 31, 2023, and January 1, 2023, the unamortized commissions were \$1,021,652, \$1,086,091, and \$1,070,731, respectively. These balances are represented by prepaid contract costs on the accompanying consolidated balance sheets. Commissions recognized were \$411,925 and \$174,355 for the years ended December 31, 2024 and 2023, respectively, which is included within cost of sales in the accompanying consolidated statements of income. The commissions are not payable to the third parties until a franchise agreement is signed.

##### **Advertising Fund**

In accordance with the franchise agreement, franchisees pay a percentage of monthly sales to the Company's advertising fund to be used for advertising, marketing, and other promotional purposes. The Company's advertising fund fees are accounted for on a gross basis in the accompanying consolidated statements of income as net revenue.

Advertising expense is charged to expense during the year in which it is incurred. Advertising expense for the years ended December 31, 2024 and 2023, was \$4,198,902 and \$3,676,293, respectively, and is included within national advertising costs and operating expenses in the accompanying consolidated statements of income.

##### **Income Taxes**

The Company and its subsidiaries are organized as limited liability companies and are taxed as a partnership for federal income tax purposes. As a result, income or losses are taxable or deductible to the members rather than at the Company level; accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

State income tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax expense recorded would equal the largest amount of expense related to the outcome that is 50% or greater likely to occur. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Income Taxes – continued**

Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements as of or for the years ended December 31, 2024 or 2023.

The Company did not incur any penalties or interest related to its state tax returns during the years ended December 31, 2024 or 2023.

Under the centralized partnership audit rules effective for tax years beginning after 2017, the Internal Revenue Service (“IRS”) assesses and collects underpayments of tax from the Company instead of from each member. The Company may be able to pass the adjustments through to its members by making a push-out election or, if eligible, by electing out of the centralized partnership audit rules.

The collection of tax from the Company is only an administrative convenience for the IRS to collect any underpayment of income taxes including interest and penalties. Income taxes on Company income, regardless of who pays the tax or when the tax is paid, is attributed to the members. Any payment made by the Company as a result of an IRS examination will be treated as a distribution from the Company to the members in the consolidated financial statements.

##### **Foreign Currency Adjustments**

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in operating expenses in the accompanying consolidated statements of income.

##### **Leases**

The Company has a lease for its office space. A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right of use assets and finance lease right of use assets (collectively “ROU assets”) represent the Company’s right to use an underlying asset for the lease term. Operating lease liabilities (collectively, “lease liabilities”) represent the Company’s obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

Operating leases are included in right of use asset – operating lease, net and operating lease liabilities on the accompanying consolidated balance sheets.

The Company has an operating lease for its office space. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company does not have renewal options for their operating lease. The office space lease expires in March 2025.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Leases – continued**

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes the applicable risk-free rate in effect at the time of the lease commencement. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company's lease agreements do not contain significant residual value guarantees, restrictions or covenants.

The Company's office lease agreement contains lease and non-lease components, which are generally accounted for separately. For this lease, there may be variability in future lease payments as the amount of non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, taxes, and other related fees that are passed on from the lessor in proportion to the leased space, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or cash flows.

**C. Intangible Assets**

Intangible assets consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Franchise rights	\$ 8,924,464	\$ 8,924,464
Trade names	1,161,228	1,161,228
Technology	<u>865,502</u>	<u>865,502</u>
	10,951,194	10,951,194
Less accumulated amortization	<u>(6,720,806)</u>	<u>(6,016,873)</u>
	<u>\$ 4,230,388</u>	<u>\$ 4,934,321</u>

Amortization expense related to intangibles for the years ended December 31, 2024 and 2023, was \$703,933 and \$780,568, respectively.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**C. Intangible Assets – continued**

Based on the current carrying amount of intangible assets subject to amortization, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2025	\$ 672,379
2026	672,379
2027	672,379
2028	672,379
2029	672,379
Thereafter	<u>868,493</u>
	<u>\$ 4,230,388</u>

**D. Line of Credit**

The Company has a line-of-credit arrangement with a bank. The arrangement allows the Company to borrow up to \$1.5 million, on such terms as the Company and the bank may mutually agree upon. The line of credit is secured by all assets of the Company. This arrangement has a maturity date of June 30, 2026. At December 31, 2024, the unused portion and available balance of the line of credit was \$1.5 million.

Outstanding balances on the line of credit bear interest at the greater of SOFR or 1%, plus an applicable margin, as defined in the line-of-credit arrangement, ranging from 3.45% to 3.85%, per annum. At December 31, 2024, the interest rate for the line of credit was 8.14%.

The line-of-credit agreement contains certain financial covenants. At December 31, 2024, the Company was in compliance with all covenants.

**E. Long-Term Debt**

*Term Loan*

The Company holds a term note in the amount of \$14,500,000, due to a bank in quarterly installments of \$362,500 with the remaining balance due on maturity. The note has a maturity date of June 30, 2028, and bears interest at the greater of SOFR or 1%, plus an applicable margin, as defined in the credit arrangement, ranging from 3.45% to 3.85%, per annum. At December 31, 2024, the interest rate for the note was 8.14%. The note is secured by the property and interests of the Company and the outstanding balance at December 31, 2024, is presented net of debt issuance costs, capitalized as part of obtaining the note, on the accompanying consolidated balance sheets.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**E. Long-Term Debt – continued**

*Delayed Draw Term Loan*

The Company holds a delayed draw note where principal is due to a bank in quarterly installments based on a percentage of outstanding borrowings and accrued interest is due monthly. The note has a maturity date of June 30, 2028, and bears interest at the greater of SOFR or 1%, plus an applicable margin, as defined in the credit arrangement, ranging from 3.45% to 3.85%, per annum. At December 31, 2024, the interest rate for the note was 8.14%. The note is secured by the property and interests of the Company and the outstanding balance at December 31, 2024 was \$2,312,500 and the available borrowing facility was \$0. The available commitment for this note expired at December 31, 2024, as such, no additional borrowings can be made.

