

FRANCHISE DISCLOSURE DOCUMENT



Sanford Rose Associates International, LLC
A Texas limited liability company
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Plano, Texas 75024
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As a SANFORD ROSE ASSOCIATES® franchisee you will operate an executive search and recruiting business.

The total investment necessary to begin operation of a SANFORD ROSE ASSOCIATES® established firm conversion franchise is \$11,400 to \$14,800. This includes \$7,500 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 Jeffrey Kaye, Sanford Rose Associates International, LLC, 5908 Headquarters Drive, K200, Plano, Texas 75024; Telephone: 972.931.5242, hq@sanfordrose.com

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 to an advisor like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer 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 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 1~~ March 14, 2024⁴⁵

How to Use This Franchise Disclosure Document

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

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

	disclosure document to better understand this franchise opportunity. See the table of contents.
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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 Four.

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 Texas. 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 Texas than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, according to the Michigan Department of Attorney General, Consumer Protection Division (the “Division”), the provisions are void and cannot be enforced against you:

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

then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

(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 of Michigan does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 373-7117

TABLE OF CONTENTS

1. The Franchisor, Any Parents, Predecessors and Affiliates	8
2. Business Experience	10
3. Litigation	12
4. Bankruptcy	13
5. Initial Fees	13
6. Other Fees	13
7. Estimated Initial Investment	16
8. Restrictions on Sources of Products and Services	17
9. Franchisee's Obligations	18
10. Financing	20
11. Franchisor's Assistance, Advertising, Computer Systems, and Training	21
12. Territory	23
13. Trademarks	24
14. Patents, Copyrights and Proprietary Information	25
15. Obligation to Participate in the Actual Operation of the Franchise Business	26
16. Restrictions on What the Franchisee May Sell	26
17. Renewal, Termination, Transfer and Dispute Resolution	27
18. Public Figures	30
19. Financial Performance Representations	30
20. Outlets and Franchisee Information	31
21. Financial Statements	39
22. Contracts	39
23. Receipt	39

Exhibits

- One: List of Current and Former Franchisees
- Two: Financial Statements
- Three: Franchise Agreement including Addenda
- Four: Agents for Service of Process and State Franchise Administrators
- Five: State Specific Addenda and Riders
- Six: Form of General Release of Claims
- Seven: Acknowledgment of Receipt

Item 1

THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “SRAI”, “we”, “our”, or “us” means Sanford Rose Associates International, LLC, a Texas limited liability company, the franchisor. “You” means the person who buys the franchise or “franchisee”, and can include owners/partners/members when the purchaser is a business entity. When you become a franchisee of SRAI, you are not in any way acting as a partner, employee, agent or joint venturer of SRAI.

We are a Texas limited liability company. Our predecessor, Sanford Rose Associates International, Inc., was formed under the laws of Texas as a corporation and this entity was converted by its members into a limited liability company on December 31, 2023. We were formed as SRA International, Inc., an Ohio corporation incorporated on November 24, 1992, to acquire the assets of the former franchisor, Sanford Rose Associates International, Inc. (“Former Franchisor”). On January 2, 2012, Richard J. Carter and Glenda F. Carter sold 100 percent of the stock of SRA International, Inc. to Kaye/Bassman International Corporation, a Texas corporation (“Kaye/Bassman”), our former parent. Kaye/Bassman’s principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024. SRA International, Inc. was merged into Sanford Rose Associates International, Inc., a Texas corporation which was formed on February 27, 2012 to acquire the stock of the franchisor. Our principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024.

NL Starfish Partners, Inc., a Texas corporation, was formed on January 8, 2022. On October 1, 2022 NL Starfish Partners, Inc. acquired Kaye/Bassman to become our indirect parent, and on March 15, 2023 acquired us to become our direct parent. On January 1, 2024 Next Level Exchange, LLC, a Texas limited liability company, acquired us to become our direct parent. Next Level Exchange, LLC’s principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024. Next Level Exchange Holdings, Inc. is the parent company to Next Level Exchange, LLC. Next Level Exchange Holdings, Inc.’s principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024.

SRAI’s sole business purpose since 1992 has been to operate, support and grow a network of franchise offices that provide executive search and recruiting services to client employers, as more fully explained below. SRAI franchises may do business as SANFORD ROSE ASSOCIATES® (“SRA”) – [Territorial Name] as described in Item 12. SRAI does not operate an executive search or recruiting services business, and has not offered franchises for different lines of business, but it reserves the right to do either in the future.

The Former Franchisor and predecessor opened its first office in Akron, Ohio, in 1959 and began franchising its business format in 1970 under the Sanford Rose Associates name. It sold the franchise network to SRA International, Inc. on November 30, 1992, and since that sale, the founder and owner of the predecessor company, Sanford M. Rose, has operated the Akron franchise of Sanford Rose Associates.

SRAI has the following affiliates which may provide services to its franchisees:

(i) Next Level Recruiting Training, LLC which provides professional and consultative services to, and conducts seminars and other training programs for, recruiters and also includes a digital marketing and communications business known as Next Level Marketing Communications which creates websites,

online videos, and other marketing pieces, and develops and implements marketing strategies and campaigns, including SEO and social media, for the recruiting, technology, entertainment and financial services industries. Next Level Recruiting Training, LLC's principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024.

(ii) Next Level Exchange, LLC which provides training and educational materials, including videos, document templates, and scripts, to recruiters through a web-based portal called the Next Level Exchange which is available through paid subscriptions. Next Level Exchange, LLC's principal business address is 5908 Headquarters Drive, K200, Plano, Texas 75024.

Except as disclosed above, neither our parent, predecessor nor any affiliate has offered franchises in this or any other line of business.

We offer conversion franchises under this Franchise Disclosure Document to established executive search and recruiting firms. We franchise the right to individuals and entities to provide executive search and recruiting services under the SANFORD ROSE ASSOCIATES trademarks ("Trademarks" or "Licensed Mark") and system ("System") under the Franchise Agreement.