*Debt Issuance Costs*

At December 31, 2024 and 2023, capitalized debt issuance costs presented net of long-term debt were \$124,950 and \$160,650, respectively. Amortization of capitalized debt issuance costs is included as a component of interest expense on the accompanying consolidated statements of income. The amortization of capitalized debt issuance costs for each of the succeeding four years is as follows:

	<b>Debt Issuance Costs</b>
2025	\$ 35,700
2026	35,700
2027	35,700
2028	17,850
Total	\$ 124,950

A summary of long-term debt is as follows as of December 31:

	<b>2024</b>	<b>2023</b>
Delayed Draw Loan	\$ 2,312,500	\$ -
Term Loan	12,687,500	14,137,500
	15,000,000	14,137,500
Less debt issuance costs	(124,950)	(160,650)
Less current principal	(1,700,000)	(1,450,000)
Total long-term debt	\$13,175,050	\$12,526,850



**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**E. Long-Term Debt – continued**

Aggregate future maturities of long-term debt are as follows for the years ending December 31:

2025	\$ 1,700,000
2026	1,700,000
2027	1,746,875
2028	<u>9,853,125</u>
Total	<u><u>\$15,000,000</u></u>

**F. Membership Units**

A summary of the three classes of membership units authorized by the Company at December 31, 2024, is as follows.

*Preferred Units*

Preferred units represent a fractional portion of unitholders' interests in the profits, losses, and distributions of the Company. Preferred unitholders have preference to distributions, ratably, to any unpaid preferred yield first, and second to any unreturned capital. As of December 31, 2024 and 2023, there were no preferred units issued or outstanding.

*Common Units*

Common units entitle each unitholder to have full voting rights and powers to vote on all matters submitted to members. Common unitholders have preference to distributions, ratably, after any distributions to Preferred unitholders, to any unreturned capital. As of December 31, 2024 and 2023, 1,000,000 common units were issued and outstanding.

*Incentive Units*

The Company is authorized to reserve and issue incentive units to certain employees and managers of the Company from time to time at the sole discretion of the board of directors. The maximum number of incentive units the Company is authorized to issue shall not exceed 52,631, provided that the board of directors may increase this number at its sole discretion at any time. The Company had 47,704 and 36,864 incentive units issued and outstanding at December 31, 2024 and 2023, respectively. These units are subject to various vesting provisions, as defined in the agreements. At December 31, 2024 and 2023, 17,543 units and 16,930 units, respectively, were vested. The holders of vested incentive units are entitled to profits, losses, and distributions of the Company as described in the Company's operating agreement. Vested incentive unitholders have rights to distributions only after Preferred and Common unitholders have received their ratably entitled distribution. There was no expense related to incentive units for the years ended December 31, 2024 or 2023.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### G. Employee Benefit Plan

The Company sponsors a 401(k) plan under ABCSP, LLC for all employees. Employees may contribute up to the annual permissible dollar limit in effect for the plan year, subject to certain federal income tax limitations. Employee contributions are 100 percent vested. The plan provides for the Company to make a safe harbor matching contribution of 100 percent of the first 3 percent deferred by eligible and participating employees. Matching contributions to the plan totaled \$86,316 and \$57,051 for the years ended December 31, 2024 and 2023, respectively.

#### H. Commitments and Contingencies

##### *Litigation*

The Company may be subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provisions for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision relating to claims or litigation was recorded at December 31, 2024 or 2023.

#### I. Leases

The components of lease expense recorded in operating expenses on the accompanying consolidated statements of income are approximately as follows during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 58,600	\$ 70,900
Variable lease cost	30,800	30,800
Short-term lease cost	<u>1,800</u>	<u>5,000</u>
	<u>\$ 91,200</u>	<u>\$ 106,700</u>

Maturities of the lease liability are as follows as of December 31, 2024:

	<u>Operating Lease</u>
2025	\$ 18,506
Total lease payments	18,506
Less present value discount	<u>(15)</u>
Lease liability	<u>\$ 18,491</u>

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### I. Leases – continued

Weighted average lease term and discount rate are as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term (years)		
Operating lease	0.25	1.25
Weighted average discount rate		
Operating lease	0.99%	0.99%

In January 2025, the Company entered into a new lease which commences in June 2025. This lease includes an opening ROU asset and lease liability of \$538,015 with a lease term of 64 months.

#### J. Related Party Transactions

##### *Management Fees*

For the years ended December 31, 2024 and 2023, the Company incurred expenses related to management fees from certain board members and members of the Company of \$661,099 and \$489,101, respectively. A total of \$296,408 and \$202,598 of these fees were outstanding at December 31, 2024 and 2023, respectively, and are included in other accrued liabilities on the consolidated balance sheets.

#### K. Subsequent Events

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through March 14, 2025, the date the consolidated financial statements were available for issuance.

On February 18, 2025, the Company amended the existing revolving line of credit, Term Loan, and Delayed Draw Term Loan, and simultaneously entered into a new term loan (the “2025 Term Loan”) agreement which increased their total credit facility to \$24,500,000. This amendment revised the timing of when certain debt covenants apply and updated the interest rate for the existing debt instruments to term SOFR plus an applicable margin, as defined in the amended credit arrangement, ranging from 3.45% to 3.65% per annum.

The 2025 Term Loan has a principal amount of \$6,000,000 and matures on June 30, 2028. The 2025 Term Loan payments begin in April 2025, due quarterly in various amounts as defined in the credit arrangement, with a balloon payment at maturity, and bears interest at Term SOFR plus an applicable margin, as defined in the credit agreement, ranging from 3.45% to 3.65% per annum.

**OTHER FINANCIAL INFORMATION**

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES OF ADJUSTED EBITDA**  
*(Unaudited)*

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<u>          </u>	<u>          </u>
EBITDA		
Net income	\$ 6,955,281	\$ 5,979,961
Interest expense	1,452,182	1,393,563
Amortization	756,413	833,048
State and local taxes	45,050	22,323
	<u>          </u>	<u>          </u>
EBITDA	9,208,926	8,228,895
Management's adjustments to EBITDA		
Management fees	661,099	489,101
Non recurring expenses	1,410,206	135,664
	<u>          </u>	<u>          </u>
Adjusted EBITDA	<u>\$ 11,280,231</u>	<u>\$ 8,853,660</u>

See report of independent auditors.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2023 and 2022  
with Report of Independent Auditors**

# **ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2023 and 2022**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
ABCSS Holdings, LLC and Subsidiaries

### Opinion

We have audited the consolidated financial statements of ABCSS Holdings, LLC and Subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, members’ deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Financial Information**

Management is responsible for the other information attached to the consolidated financial statements. The other information comprises the Consolidated Schedules of Adjusted EBITDA for the years ended December 31, 2023 and 2022, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Plano, Texas  
March 29, 2024

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,168,752	\$ 1,311,783
Restricted cash	1,318,925	801,826
Accounts receivable, net of allowance for credit losses	1,854,263	1,634,874
Current portion of prepaid contract costs	188,025	174,355
Current portion of notes receivable	251,750	96,468
Prepaid expenses and other current assets	<u>220,032</u>	<u>136,806</u>
Total current assets	6,001,747	4,156,112
Goodwill	2,346,265	2,346,265
Intangible assets, net	4,934,321	5,714,889
Other assets		
Right of use asset - operating lease, net	74,280	143,976
Prepaid contract costs, net of current portion	898,066	896,376
Notes receivable, net of current portion	78,100	95,582
Perpetual licenses	<u>153,487</u>	<u>205,967</u>
Total other assets	<u>1,203,933</u>	<u>1,341,901</u>
Total assets	<u>\$ 14,486,266</u>	<u>\$ 13,559,167</u>
<b>Liabilities and Members' Deficit</b>		
Current liabilities		
Accounts payable	\$ 1,766,678	\$ 1,189,254
Accrued compensation	440,720	400,856
Current portion of long-term debt, net of debt issuance costs	1,450,000	11,648,776
Other accrued liabilities	364,709	188,974
Line of credit	-	150,000
Related party note payable, other	83,176	80,000
Current portion of operating lease liability	73,509	71,453
Current portion of deferred franchise fees	402,937	149,660
Current portion of termination liability	<u>122,803</u>	<u>111,517</u>
Total current liabilities	4,704,532	13,990,490
Long-term debt, net of current portion and debt issuance costs	12,526,850	-
Other long-term liabilities		
Operating lease liability, net of current portion	18,506	90,258
Deferred franchise fees, net of current portion	2,103,126	2,135,405
Termination liability, net of current portion	<u>860,658</u>	<u>988,989</u>
Total liabilities	<u>20,213,672</u>	<u>17,205,142</u>
Commitments and contingencies		
Members' deficit		
Common units	1,000	1,000
Accumulated deficit	<u>(5,728,406)</u>	<u>(3,646,975)</u>
Total members' deficit	<u>(5,727,406)</u>	<u>(3,645,975)</u>
Total liabilities and members' deficit	<u>\$ 14,486,266</u>	<u>\$ 13,559,167</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Revenues, net		
Royalties	\$ 13,874,923	\$ 12,463,212
Advertising fee revenue	3,419,495	2,938,672
Franchise fee revenue	357,067	320,714
Technology fee revenue	265,709	261,521
Other income, net	80,592	126,536
Total revenues, net	<u>17,997,786</u>	<u>16,110,655</u>
Expenses		
Cost of sales	5,179,310	4,559,307
Operating expenses	5,444,952	4,965,359
Total expenses	<u>10,624,262</u>	<u>9,524,666</u>
Operating income	7,373,524	6,585,989
Interest expense	<u>(1,393,563)</u>	<u>(820,449)</u>
Net income	<u>\$ 5,979,961</u>	<u>\$ 5,765,540</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT**  
**Years Ended December 31, 2023 and 2022**

Balance at January 1, 2022	\$ (3,477,832)
Net income	5,765,540
Distributions	<u>(5,933,683)</u>
Balance at December 31, 2022	(3,645,975)
Net income	5,979,961
Distributions	<u>(8,061,392)</u>
Balance at December 31, 2023	<u><u>\$ (5,727,406)</u></u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Net income	\$ 5,979,961	\$ 5,765,540
Adjustments to reconcile net income to net cash, cash equivalents, and restricted cash provided by operating activities:		
Amortization	833,048	826,380
Amortization of debt issuance costs	67,922	50,072
Noncash operating lease costs	70,922	87,131
Provision for credit losses	18,233	-
Changes in operating assets and liabilities:		
Accounts receivable	(237,622)	(435,031)
Notes receivable	(137,800)	25,321
Prepaid expenses and other assets	(83,226)	(14,758)
Prepaid contract costs	(15,360)	(51,671)
Accounts payable and accrued expenses	793,023	398,668
Deferred franchise fees	220,998	153,175
Operating lease liability	(70,922)	(69,396)
Net cash provided by operating activities	<u>7,439,177</u>	<u>6,735,431</u>
Cash flows from investing activities:		
Purchases of perpetual licenses	-	(50,000)
Net cash used in investing activities	<u>-</u>	<u>(50,000)</u>
Cash flows from financing activities:		
Payments on long-term debt	(12,058,172)	(1,475,076)
Proceeds from long-term debt	14,500,000	-
Debt issuance costs	(178,500)	-
Proceeds from line of credit	-	400,000
Payments on line of credit	(150,000)	(250,000)
Payments on termination liability	(117,045)	(111,545)
Member distributions	(8,061,392)	(5,933,683)
Net cash used in financing activities	<u>(6,065,109)</u>	<u>(7,370,304)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,374,068	(684,873)
Cash, cash equivalents, and restricted cash at beginning of year	<u>2,113,609</u>	<u>2,798,482</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 3,487,677</u>	<u>\$ 2,113,609</u>
Classification of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 2,168,752	\$ 1,311,783
Restricted cash	<u>1,318,925</u>	<u>801,826</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 3,487,677</u>	<u>\$ 2,113,609</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 1,325,641</u>	<u>\$ 770,377</u>
Cash paid during the year for taxes	<u>\$ 16,463</u>	<u>\$ 13,940</u>
Right of use asset assumed through operating lease liability	<u>\$ -</u>	<u>\$ 206,838</u>
Lease assumed through lease liability	<u>\$ -</u>	<u>\$ 229,199</u>

See accompanying notes to consolidated financial statements.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**A. Nature of Business**

ABCSS Holdings, LLC (the “Company”) is a holding company that owns 100 percent of the membership interest in ABCSP, LLC. ABCSP, LLC owns 100 percent of the membership interest in ABCCAN, LLC, which was formed in May 2020. ABCSS Holdings, LLC is based in Roseville, California. ABCSP, LLC is a franchisor of nonmedical in-home care, assisted living placement services, and skilled home health care services businesses. ABCSP, LLC has approximately 252 independently owned and operated senior care franchise territories throughout the United States and Canada as of December 31, 2023.