To qualify as a franchisee an individual or entity must have sufficient prior experience in executive search and recruiting services similar or identical to the SANFORD ROSE ASSOCIATES franchise business so as not to require training from SRAI to conduct the business of the SANFORD ROSE ASSOCIATES franchise.

Prior to 2023 we also offered franchises to individuals who were not established firms a SANFORD ROSE ASSOCIATES franchise under our start-up franchise agreement. As of 2023 we offer start-up franchises who do not qualify as a conversion franchise a franchise under a separate franchise disclosure document.

As a SANFORD ROSE ASSOCIATES ("SRA") franchisee, you will own and operate what is commonly called an "executive search" or "executive recruiting" business, which assists client companies in filling critical position openings – usually on a direct-hire basis, but sometimes on a temporary or contract basis. The client company, not the job candidate, pays the fee you establish.

SRA franchise offices are strongly encouraged to specialize in a particular industrial or institutional sector (such as telecommunications, financial services, pharmaceuticals, etc.) or, in some cases, a functional discipline (such as information technology or marketing), and are granted the contractual right to develop business and recruit candidates anywhere in the world – without territorial limitation.

The two key elements to operating an executive search business are obtaining search assignments (principally through direct marketing activities) and successfully completing the search assignment (by identifying and recruiting qualified candidates).

Because of the broad geographic scope of almost all SANFORD ROSE ASSOCIATES businesses, coupled with the realities of modern-day corporate life, most client and candidate communications will occur by telephone and e-mail – supplemented by face-to-face meetings as required, attendance at industry meetings and shows, etc.

We will provide franchisees with helpful marketing materials, including a periodic client newsletter that will help differentiate your services from the competition.

As an SRA Franchisee, you will become part of the SRAI network and be permitted, but not required, to use the SRA name.

The market for search firms in general is established and growing. Your competition will include independent and franchised search firms ranging from very small to very large operations, as well as staffing consultants (either working as employees or contractors within client companies). Some, like SRA franchisees, specialize in industries or occupations, while many others attempt to be recruiting generalists. We believe that the ability of SRA franchisees to attract and keep clients is heavily influenced by service and commitment to client satisfaction.

Most states do not license the kind of direct-hire, employer-paid business that SRA franchisees usually operate. It is your sole responsibility to investigate with the appropriate state agency whether you are required to obtain a license.

The addresses for our agents for service of process are shown on Exhibit Four.

Item 2

BUSINESS EXPERIENCE

Co-Chief Executive Officer and Co-Managing Director: Jeffrey T. Kaye

Jeffrey T. Kaye became our President, Co-CEO and Co-Managing Director in March, 2012. As of October, 2008, Mr. Kaye is also the Co-Managing Director of Next Level Exchange, LLC. Mr. Kaye is also the Co-Managing Director of our former parent company, NL Starfish Partners, Inc., since January 2023. Mr. Kaye was our President from March, 2012 to April, 2017. From January, 2012 to March, 2012, Mr. Kaye was President and Co-CEO of SRA International, Inc. Mr. Kaye also continues to serve as the Co-CEO of Kaye/Bassman in Plano, Texas, a position he has held since January, 2000. Also, since May 30, 2006, Mr. Kaye has served as the CEO of our affiliate, Next Level Recruiting Training, LLC.

Co-Chief Executive Officer, Co-Managing Director, Treasurer and Assistant Secretary: Nicholas L. Turner

Nicholas L. Turner joined us as Co-CEO, Co-Managing Director, Treasurer and Assistant Secretary in March, 2012. As of October, 2008, Mr. Turner is also the Co-Managing Director of our parent Next Level Exchange, LLC. Mr. Turner is also the Co-Managing Director of our former parent company, NL Starfish Partners, Inc., since January 2023. From January, 2012 to March, 2012, Mr. Turner was Co-CEO, Co-Managing Director, Treasurer and Assistant Secretary of SRA International, Inc. Mr. Turner also continues to serve as Co-CEO of Kaye/Bassman in Plano, Texas, a position he has held since January, 2011. Prior to that Mr. Turner served as the CFO and COO of Kaye/Bassman from January, 2002 until January, 2011. Mr. Turner has also been the COO for our affiliate, Next Level Recruiting Training, LLC since May 30, 2006.

Managing Director of Accounting and Finance: Courtney Agnew

Courtney Agnew joined us as Managing Director of Accounting and Finance in March, 2012. From January, 2012 to March, 2012, Ms. Agnew was Managing Director of Accounting and Finance of SRA International, Inc. Ms. Agnew is also the Chief Financial Officer for our parent company, NL Starfish Partners, Inc., in Plano, Texas, a position she has held since January 2023. Ms. Agnew is also the CFO for Kaye/Bassman in Plano, Texas, a position she has held since January, 2011. Prior to becoming CFO, Ms. Agnew was the Director of Accounting for Kaye/Bassman from March, 2007 until January, 2011.

President and Managing Director of Franchise Development: Karen Schmidt

Karen Schmidt joined us as Managing Director of Franchise Development in March, 2012. Ms. Schmidt is also the Co-Managing Director of our parent company, NL Starfish Partners, Inc., since January 2023. Ms. Schmidt was appointed as our President in April, 2017. From January, 2012 to March, 2012, Ms. Schmidt was Managing Director of Franchise Development of SRA International, Inc. Ms. Schmidt also continues to serve as a Partner, Corporate Training & Development for our parent, Kaye/Bassman in Plano, Texas, a role she has held since January, 2007. In that role, she is responsible for all of the training and development programs for recruiters.

Senior Director of Network Development: Erin Bent

Erin Bent joined us as Senior Director of Network Development in January, 2015. Ms. Bent also continues to serve as Director of Sales for Kaye/Bassman in Plano, Texas, a role she has held since February 2011. Ms. Bent is also our Training and Consulting Advisor for our parent company, NL Starfish Partners, Inc., since January 2023.