**B. Summary of Significant Accounting Policies**

A summary of the Company’s significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

**Basis of Accounting**

The accounts are maintained and the consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. Significant intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

**Cash, Cash Equivalents, and Restricted Cash**

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2023 and 2022, the Company had no such investments. The Company maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The Company has not experienced any losses related to amounts in excess of FDIC limits.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Cash, Cash Equivalents, and Restricted Cash – continued**

Amounts included in restricted cash represent those funds required to be set aside equal to the amount of unspent advertising funds on deposit. These balances contain offsetting liabilities within accounts payable and other accrued liabilities on the accompanying consolidated balance sheets.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are stated at amounts management expects to collect from outstanding balances and do not bear interest. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. The Company operates as a franchisor and its accounts receivables are primarily derived from franchisees. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The allowance estimate for accounts receivable is derived from a review of the Company’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company’s portfolio segment has remained consistent since the Company’s inception.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income (or an offset to credit loss expense) in the year of recovery, in accordance with the entity’s accounting policy election. The total amount of write-offs of accounts receivable was \$0 for the years ended December 31, 2023 and 2022.

The allowance for credit losses for accounts receivable and the related activity during the year ended December 31,:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Provision for credit losses	18,233	-
Write-offs	-	-
Recoveries	-	-
Ending balance	<u>\$ 18,233</u>	<u>\$ -</u>

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Notes Receivable and Allowance for Credit Losses**

During the normal course of business, the Company may provide financing to franchisees in the form of notes receivable. These notes receivable do not bear interest and are based on the franchisee's individual franchise and territory mix, including any renewals. The notes are classified as current or long term on the accompanying consolidated balance sheets depending on the maturity dates of the notes receivable.

Notes receivable are reported at original issue amount less principal repaid, reduced by an allowance for credit losses. An allowance for expected credit losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for credit losses in the period that determination is made. The allowance for credit losses for notes receivable incorporates an estimate of lifetime expected credit losses and is recorded on each note upon asset origination. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. As of December 31, 2023 and 2022, there were no modifications to notes receivable.

In evaluating the notes receivable, management determines that the notes are pooled based on historical collections and write-offs for purposes of determining its allowance for credit losses related to notes receivable. These notes have an amortized cost of approximately \$329,850 and \$192,050 at December 31, 2023 and 2022, respectively. Historical loss information for notes receivable at the Company shows a 0% loss rate over the contractual term. The Company wrote off one note during the year, which management believes is an isolated circumstance, and as such the write-off is not factored into its allowance for credit losses of notes receivable at December 31, 2023. This write-off was recorded directly against deferred franchise fees.

As of December 31, 2023 and 2022, the Company has not recorded any allowance for credit losses related to the notes receivable balances. Additionally, as of December 31, 2023 and 2022, the Company did not have any notes receivable with past due or non-accrual status. The total amount of write-offs of notes receivable was \$50,000 and \$0, respectively, for the years ended December 31, 2023 and 2022.

##### **Goodwill**

Goodwill represents the cost in excess of the fair value of net assets acquired in business combinations. The Company tests goodwill for impairment on an annual basis and when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment assessment first requires evaluating qualitative factors to determine if the carrying value would more likely than not exceed its fair value.



## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Goodwill – continued**

If the Company concludes, based on the qualitative assessment, that the carrying value would more likely than not exceed its fair value; the Company would perform a two-step quantitative impairment test. When a quantitative assessment is performed, the first step is to identify a potential impairment, and the second step measures the amount of the impairment loss, if any. Goodwill is deemed to be impaired if the carrying amount of goodwill exceeds its estimated fair value. No impairment of goodwill was required at December 31, 2023 or 2022.

##### **Long-lived Assets**

The Company evaluates its long-lived assets including definite lived intangible assets including franchise rights, trade names, and acquired technology for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows that the assets are expected to generate. If intangible assets are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the asset exceeds its fair market value and is recorded in the period the determination was made. Based upon management's assessment, there was no impairment of intangible assets at December 31, 2023 or 2022.

##### **Intangible Assets**

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets.

	<u>Useful Life – Years</u>
Technology	8
Trade name	15
Franchise rights	15

##### **Debt Issuance Costs**

Debt issuance costs were incurred by the Company in connection with obtaining long-term debt to finance its ongoing operations. The costs are amortized over the term of the related debt and reported as a component of interest expense.

##### **Termination Agreements**

From time to time, the Company enters into termination agreements with former area representatives. It is the Company's policy to expense these agreements as incurred. These agreements do not stipulate an interest rate, however a discount rate has been imputed on the termination agreements in place at the effective date of each agreement.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Termination Agreements – continued**

At December 31, 2023 and 2022, \$983,461 and \$1,100,506 was outstanding under a long-term agreement with a former area representative and is included in current and long-term liabilities on the consolidated balance sheets. Payments are due monthly through December 2030 and calculated as the lower of \$13,958 or an agreed-upon percentage of royalties from the former area representative's territory. Minimum future payments due on the termination liability are \$167,500 per year for the next 5 years and \$145,961 thereafter.

There were no termination agreements entered into during the years ended December 31, 2023 or 2022.

##### **Revenue Recognition**

The Company's revenue from operations mainly consists of franchise fees, royalties, technology fees, and advertising fees. The Company sells individual franchisees the right to operate an Always Best Care Senior Services within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years, with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

When a franchisee no longer wishes to operate their franchise, they have the choice to terminate it or to transfer the franchise to a new or existing franchisee, for a fee. The termination of a franchise results in all outstanding revenue being fully recognized at the time of the termination. When a transfer occurs, the transferred revenue is amortized over the same term as the original franchise contract. The franchise transfer fees typically have a 10 year contract term and the fee is amortized over 120 months from the signing date of the transfer.

The Company has obligations to provide franchisees with the franchise rights to operate an Always Best Care Senior Services, training, and site selection, as well as provide advertising for which fees are charged. The Company has concluded that these items represent a single performance obligation. Therefore, initial franchise fees, transfer fees, and renewal fees for each agreement are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the business is opened. Income for royalties and advertising fees is recognized over the term of the respective franchise agreement as the underlying sales occur. Revenue on the consolidated statements of income has been disaggregated accordingly.

##### *Payment Terms*

Initial franchise and transfer fees are typically paid at or near the beginning of the franchise term. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee net sales. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheets. Deferred franchise fees at December 31, 2023 and 2022, were \$2,506,063 and \$2,285,065, respectively. The balance of deferred franchise fees at January 1, 2022, was \$2,131,890.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Revenue Recognition – continued**

###### *Payment Terms – continued*

Contract assets represent the Company's right to consideration based on satisfied performance obligations from contracts with customers and consist of accounts receivable as of December 31, 2023 and 2022. Accounts receivable at December 31, 2023 and 2022, were \$1,854,263 and \$1,634,874, respectively. The opening balance of accounts receivable at January 1, 2022, was \$1,199,843.

###### *Allocating the Transaction Price*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to operate a senior services business. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The license of the franchise right is the predominant item to which the royalty relates; therefore, the variable consideration is recognized based on the actual amounts incurred each month.

###### *Costs to Obtain a Contract*

The Company pays commissions to internal staff and third parties that assist in selling franchise agreements. As these represent the cost to obtain a franchise contract, they are deferred prepaid contract costs. The amounts deferred will be amortized generally over a 10-year period as the corresponding franchise agreement is recognized as revenue. At December 31, 2023, December 31, 2022, and January 1, 2022, the unamortized commissions were \$1,086,091, \$1,070,731, and \$1,019,060, respectively. These balances are represented by prepaid contract costs on the accompanying consolidated balance sheets. Commissions recognized were \$174,355 and \$221,250 for the years ended December 31, 2023 and 2022, respectively. The commissions are not payable to the third parties until a franchise agreement is signed.

##### **Advertising Fund**

In accordance with the franchise agreement, franchisees pay a percentage of monthly sales to the Company's advertising fund to be used for advertising, marketing, and other promotional purposes. The Company's advertising fund fees are accounted for on a gross basis in the accompanying consolidated statements of income as net revenue.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Advertising Fund – continued**

Advertising expense is charged to expense during the year in which it is incurred. Advertising expense for the years ended December 31, 2023 and 2022, was \$3,676,293 and \$3,074,962, respectively, and is included within cost of sales in the accompanying consolidated statements of income.

##### **Income Taxes**

The Company and its subsidiaries are organized as limited liability companies and are taxed as a partnership for federal income tax purposes. As a result, income or losses are taxable or deductible to the members rather than at the Company level; accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

State income tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax expense recorded would equal the largest amount of expense related to the outcome that is 50% or greater likely to occur. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements as of or for the years ended December 31, 2023 or 2022.

The Company did not incur any penalties or interest related to its state tax returns during the years ended December 31, 2023 or 2022.

Under the centralized partnership audit rules effective for tax years beginning after 2017, the Internal Revenue Service (“IRS”) assesses and collects underpayments of tax from the Company instead of from each member. The Company may be able to pass the adjustments through to its members by making a push-out election or, if eligible, by electing out of the centralized partnership audit rules.

The collection of tax from the Company is only an administrative convenience for the IRS to collect any underpayment of income taxes including interest and penalties. Income taxes on Company income, regardless of who pays the tax or when the tax is paid, is attributed to the members. Any payment made by the Company as a result of an IRS examination will be treated as a distribution from the Company to the members in the consolidated financial statements.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **B. Summary of Significant Accounting Policies – continued**

##### **Foreign Currency Adjustments**

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in other income, net in the accompanying consolidated statements of income.

##### **Leases**

The Company has a lease for its office space. A lease provides the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and finance lease right-of-use assets (collectively “ROU assets”) represent the Company’s right to use an underlying asset for the lease term. Operating lease liabilities (collectively, “lease liabilities”) represent the Company’s obligation to make lease payments arising from the lease. The Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases having initial terms of 12 months or less from ROU assets and lease liabilities and recognizes rent expense on a straight-line basis over the lease term.

Operating leases are included in right-of-use asset – operating lease, net and operating lease liabilities on the accompanying consolidated balance sheets.

The Company has an operating lease for its office space. Most operating leases contain renewal options that provide for rent increases based on prevailing market conditions. The Company does not have renewal options for their operating lease. The office space lease expires in March 2025.

The discount rate used to determine the commencement date present value of lease payments is the interest rate implicit in the lease, or when that is not readily determinable, the Company utilizes the applicable risk-free rate in effect at the end time of the lease inception. ROU assets include any lease payments required to be made prior to commencement and exclude lease incentives. Both ROU assets and lease liabilities exclude variable payments not based on an index or rate, which are treated as period costs. The Company’s lease agreements do not contain significant residual value guarantees, restrictions or covenants.

The Company’s office lease agreement contains lease and non-lease components, which we account for as a single lease component. For this lease, there may be variability in future lease payments as the amount of non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of common area maintenance, utilities, taxes, and other related fees that are passed on from the lessor in proportion to the leased space, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Recently Adopted Accounting Guidance**

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU” or “standard”) 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Subsequently, the FASB issued several clarifying standard updates to clarify and improve the ASU. These ASUs significantly change how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model that will be based on an estimate of current expected credit loss (“CECL”). Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in Topic 326 were trade accounts receivable and notes receivable.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

**C. Intangible Assets**

Intangible assets consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Franchise rights	\$ 8,924,464	\$ 8,924,464
Trade names	1,161,228	1,161,228
Technology	<u>865,502</u>	<u>865,502</u>
	10,951,194	10,951,194
Less accumulated amortization	<u>(6,016,873)</u>	<u>(5,236,305)</u>
	<u>\$ 4,934,321</u>	<u>\$ 5,714,889</u>

Amortization expense related to intangibles for the years ended December 31, 2023 and 2022, was \$780,568.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**C. Intangible Assets – continued**

Based on the current carrying amount of intangible assets subject to amortization, the estimated amortization expense for each of the succeeding five years and thereafter is as follows:

2024	\$ 703,934
2025	672,379
2026	672,379
2027	672,379
2028	672,379
Thereafter	<u>1,540,871</u>
	<u>\$ 4,934,321</u>

**D. Lines of Credit**

*Line of Credit – Closed*

The Company had a line of credit arrangement with a financial institution under which the Company could borrow up to \$1.5 million (subject to a borrowing base calculation) on such terms as the Company and the bank mutually agreed upon. The line of credit was secured by all assets of the Company. The line of credit arrangement was amended in May 2022 and had a maturity date of December 31, 2023. Prior to May 2022, outstanding balances on the line of credit bore interest at daily-one month LIBOR plus an applicable margin ranging from 1.5% to 3.0%, per annum or Prime Rate plus an applicable margin of 1.5%, per annum. Advances made on the line after May 2022 bore interest at one month SOFR plus an applicable margin of 3% per annum or Prime Rate plus an applicable margin of 1.5%, per annum. The line of credit was terminated by the Company in June 2023 in conjunction with the refinance discussed below. At December 31, 2022, the outstanding balance on the line of credit was \$150,000.