Senior Director of Administration and Operations: Kelly Siebert

Kelly Siebert joined us in March, 2012. From January, 2012 to March, 2012, Ms. Siebert is Director of Operations and Finance of SRA International, Inc. Ms. Siebert is also the Director of Operations and Finance for Kaye/Bassman in Plano, Texas, a position she has held since November, 2004. Ms. Siebert is also the Senior Director of Business Operations for our parent company, NL Starfish Partners, Inc. since January 2023.

Director of Technology Support: Brian Denton

Brian Denton joined us as Director of Technology Support in January, 2015. In addition, Mr. Denton also continues to serve as Director of Technology Support for Kaye/Bassman in Plano, Texas, a position he has held since January, 2008. Mr. Denton also serves as our Senior Director of Information Technology for our parent company, NL Starfish Partners, Inc. since January 2023.

Chief Marketing Officer, Managing Director of Marketing Communications: Darren McDougal

Darren McDougal joined us as Managing Director of Marketing Communications in March, 2012. From January, 2012 to March, 2012, Mr. McDougal was Managing Director of Marketing Communications of SRA International, Inc. Mr. McDougal also continues to serve as a Partner for Kaye/Bassman in Plano, Texas, a role he has held since August, 2006. Mr. McDougal also serves as our Chief Marketing Officer for our parent company, NL Starfish Partners, Inc. since January 2023.

Marketing Communications & Client Services Manager: Aysha Moosa

Aysha Moosa joined us as Marketing Communications and Client Services Manager in January 2014. Ms. Moosa also serves as Marketing Communications and Client Services Manager for Kaye/Bassman since January 2014. In addition, Ms. Moosa is Marketing Communications and Client Services Manager with our affiliate, Next Level Marketing Communications since January 2014. From August 2008 to January 2014, Ms. Moosa was a Project Manager for Kaye/Bassman.

Director of Procurement: ~~Jenifer Craig~~ Kylie Robinson

~~Kylie Robinson joined us as Director of Procurement in January 2025. From January 2018 to January 2025, Mrs. Robinson was Operations Coordinator for Kaye/Bassman. Jenifer Craig joined us as Director of Procurement in October, 2015. From August, 2014 to October, 2015, Ms. Craig was Accounting Coordinator for Kaye/Bassman.~~

Director of Network Development: Christine Geiger

Christine Geiger joined us as Director of Network Development in May 2016. Ms. Geiger also continues to serve as a Managing Partner for Kaye/Bassman, in Plano, Texas, a role she has held since July 1989.

Director of Network Development: ~~Stacy Napoles~~

~~Stacy Napoles joined us as Director of Network Development in April, 2021. Ms. Napoles is also Senior Director of Training and Development for Kaye/Bassman, in Plano, Texas, a role she has held since April, 2021. From August, 2008 to April, 2021, Ms. Napoles was Senior Director of Training and Development for The Delta Companies in Dallas, Texas.~~

Senior Network Advisor: Gregory Doersching

Gregory Doersching joined us as Senior Network Advisor in April 2019. From March 2000 to March 2020, Mr. Doersching was President for Bullseye Mentor, located in Greendale, Wisconsin.

Partner: Michelle Masterson

Michelle Masterson joined us as Partner in April, 2019. Ms. Masterson also continues to serve as Partner-Business Development & Sales for Kaye/Bassman, in Plano, Texas, a role she has held since September 2012.

Item 3 **LITIGATION**

Concluded Matters:

In the Matter of Sanford Rose Associates International, Inc. (Case No. 19-AVC-F008). On November 12, 2019, SRAI entered into an Assurance of Voluntary Compliance (the “AVC”) with the Attorney General of the State of Illinois. The AVC arose out of SRAI’s inadvertent failure to register its franchise offering with the Illinois Attorney General before entering into three franchise agreements with Illinois residents beginning in January 2016. Under the terms of the AVC, SRAI agreed to refrain from offering franchises in Illinois without being properly registered, offer rescission to any Illinois franchisees who bought a franchise while SRAI was not properly registered, to disclose the AVC in SRAI’s franchise

disclosure document, and to pay \$6,000 to the State of Illinois.

Other than this one matter, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

There are no bankruptcies that are required to be disclosed in this Item.

Item 5

INITIAL FEES

In order to become an SRAI franchisee, you must complete our Franchise Application. If your application is approved based on our current criteria for granting conversion franchises, you will pay a “Start Up” fee of \$7,500.00, due upon signing the Franchise Agreement.

This initial fee is uniform and non-refundable. You pay us no other fees or payments for services or goods before your business opens.

Item 6

OTHER FEES

Type Of Fee	Amount	Due Date	Remarks
Royalty	5.5% - 4.25 % of cash receipts	Payable when payment collected by franchisee (Note 3)	Royalty Fee begins 90 days after the Effective Date of your Franchise Agreement. See Notes 1 and 3.
Minimum Royalty Fee	\$2,500 per quarter	Upon receipt of invoice issued after the end of each calendar quarter	Minimum royalties begin 90 days after the Effective Date of your Franchise Agreement. See Note 1.
Transfer	Then-current transfer fee or \$7,500 plus attorney fees and any referral fees incurred by us for transfer	At time of our approval of transfer	We reserve the right to charge you the then-current transfer fee if we train transferee; if you train the transferee, we will charge you \$7,500.
Audit	Actual amount of cost of audit if underpayment of 5% or more or franchisee deliberately underpaid.	Immediately upon request	
Voluntary Buyout Fee with right to compete	You must pay us an early termination fee equal to your previous calendar year's royalty payment obligation or a fee equal	On Termination only if applicable	Only after year two of the term.