*Line of Credit – Existing*

The Company refinanced the outstanding credit facilities during 2023 with a new lender. The Company opened a line of credit arrangement with the new lender. The arrangement allows the Company to borrow up to \$1.5 million (subject to a borrowing base calculation) on such terms as the Company and the bank may mutually agree upon. The line-of-credit is secured by all assets of the Company. This arrangement has a maturity date of June 30, 2026. At December 31, 2023, the unused portion of the line of credit was \$1.5 million.

Outstanding balances on the line of credit bear interest at the greater of SOFR or 1%, plus an applicable margin ranging from 3.45% to 3.85%, per annum. At December 31, 2023, the interest rate for the line of credit was 9.03%.

The line of credit agreement contains certain financial covenants. At December 31, 2023, the Company was in compliance with all covenants.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **E. Long-Term Debt**

##### *Term Note A – Closed*

The Company held a note payable due to a bank in monthly installments of \$119,048. The note was amended in May 2022 and had a maturity date of December 31, 2023. Prior to May 2022, the note bore a variable base interest rate equal to the greater of the Prime rate or the one-month LIBOR plus 2 percent and an additional applicable margin at 2.5% to 4%. After May 2022, the note bore interest at one month SOFR plus an applicable margin of 4% per annum or Prime Rate plus an applicable margin of 2.5% per annum. The note was terminated by the Company in June 2023 in conjunction with the refinance. The note was secured by the property and interests of the Company and as of December 31, 2022, the balance of the note was \$7,142,848.

##### *Term Note B – Closed*

The Company held a note payable due to a bank in monthly installments of \$3,875. The note was amended in May 2022 and had a maturity date of December 31, 2023. Prior to May 2022, the note bore a variable base interest rate equal to the greater of the prime rate or one-month LIBOR plus 2 percent, and an additional applicable margin at 3.5% to 5%. After May 2022, the note bore interest at one month SOFR plus an applicable margin of 5% per annum or Prime Rate plus an applicable margin of 3.5% per annum. The note was terminated by the Company in June 2023 in conjunction with the refinance discussed below. The note was secured by the property and interests of the Company and as of December 31, 2022, the balance of the note was \$4,556,000.

##### *Term Loan – Existing*

The Company holds a term note in the amount of \$14,500,000, due to a bank in quarterly installments of \$362,500. The note has a maturity date of June 30, 2028, and bears interest at the greater of SOFR or 1%, plus an applicable margin ranging from 3.45% to 3.85%, per annum. At December 31, 2023, the interest rate for the note was 9.03%. The note is secured by the property and interests of the Company and the outstanding balance at December 31, 2023, is presented net of debt issuance costs, capitalized as part of obtaining the note, on the accompanying consolidated balance sheets.

##### *Delayed Draw Term Loan*

The Company holds a delayed draw note where principal is due to a bank in quarterly installments based on a percentage of outstanding borrowings and accrued interest is due monthly. The note has a maturity date of June 30, 2028, and bears interest at the greater of SOFR or 1%, plus an applicable margin ranging from 3.45% to 3.85%, per annum. At December 31, 2023, the interest rate for the note was 9.03%. The note is secured by the property and interests of the Company and the outstanding balance at December 31, 2023, was \$0 and the available borrowing facility was \$2,500,000. The available commitment for this note expires December 31, 2024, at which time, no additional borrowings can be made.



**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**E. Long-Term Debt – continued**

*Debt Issuance Costs*

At December 31, 2023 and 2022, capitalized debt issuance costs presented net of long-term debt were \$160,650 and \$50,072, respectively. Amortization of capitalized debt issuance costs is included as a component of interest expense on the accompanying consolidated statements of income. The amortization of capitalized debt issuance costs for each of the succeeding five years is as follows:

	<b>Debt Issuance Costs</b>
2024	\$ 35,700
2025	35,700
2026	35,700
2027	35,700
2028	17,850
Total	\$ 160,650

A summary of long-term debt as of December 31 is as follows:

	<b>2023</b>	<b>2022</b>
Term Note A	\$ -	\$ 7,142,848
Term Note B	-	4,556,000
Term Loan	14,137,500	-
	14,137,500	11,698,848
Less debt issuance costs	(160,650)	(50,072)
Less current portion	(1,450,000)	(11,648,776)
Total long-term debt	\$12,526,850	\$ -

**F. Membership Units**

A summary of the three classes of membership units authorized by the Company at December 31, 2023, is as follows:

*Preferred Units*

Preferred units represent a fractional portion of unitholders' interests in the profits, losses, and distributions of the Company. Preferred unitholders have preference to distributions, ratably, to any unpaid preferred yield first, and second to any unreturned capital. As of December 31, 2023 and 2022, there were no preferred units issued and outstanding.

## ABCSS HOLDINGS, LLC AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

#### **F. Membership Units – continued**

##### *Common Units*

Common units entitle each unitholder to have full voting rights and powers to vote on all matters submitted to Members. Common unitholders have preference to distributions, ratably, after any distributions to Preferred unitholders, to any unreturned capital. As of December 31, 2023 and 2022, 1,000,000 common units were issued and outstanding.

##### *Incentive Units*

The Company is authorized to reserve and issue incentive units to certain employees and managers of the Company from time to time at the sole discretion of the board of directors. The maximum number of incentive units the Company is authorized to issue shall not exceed 52,631, provided that the board of directors may increase this number at its sole discretion at any time. The Company had 36,864 incentive units issued and outstanding at December 31, 2023 and 2022. These units are subject to various vesting provisions, as defined in the agreements. At December 31, 2023 and 2022, 16,847 units and 16,318 units, respectively, were vested. The holders of vested incentive units are entitled to profits, losses, and distributions of the Company as described in the Company's operating agreement. Vested Incentive unitholders have rights to distributions only after Preferred and Common unitholders have received their ratably entitled distribution. There was no expense related to Incentive units for the years ended December 31, 2023 and 2022.

#### **G. Employee Benefit Plan**

The Company sponsors a 401(k) plan under ABCSP, LLC for all employees. Employees may contribute up to the annual permissible dollar limit in effect for the plan year, subject to certain federal income tax limitations. Employee contributions are 100 percent vested. The plan provides for the Company to make a safe harbor matching contribution of 100 percent of the first 3 percent deferred by eligible and participating employees. Matching contributions to the plan totaled \$57,051 and \$50,822 for the years ended December 31, 2023 and 2022, respectively.