Type Of Fee	Amount	Due Date	Remarks
	to the previous 12 months of royalty obligations, whichever is greater.		
Sales Tax, Use Tax or Other Tax (Note 2)	Actual amount	When assessed	You pay any taxes on all fees paid to SRAI including taxes imposed by governmental agencies on the franchise fee.
Late Payment Fee	Outstanding balances less than \$2,000 will be assessed a \$50 late payment fee; outstanding balances of \$2,000 or more will be assessed a \$100 late payment fee.	Immediately after account falls 10 days in arrears	
Finance Service Charge	1.5% per month or the highest contract interest rate allowed by law.	Monthly	Finance service charges will be assessed on amounts (including late payment fees).
Liquidated Damages	Will vary under the circumstances.	If Franchise Agreement is terminated as a result of your default	A lump sum amount equal to the value of the Royalty Fees that you would have paid for the remainder of the Franchise Agreement term. (Note 4)

Note 1:
ROYALTY TABLE

Cash In During Calendar Year:	Royalty Percentage:
\$0 to \$2,000,000	5.5%
\$2,000,001 to \$3,000,000	3%
Over \$3,000,000	1.25 %

Beginning 90 days after the Effective Date of this Agreement, you must pay to us a Minimum Royalty of \$2,500.00 per quarter of the year by paying any shortfall at the end of each such quarter. Once the Minimum Royalty requirement commences, if within any calendar year, Royalty payments exceed the annual Minimum Royalty obligation, no further Minimum Royalty payment will be calculated on subsequent payment periods within the same calendar year. If Minimum Royalties owed are paid when due and have not been subject to any delinquencies per the terms of this Franchise Agreement, then future Royalty payments will receive a credit for the amount of the Minimum Royalty payment paid within that same calendar year. There is no carryover credit from one calendar year to the next calendar year and the annual Minimum Royalty obligation is reset automatically on January 1st of each calendar year. The total payments you must make to us within a full calendar year will never be less than \$10,000.00. If within any calendar year, your Royalty exceeds the annual Minimum Royalty obligation, no further Minimum Royalty will be calculated on subsequent payment periods within the same calendar year. After the Initial Term, we may raise this Minimum Royalty annually in accordance with increases in the Consumer Price Index

of the United States Department of Labor.

SRAI requires copies of your Income Statement, your business tax return and your personal tax return including Schedules C and E, if applicable, every year, within 120 days after your fiscal year end.

The term “Cash Receipts” means the gross receipts of every kind and nature including non-cash payments for sales of all services and products made in, upon, from or through the operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for services, products, exchange, credit, cash, or check without any reserve and regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement less cash refunds and amounts paid to other SRAI franchised businesses as their share of a fee, but without reduction for any federal, state or local taxes or VAT or other similar taxes. Cash Receipts will be calculated in U.S. Dollars using the applicable currency exchange rate at the time payment is received if necessary. When calculating Royalties on placements split with an entity outside the SRAI Network, SRAI’s parent company or any SRAI affiliate, you will pay your Royalty on the entire fee. If you submit a “Non SRA Split Partner” form providing basic information on the Split Partner company, Independent and/or Search Consultant to us, you will only pay your Royalty on the Cash Receipts you receive. Temporary and contract staffing, salaries, payroll expenses and the cost of any benefits paid may also be deducted from your gross receipts. Cash Receipts will also include all insurance proceeds received by you for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business but your payment to us will not exceed the greater of your total royalty payment obligations for the prior 12 months or prior calendar year or prior 2 year average and if you have not been operating a full 12 months, the months will be annualized.

Note 2: You must pay to SRAI or its designee, promptly and when due, the amount of all sales taxes, use taxes and similar taxes imposed upon, required to be collected, or paid by SRAI on account of services or goods furnished by SRAI to you through sale, lease or otherwise, or on account of collection by SRAI of the Start Up Fee, Continuing or Minimum Royalties or any other payment to SRAI called for by your Franchise Agreement and other binding contractual agreements with SRAI.

Note 3: Regardless of whether you decide to accept any portion of the fee in stock, barter or other non-cash payments, SRAI will treat every placement as an all-cash transaction. For any portion of the fee that is being paid in cash, the appropriate royalty will be due at the time(s) that cash is received. For whatever portion of the fee not being paid in cash, the appropriate royalty will be due as of the date the cash portion of the fee is received based on fair market value. See Section 5 of the Franchise Agreement for complete royalty calculations and due dates.

Note 4: A lump sum amount equal to the net value of the Royalty Fees that you would have paid for the remainder of the Franchise Agreement, calculated based on the Franchised Business’ average monthly Net Cash Receipts for the 12 months preceding the termination date. If you have not operated your Franchised Business for at least 12 months preceding the termination date, Royalty Fees will be calculated based on the average monthly Net Cash Receipts of all SRAI franchised businesses during our last fiscal year but in no event shall this lump sum amount be less than the amount that you would have paid for an early termination.

All fees are non- refundable and payable only to us. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

Item 7

**ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL
INVESTMENT**

Type of Expenditure	Estimated Amount	Method of Payment	When Due	To Whom Payment is Made
Start-up Package	\$7,500 (Note 1)	Lump Sum	Due at signing of Franchise Agreement.	SRAI
Commercial Recruiting and Marketing Tools	\$1,800 - \$3,600	Lump Sum	As incurred	SRAI or Vendor (Note 2)
Office Rent, 600 - 1,000 sq. ft.	\$600 – \$1,700 (1 month) (Note 3)	Lump Sum	Monthly	Landlord
Insurance and Business Licenses	\$1,500 - \$2,000 (Note 4)	Lump Sum	Prior to Opening	Insurers/ Regulatory Agencies
Additional Funds	\$0	-	-	-
Total	\$11,400 - \$14,800			

See notes 1-4 which follow. Funds remitted to SRAI are non-refundable. All monetary amounts in this document are expressed in U.S. dollars. Neither we nor any affiliate finance any fee.

Note 1: For qualified conversion franchisees, you must pay a Start-Up Fee of \$7,500.

Note 2: Typically, our franchisees will purchase additional recruiting and marketing tools which are primarily subscriptions to web-based software or databases (e.g. Zoom Info, LinkedIn, hireEZ, etc.).

Note 3: As an established firm you will have office space or other working environment and you will not be required to move or change space. We do not advise nor provide criteria for your work space.

Note 4: You are only required to have errors and omissions insurance and should already have the required licenses to operate the business.

Note 5: Based on our 30 years' experience, as an established firm franchisee, we do not anticipate you will require any additional funds during the pre-opening period nor during your initial three months of operations.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The estimated proportion of all required purchases and leases, including those pursuant to SRAI's specifications, in relation to all purchases and leases to be made by the franchisee in establishing the business is less than 1%. In the subsequent operation of the franchise, we estimate that the proportion of all required purchases and leases, including those pursuant to SRAI's specifications, in relation to all purchases and leases to be made by the franchisee is less than 1%.

We may receive rebates or other discounts from certain suppliers for purchases made by you and other franchisees. We did not receive any payments of any kind from suppliers in 2023³⁴ for purchases made by franchisees. Neither us nor any affiliate derived revenue, rebates or other material considerations based on required purchases or leases from franchisees as of December 31, 2023³⁴.

In some cases, you are responsible to contract with suppliers directly and to pay on your own individual accounts, if you choose to use those suppliers. We do not provide any material benefits to a franchisee for use of designated or approved sources.

Except for the above, SRAI has no required specifications, designated suppliers, or approved suppliers for goods, services or real estate relating to your franchise business. SRAI is the sole approved supplier for the Franchise Conversion Package, which are purchased by SRAI from various third party vendors, and of e-mail addresses using the "sanfordrose.com" domain name, which are hosted for SRAI by a third party vendor. With the exception of SRAI and its affiliates Kaye/Bassman, Next Level Recruiting Training, LLC and Next Level Exchange, LLC, there are no suppliers in which any of our officers or shareholders own an interest.

SRAI does negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. All group programs with vendors and suppliers for providing services or goods to franchisees in our network at an agreed upon pricing plan or specifications to support their executive search businesses are negotiated and determined by SRAI. These programs are modified periodically and provided to you in writing based upon the demand for the products or services by franchisees, price, performance and the contractual terms available to SRAI. We formulate purchase specifications and standards based on the experience of successful offices, availability on a national basis, overall quality and price.

You are required to obtain and maintain errors and omissions insurance coverage in an amount and under terms and condition you deem necessary; you must also obtain any coverages that are required by federal and/or state law. We do not require minimum amounts of any insurance coverage.

You will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions including, but not limited to wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. We do not exercise control and do not have the authority to control any of the essential terms and conditions of your employees' employment with you listed below:

(1) Wages, benefits, and other compensation; (2) Hours of work and scheduling; (3) The assignment of duties to be performed; (4) The supervision of the performance of duties; (5) Work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) The tenure of employment, including hiring and discharge; and (7) Working conditions related to the safety and health of your employees.

You must disclose to each of your employees in writing, in a form approved by us in advance, that we are not a “joint employer” for the reasons cited above.

There are currently no purchasing or distribution cooperatives.

Item 9

FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 2(c)	Items 7, 11
b. Pre-opening purchases/leases	Section 5(b)	Items 5, 7, 8, 11
c. Site development and other pre-opening requirements	Section 5(b)	Items 7, 8, 11
d. Initial and ongoing training	Not applicable	Item 11
e. Opening	Not applicable	Item 11
f. Fees	Section 5	Items 5, 6, 7

Obligation	Section in Franchise Agreement	Disclosure Document Item
g. Compliance with standards and policies/ Operations Manual	Sections 5, 7 and 10	Items 8, 11
h. Trademarks and proprietary information	Section 6	Items 13, 14
i. Restrictions on products/services offered	Recitals	Item 16
j. Warranty and customer service requirements	Section 10(a)(iii)	Not applicable
k. Territorial development/sales quotas	Sections 2 and 5(d)	Items 6, 12
l. Ongoing product/service purchases	Not applicable	Items 7, 8
m. Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n. Insurance	Section 14	Items 7, 8
o. Advertising	Sections 8, 10 and 13	Items 11
p. Indemnification	Section 16	Not applicable

Obligation	Section in Franchise Agreement	Disclosure Document Item
q. Franchisee's participation/management/staffing	Section 10(a)	Item 15
r. Records and reports	Section 9	Not applicable
s. Inspections and audits	Section 9	Item 6
t. Transfer	Section 11	Items 6, 17
u. Renewal	Section 3	Item 17
v. Post-termination obligations	Section 13	Items 15, 17
w. Non-competition covenants	Not applicable	Items 15, 17
x. Dispute resolution	Section 20	Item 17
y. Owners/shareholders/partners guarantee	Not applicable	Not applicable

Item 10

FINANCING

We do not offer direct or indirect financing. SRAI does not guarantee any notes, leases or other obligations to third parties.

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, SRAI is not required to provide you with any assistance.

PRE-OPENING ASSISTANCE

- (a) We grant to you the right to establish and operate one Franchised Business using the SRAI Network and Licensed Marks, and operating from within the territory (Section 2(a) of the Franchise Agreement).
- (b) We will provide you with one SRAI email address at no cost to you for one year but you are not required to use it (Section 7(c) of the Franchise Agreement).