#### **H. Commitments and Contingencies**

##### *Litigation*

The Company may be subject to various claims and legal proceedings that arise in the ordinary course of its business from time to time. The Company will make provisions for a potential liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. No provision relating to claims or litigation was recorded at December 31, 2023 or 2022.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**I. Leases**

The components of lease expense recorded in operating expenses on the accompanying consolidated statements of income during the years ended December 31, 2023 and 2022, are approximately as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 70,900	\$ 87,000
Variable lease cost	30,800	27,000
Short-term lease cost	<u>5,000</u>	<u>2,000</u>
	<u>\$ 106,700</u>	<u>\$ 116,000</u>

Maturities of the lease liability as of December 31, 2023, are as follows:

	<u>Operating Lease</u>
2024	\$ 73,509
2025	<u>19,038</u>
Total lease payments	92,547
Less present value discount	<u>(532)</u>
Lease liability	<u>\$ 92,015</u>

Weighted average lease term and discount rate as of December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (years)		
Operating lease	1.25	2.25
Weighted average discount rate		
Operating lease	0.99%	0.99%

**J. Related Party Transactions**

*Management Fees*

For the years ended December 31, 2023 and 2022, the Company incurred expenses related to management fees from certain board members and owners of the Company of \$489,101 and \$508,970, respectively. A total of \$202,598 and \$75,932 of these fees were outstanding at December 31, 2023 and 2022, respectively, and are included in other accrued liabilities on the consolidated balance sheets.

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(continued)***

**J. Related Party Transactions – continued**

*Note Receivable*

The Company held a note receivable from a member of the Company. The original note was issued for \$80,000 in May 2022 and bore interest at 4%. The outstanding balance at December 31, 2023 and 2022, was \$0 and \$65,482, respectively.

*Payable*

The Company owed amounts to a member of the Company which represent advances made under the note receivable discussed above. The payable balance at December 31, 2023 and 2022, was \$83,176 and \$80,000, respectively, and is included as related party note payable, other, on the accompanying consolidated balance sheets.

**K. Subsequent Events**

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through March 29, 2024, the date the consolidated financial statements were available for issuance.

**OTHER FINANCIAL INFORMATION**

**ABCSS HOLDINGS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED SCHEDULES OF ADJUSTED EBITDA**  
*(Unaudited)*

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<u>                    </u>	<u>                    </u>
EBITDA		
Net income	\$ 5,979,961	\$ 5,765,540
Interest expense	1,393,563	820,449
Amortization	833,048	826,380
State and local taxes	22,323	19,800
	<u>                    </u>	<u>                    </u>
EBITDA	8,228,895	7,432,169
Management's adjustments to EBITDA		
Management fees	489,101	508,970
Non recurring expenses	135,664	90,739
	<u>                    </u>	<u>                    </u>
Adjusted EBITDA	<u>\$ 8,853,660</u>	<u>\$ 8,031,878</u>

See independent auditors' report.


## GUARANTEE OF PERFORMANCE

For value received, ABCSS Holdings, LLC, a Delaware limited liability company (the “Guarantor”), located at 20 William Street, Suite 250, Wellesley, Massachusetts 02481, absolutely and unconditionally guarantees to assume the duties and obligations of ABCSP, LLC, located at 1406 Blue Oaks Blvd., Roseville, California 95747 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Unit Franchise Disclosure Document, as it may be amended, and as the Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Danville, CA, on April 9, 2025.

**Guarantor:**

**ABCSS HOLDINGS, LLC**

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

Name: Jackson Brown

Title: President & CEO

**EXHIBIT G TO DISCLOSURE DOCUMENT**  
**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**



**ABCSP, LLC**

**FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT**

As you know, ABCSP, LLC (the “**Franchisor**”) and you are preparing to enter into a franchise agreement (the “**Franchise Agreement**”) for the establishment and operation of an Always Best Care Senior Services Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting for the Franchisor (“**Broker**”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

If you are intending to purchase an existing Always Best Care Senior Services Business from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement along with a purchase or transfer of an existing Always Best Care Senior Services Business from an existing Franchisee?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. I had my first face-to-face meeting with a Franchisor representative on \_\_\_\_\_, 20\_\_\_\_.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if needed.)

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5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if needed.)

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8. Have you discussed the benefits and risks of establishing and operating an Always Best Care Senior Services Business with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Do you understand that the success or failure of your Always Best Care Senior Services Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Do you acknowledge that the Franchisor is responsible for fulfilling obligations to you under the Franchise Agreement, and that while some ongoing support may be provided to you by a local Area Representative, that the principal initial and ongoing support, including training, marketing, research and development will be provided by personnel at Franchisor's headquarters in Roseville, California, where records of your franchise relationship will be maintained?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Do you understand that, per the Disclosure Document and your Franchise Agreement, it is your responsibility to review and understand the licensing requirements in your state?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Have you independently investigated your state's licensing requirements and the likely time and cost needed to comply with them?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise concerning the total amount of revenue the Always Best Care Senior Services Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating the Always Best Care Senior Services Business that is contrary to or different from the information contained in the Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Has any employee of a Broker or other person speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an Always Best Care Senior Services Business?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. Has any employee of a Broker or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes \_\_\_\_\_ No \_\_\_\_\_

18. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

19. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

20. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? \_\_\_\_\_

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21. Do you understand that the Franchisor may modify the franchise program throughout the term of your agreements?

Yes \_\_\_\_\_ No \_\_\_\_\_

If you have answered No to question 9 or 12, or Yes to any one of questions 11 or 13-19, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if needed, and refer to them below.) If you have answered Yes to question 9 or 12, and No to each of questions 11-18, please leave the following lines blank.