POST OPENING ASSISTANCE

- (a) Make staff available for the purpose of advising you on the operation of your office during normal business hours. Provide continuing guidance on all relevant search business matters, including advertising and marketing, new techniques or operating methods or business procedures, Leadership Coaching and business planning with the focus on office growth and development primarily via phone, Internet or other remote communication means. (Section 4 of the Franchise Agreement, Addendum 2.)
- (b) Monitor all franchisees for compliance with SRAI standards as established in the rules and regulations. We may vary standards and policies or agreements with respect to franchised businesses within the SRAI Network. (Section 7 of the Franchise Agreement).
- (c) Maintain a website for SRAI, permit your use of a website built from an SRAI template and one e-mail address unique to the franchised business. (Section 7 of the Franchise Agreement).

OFFICE SITE

We must provide written approval of your office location or relocation within 10 days of receiving your proposed location. Your office must be within your defined territory and one-quarter mile from any other SRAI franchisee. As long as your office is one-quarter mile from any other SRAI franchisee we will not withhold approval of any office location you submit.

COMPUTERS

We do not provide specifications for computer hardware or computer operating system but recommend a quality standard which is reasonable for an SRA office or any other professional service businesses such as consultants, attorneys or accountants in your community. You may select your own vendor, brands and service or maintenance plan, if any. We do not request the right to remotely access information and data maintained on the computer system.

ADVERTISING

SRAI will provide advice to you on effective ways to promote and advertise your business (Section 4 of the Franchise Agreement, Addendum 2) and will permit your use of a website built from an SRAI template on the Internet unique to your SANFORD ROSE ASSOCIATES franchise (Section 7 of the Franchise Agreement). You may run your own advertising program using SRAI approved logos and trademarks. Advertising is generally done by established offices at their own discretion using whatever medium the owners select subject to SRAI's approval. All advertising by you in any medium must conform to our standards and specifications (Section 7 of the Franchise Agreement).

There is not a formal advertising council composed of franchisees which advises SRAI.

~~Prior to 2023, we required franchisees to contribute to an Advertising Fund. This requirement has been eliminated. In 2023, we collected \$611,179, which adds to the rolled over balance of \$1,882,810 resulting in a cumulative balance of \$2,493,989. As of fiscal year end 2023, we spent \$171,541 in advertising expenses. It is anticipated that the remaining Advertising Fund contributions of \$2,322,448 will be expended during 2024. In 2023, we spent the Advertising Fund as follows: 15% Search Engine Optimization, 10% Website Development, 75% Other. Prior to 2024, we required franchisees to contribute to an Advertising Fund. This requirement has been eliminated. In 2024, we collected \$503,786, which adds to the rolled over balance of \$2,322,448 resulting in a cumulative balance of \$2,826,234. As of fiscal year end 2024, we spent \$1,004,514 in advertising expenses. It is anticipated that the remaining Advertising Fund contributions of \$1,821,720 will be expended during 2025. In 2024, we spent the Advertising Fund as follows: 15% Search Engine Optimization, 10% Website Development, 75% Other.~~

If we do not use Advertising Fund contributions during the next fiscal year, we will hold those funds for use in the following year.

There is no requirement to participate in an advertising fund, local or regional advertising cooperative, although some franchisees work together to form specialty groups that may advertise collectively and create advertising pieces and marketing materials for use by the group. SRAI does not have the power to form, change or dissolve advertising cooperatives.

OTHER PROGRAMS

As you are already an established executive search and recruiting business, we do not provide Training Programs or Operations Manuals to conversion franchises. However, the information required to convert to SANFORD ROSE ASSOCIATES conversion franchise is provided during the initial onboarding process which is a one hour zoom session provided by a member of senior management. After the initial onboarding process, you will have meetings with each department leader specific to their onboarding protocols for Accounting, Finance and Operating Dashboards, Marketing Communications, Tools & Procurement, Technology Support, Hiring and Training. We continue to be available to you via zoom meetings on a weekly basis for the first month and then continue on an as needed basis based on your specific needs. You may also attend Next Level Recruiting facilitated training, as needed, and our regularly hosted webinars and training sessions. Links to register for those training sessions are sent out at the beginning of each month. Operations manuals and specific training program are offered only to new start-up franchises under our DIMENSIONAL SEARCH® Franchise Disclosure Document.

SRAI may also provide, from time to time, in SRAI's discretion, the following programs:

- Group Purchase/Preferred Vendor Programs; and

Item 12

TERRITORY

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. You may solicit, accept business from outside your territory offering your services anywhere in the world using your choice of distribution channels. You receive a geographic territory for the operation of one Franchise Business. This territory will be determined by locating your then current Office on a map, and drawing a circle around it with a radius that will generally be one-quarter mile from your approved office location. You may only open an additional office within your territory with our prior written approval and may be subject to additional contractual stipulations and requirements. The territory protects you against SRAI franchising, operating an office or using other channels of distribution, within your territory that would use the SANFORD ROSE ASSOCIATES® name and trademarks. It does not protect you from an office in another geographic territory (franchised or company-owned) doing business within such territory. The specific boundaries of the territory are included in the, Franchise Agreement, Addendum 1.

We have not established and have no present intent to establish a company-owned office or other channels of distribution using our service marks. However, we retain the right to establish other franchise or company-owned offices that may compete within your territory due to the fact that personnel consultants conduct business by phone and e-mail without regard to geographical boundaries. We have the right to own, operate and develop competing networks which operate under names and marks other than the SANFORD ROSE ASSOCIATES® name and trade and service marks. You will not be compensated if SRAI or another office conducts business with clients in your territory.

The assignment of territory is done primarily to provide your franchise a unique identity within the SANFORD ROSE ASSOCIATES network of offices (*e.g.*, “SANFORD ROSE ASSOCIATES® – Atlanta”), which may prove helpful in distinguishing your particular business when developing new clients, recruiting candidates for search assignments and hiring employees for your office. Because your franchise is not dependent on a local customer base, contrary to retail franchises such as restaurants and hair salons, the scope and population density of your territory will oftentimes have little if any effect on your business volume. As described in Item 1, your territory name will be based on your municipal location, and the geographic boundaries of your territory likewise will be consistent with the territory’s name. In larger metropolitan areas (*e.g.*, Chicago), we may limit territory to a portion of the city or specific suburb (*e.g.*, “Chicago – River North”), so as not to inhibit the growth of the SANFORD ROSE ASSOCIATES network.

You must receive our approval to move your office even if the move is within the franchised territory; otherwise, the new office will be considered a non-approved office location.

You must have our written approval prior to the move, which SRAI will be reasonable in giving. We will not approve an office move which would by case or example interfere with SRAI’s ability to sell other franchises, would be potentially damaging to another franchisee or its territory, or would place

SRAI or you in violation of any law.

Your territory, as well as any other Franchise Agreement terms, may not be changed without our and your written consent. You do not have the right to acquire additional franchises in your area but upon your request and in SRAI's sole election, you may receive the right to do so.

Item 13

TRADEMARKS

We grant you the right to use the SRAI trademarks. By “Trademark”, we mean trade names, trademarks, service marks, logos and domain names (whether consisting of any of the previously mentioned or not) which are a part of the SRAI System.

We have registered the Trademarks listed below on the United States Patent and Trademark Office Principal Register (USPTO):

Mark	Registration No.	Registration Date	Principal or Supplemental Register
Composite: SRA (Diamonds) 	923,634	11/9/71	Principal
Word: Finding People Who Make a Difference	2,545,018	3/5/2002	Principal
Word: Sanford Rose Associates (Standard Character Claim)	3,721,519	12/8/2009	Principal
 SANFORD ROSE ASSOCIATES EXECUTIVE SEARCH	4,855,661	11/17/2015	Principal
 SANFORD ROSE ASSOCIATES EXECUTIVE SEARCH	4,855,663	11/17/2015	Principal
	4,851,345	11/10/2015	Principal
The following is a description of the principal Trademarks which are registered with the Canadian Intellectual Property Office (CIPO):			
Composite: SRA (Diamonds)  Sanford Rose Associates EXECUTIVE SEARCH	TMA895,966	02/06/2015	Canada
Composite: SRA (Diamonds) 	TMA875,831	04/15/2014	Canada
Word: Finding People Who Make a Difference	TMA877,245	05/06/2014	Canada
Word: Sanford Rose Associates (Standard Character Claim)	TMA885,032	08/29/2014	Canada

In light of our federal registrations with the USPTO we have not registered any of our trademarks with any state agency.

You may customize the marks or brand for use with your company name if done in a professional manner and you do not alter the impression of the SRAI Trademarks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; nor is there any pending infringement, opposition, or cancellation proceeding; nor any pending material litigation involving the above service marks. All required affidavits and registration renewals have been filed with the USPTO and CIPO.

There are no agreements currently in effect, which limit our right to use or to license others to use the above service marks, nor are there any prior or rights or infringing uses actually known to us which could materially affect your use of the Marks.

You are contractually obligated to notify us if you become aware of any use of a trademark which is identical or confusingly similar to a trademark licensed to you by us. We have no contractual obligation to protect your rights to use our trademarks or to defend you against infringement claims from others. We may act totally within our own discretion and have the sole right to control administrative proceedings or litigation to protect our trademarks.

We have exclusive rights to define the use of our trademarks, are free to modify our trademarks, and to require you to use our trademarks in current form without any compensation to you for obsolete materials. We will provide reasonable notice of changes.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

SRAI does not own any rights in, or licenses to, any patents, which are material to the franchise.

Certain materials prepared by SRAI are protected by common law copyright. SRAI's copyrights have not been registered with the Copyright Office of the Library of Congress. SRAI has affixed the copyright symbol and notice of its copyright, in accordance with federal law, to proprietary information it distributes.

There are no presently effective determinations of the Copyright Office of the Library of Congress or of any court of any pending material litigation affecting these copyrights. There are no agreements currently in effect which significantly limit the right of SRAI to use or license the use of this copyrighted material in any manner material to you. SRAI has no obligation to protect your rights to use the above-described copyrights. SRAI has no knowledge of any infringing uses that could materially affect you.

You are contractually required to notify us if you learn of an infringement or challenge to our use of these copyrights. Neither you nor SRAI is obligated to defend the other or to hold the other harmless from outside claims of copyright infringement. SRAI may act totally with its own discretion to control litigation to protect or defend its own copyrights.

In the course of support that it provides to you, SRAI will disclose to you certain

know-how, trade secrets, methods and other information that it considers to be proprietary. You are contractually obligated not to disclose or misappropriate any such confidential or proprietary information disclosed by SRAI, and you are required to have any person who is actively involved in the franchised business, at the time the person enters your employment or contracts with you. You are contractually required to notify us if you learn of an infringement or challenge to our use of this proprietary information. Neither you nor SRAI is obligated to defend the other or to hold the other harmless from outside claims of misuse or misappropriation. SRAI may act totally with its own discretion to control litigation to protect or defend its own proprietary information. ((Sections 10(g) of the Franchise Agreement).

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You may purchase your franchise as an individual, jointly by partnership, corporation, limited liability company or other business entity provided you agree to be bound by the terms of your SRAI Franchise Agreement. As a franchisee your obligations include adhering to all financial obligations including SRAI's start-up fee, royalties, and purchases you make through SRAI or its group program providers. You are not required to participate personally in the direct operation of the franchise business. A General Manager, which may be you, one of your owners if you are an entity or a person appointed by you, must directly supervise the franchised business. The General Manager is not required to be a shareholder in the franchised business.

As permitted by law franchisees agree to obtain a signed confidentiality and non-disclosure agreement from any person involved in the Franchised Business at the time that the person becomes an employee or contracts with the Franchised Business. We do not require your spouse or domestic partner to sign the franchise agreement, nor provide a personal guaranty, non-compete or confidentiality agreement.