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I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, 20\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist along with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

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C. You also acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You also covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

**NOTE TO WASHINGTON RESIDENTS OR FRANCHISEES WITH A FRANCHISED BUSINESS TO BE LOCATED IN WASHINGTON: This Acknowledgment does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

- \*Do not sign this Acknowledgment Addendum if you are a Hawaii resident, or if the franchised business is to be located in Hawaii.
- \*Do not sign this Acknowledgment Addendum if you are a Maryland resident, or if the franchised business is to be located in Maryland.
- \*This Acknowledgment does not apply in the State of California.**

Acknowledged this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Sign here if you are taking the franchise as an

Sign here if you are taking the franchise as a

**INDIVIDUAL**

**CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name of Legal Entity

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

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

\_\_\_\_\_  
Signature

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

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

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

**EXHIBIT H TO DISCLOSURE DOCUMENT**  
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**EXHIBIT I TO DISCLOSURE DOCUMENT**  
**FORM OF GENERAL RELEASE**

## ABCSP, LLC

### GENERAL RELEASE AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between ABCSP, LLC, a California limited liability company having its principal place of business located at 1406 Blue Oaks Blvd, Roseville, California 95747 (the “Franchisor”), and \_\_\_\_\_, an individual residing at \_\_\_\_\_ OR \_\_\_\_\_ (referred to as “Releasor”), wherein the parties, in exchange for good and valuable consideration, the sufficiency and receipt of which is acknowledged, and in reliance upon the representations, warranties, and comments here are set forth, do agree as follows:

#### 1. Release by Releasor:

Releasor does for itself, its successors and assigns, release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time before and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations like, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and promises never from this day forward, directly or indirectly, to institute, prosecute, begin, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state, or any other jurisdiction for any matter or claim arising before execution of this Agreement. If Releasor breaches any of the promises covenants, or undertakings made here by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees. RELEASOR WAIVES ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HERE BECAUSE THIS RELEASE MAY EXTEND TO CLAIMS WHICH TRANSFEROR DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

#### **[Note for California Release:**

CALIFORNIA CIVIL CODE SECTION 1542. RELEASOR EXPRESSLY ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS ATTORNEYS CONCERNING, AND IS FAMILIAR WITH, CALIFORNIA CIVIL CODE SECTION 1542, WHICH READS AS FOLLOWS:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”]

#### **[Note for Washington Release:**

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW.100, and the rules adopted thereunder.]

Releasor recognizes that it may have sustained claims, debts, costs, expenses, damages, injuries, liabilities, demands, losses or causes of action (collectively, "Claims") along with the matters here released that are presently unknown or unexpected, and that these Claims may give rise to additional Claims in the future.

RELEASOR ACKNOWLEDGES THAT THIS AGREEMENT HAS BEEN MADE WITH KNOWLEDGE THAT THESE ADDITIONAL CLAIMS MAY EXIST AND WAIVES ANY AND ALL RIGHTS IT MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 1542, OR UNDER ANY OTHER STATE OR FEDERAL STATUTE OR CASE AUTHORITY OF SIMILAR EFFECT.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. If any claim, demand or suit shall be made or institute against any released party because of any purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold the released party free and harmless from and against any claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is also agreed that this indemnification and hold harmless agreement shall not require payment to a claimant before recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. [State of the Franchisee's location] law, except for its conflicts of laws rules, will govern the validity and interpretation of this Agreement and the performance due hereunder as well as any disputes relating to this Agreement that may arise between the parties hereto. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. Any proceeding arising out of or relating to this Agreement must be commenced in the United States District Court for the Eastern District of California or if no basis for Federal jurisdiction exists, in California state courts located in Placer County, California, unless the parties to the dispute agree otherwise, and each party shall bear its own litigation costs.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this agreement effective as of the date first above.

Witness:

\_\_\_\_\_

Witness:

\_\_\_\_\_

RELEASOR:

\_\_\_\_\_  
(Name)

ABCSP, LLC:

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

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

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

**THE FRANCHISOR REPRESENTS THAT THIS  
PROSPECTUS DOES NOT KNOWINGLY OMIT  
ANY MATERIAL FACT OR CONTAIN ANY  
UNTRUE STATEMENT OF MATERIAL FACT.**

**EXHIBIT J TO DISCLOSURE DOCUMENT**

**LIST OF AREA REPRESENTATIVES**

**EXHIBIT J**

**AREA REPRESENTATIVES  
AS OF 12/31/2023**

**Will Ortale – Area Representative N. Alabama/Tennessee/Kentucky/S. Indiana**

Mr. Ortale has been Chief Manager for Always Best Care TN and KY, LLC in Nashville, Tennessee (and our Area Representative in Alabama/Tennessee/Kentucky/Indiana) since January 2011.

**Ruben Trevino – Area Representative Louisiana**

Mr. Trevino has been President of RG GRAM, INC. in Hillsborough, New Jersey (our Area Representative for Louisiana) since December 2015.

None of the individuals listed above have any litigation required to be disclosed in Item 3 or any bankruptcy information required to be disclosed in Item 4.

**FORMER AREA REPRESENTATIVES  
WHO LEFT THE SYSTEM DURING THE LAST FISCAL YEAR**

None.



### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Indiana	April 11, 2025
Maryland	See Separate FDD
Michigan	April 11, 2025
Minnesota	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April 11, 2025

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 K TO DISCLOSURE DOCUMENT**

**RECEIPTS**

**RECEIPT**

**(KEEP THIS COPY FOR YOUR RECORDS)**

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

If ABCSP, 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, ABCSP, LLC or its affiliate along with the proposed franchise sale. Iowa and New York require that ABCSP, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that ABCSP, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ABCSP, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A.

The name(s) of the franchise seller(s) for this offering is/are Sean Hart, Vice President of Franchise Development, ABCSP, LLC, and \_\_\_\_\_. The principal business address and telephone number of the franchise seller(s) is 1406 Blue Oaks Blvd, Roseville, California 95747 and 1-888-430-CARE.

Issuance date: April 11, 2025

ABCSP, LLC authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document with an issuance date of April 11, 2025, that included the following Exhibits:

- |  |  |
|--|--|
| A – State Administrators/Agents for Service of Process | F – Financial Statements                 |
| B – State Specific Addendum                            | G – Franchisee Disclosure Acknowledgment |
| C – Franchise Agreement with Exhibits                  | H – Operations Manual Table of Contents  |
| D – List of Franchisees                                | I – Form of General Release              |
| E – List of Franchisees Who Have Left the System       | J – List of Area Representatives         |
|  | K – Receipts                             |
|  | State Effective Dates                    |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

You may return the signed receipt either by signing, dating and mailing it to ABCSP, LLC at 1406 Blue Oaks Blvd, Roseville, California 95747, or by faxing a copy of the signed and dated receipt to ABCSP, LLC at (916) 520-1254.

**RECEIPT**

**(RETURN THIS COPY TO US)**

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

If ABCSP, 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, ABCSP, LLC or its affiliate along with the proposed franchise sale. Iowa and New York require that ABCSP, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that ABCSP, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

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