Upon termination of your Franchise Agreement for any reason, you must abide by the termination provisions, which contain a confidentiality clause, a requirement to return SRAI materials, de-identify, and an obligation to pay all monies owed to SRAI.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We grant you the licensed right but not the obligation to operate an executive search and recruiting business under the name "SANFORD ROSE ASSOCIATES" with emphasis on professional, managerial and executive level positions, however must not pursue activities detracting from the public's perception of a business so described.

Services you may offer, subject to royalties as described in Item 6, Note 1, include all aspects of recruiting, search, permanent and temporary placement, outplacement and collateral activities involving professionals, managers and executives such as, but not limited to, resume writing, personnel consulting, executive coaching, training, employment testing or any other related service, whether or not construed as an activity of the office by any state or local law governing private employment practices. We do not require you to offer all of the services listed in this paragraph, but you may not operate any business other than the Franchised Business during the term of the Agreement.

In pursuing the above type of business, you are not restricted in the clients to whom you may offer services.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3(a)	5 years
b. Renewal or extension of the term	Section 3(a)	After Initial Term, year to year.
c. Requirement for franchisee to renew or extend	Section 3(a)	Unless terminated earlier, if we exercise our right not to renew we must provide you with 36 months' notice or to renew you must to sign our then-current standard form of conversion franchise agreement which may contain materially different terms and conditions from the original contract.
d. Termination by franchisee	Sections 3(a) and 12(b)	After 2 years; must give 6 months prior written notice; sign release; be in good standing; all debts paid; pay early termination fee. If either party materially breaches the Agreement and has not cured the default in 30 days, the non-breaching party may terminate this Agreement (subject to applicable state law).
e. Termination by franchisor without cause	Not applicable	Not Applicable
f. Termination by franchisor with cause	Section 12(a)	Upon occurrence of event of default, SRAI may suspend services and terminate the agreement (subject to applicable

Provision	Section in Franchise Agreement	Summary
		state law).
g. "Cause" defined; curable defaults	Section 12	Fail to meet payment obligations; breach any term of conversion franchise agreement not defined as a material breach; default under another agreement with us.
h. "Cause" defined; non-curable defaults	Sections 12, 14(d)	Any of the following defined as material breaches: making false statements or reports; filing bankruptcy; making an assignment for the benefit of creditors; accruing minimum royalties for any 3 consecutive quarters; getting 3 notices of same or similar defaults in 2 years; failure to satisfy a judgment over \$5,000 within 60 days; conviction of or entering plea of "nolo contendere" to a felony or have committed other crime, dishonest or unethical act or gross misconduct adverse to interests of SRAI Network; transfer without approval; failure to comply with laws within 30 days after notice of non-compliance; violate confidentiality and non-disclosure covenants; breach any of the operating covenants.
i. Franchisee's obligations on termination/non-renewal	Sections 10 and 13	Cease using trademarks and indicia of operation and any proprietary methods, trade name registrations, procedures or techniques of SRAI; remove all signage, trade dress and other indicia of operation from the Franchised Business location; pay all sums due SRAI; return literature, printed forms, resumes, electronic databases, electronic records, other intellectual property and confidential or proprietary information; observe confidentiality and non-disclosure covenants.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by franchisor	Section 11(a)	SRAI has the right to assign, transfer and change ownership and form without restriction in SRAI's sole discretion.
k. "Transfer" by franchisee - definition	Section 11(c), (e) and (g)	You may transfer, assign, encumber or convey any interest in the conversion franchise agreement or the Franchised Business or otherwise permit the Franchised Business to be operated by a third party only with prior approval of SRAI.
l. Franchisor's approval of transfer by franchisee	Section 11 (d), (e)	Our subjective determination.
m. Conditions for franchisor's approval and transfer	Section 11	Purchaser must accept, sign and agree to be bound by our then current conversion franchise agreement, transferor must be in good standing, not in default and sign general release, transferee meets our current requirements for conversion franchisee and assumes all obligations of transferor; pay the required fee, referral fees due brokers, other franchisees or other third-party, if any.
n. Franchisor's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Franchisor's option to purchase your business	Not Applicable	Not Applicable
p. Franchisee's death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Sections 22, 23	Must be in writing; SRAI reserves the right to adjust the franchise network due to new or changed circumstances.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Sections 22(b), 23(a)	Only the terms of the Franchise Agreement and all referenced and attached documents constitute the entire and complete agreement between the parties (subject to applicable state law). Any other promises are unenforceable. Nothing in the Franchise Agreement or any other agreement is intended to disclaim our representations in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Section 20	State Court in Collin County, Texas (subject to state law).
w. Choice of law	Section 20	Texas law applies (subject to state law).

Item 18

PUBLIC FIGURES

SRAI does not use any public figure to promote its franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or

the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jeffrey Kaye, Sanford Rose Associates International, LLC, 5908 Headquarters Drive, K200, Plano, Texas 75024; Telephone: 972.931.5242, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 to 2024**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	144	157	+13
	2022	157	160	+3
	2023	160	181	+22
	2024	181	172	-9
Company-Owned*	2021	0	1	+1
	2022	1	1	0
	2023	1	1	0
	2024	1	0	-1
Total Outlets	2021	144	157	+13
	2022	157	161	+4
	2023	161	183	+22
	2024	182	172	-10

* There is one affiliate owned office.

**Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 to 2024**

Column 1 State or Country	Column 2 Year	Column 3 Number of Transfers
CA	2021	0
	2022	0
	2023	1
	2024	0
DC	2021	0
	2022	0
	2023	1
	2024	0

TX	<u>2021</u>	<u>0</u>
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>
Totals	<u>2021</u>	<u>0</u>
	2022	0
	2023	3
	<u>2024</u>	<u>0</u>

Table No. 3
STATUS OF FRANCHISE OUTLETS
FOR YEARS 2021 TO 2024

Col. 1 State or Country	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 Year
Alabama	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	<u>10</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Arizona	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1*</u>	<u>1</u>
California	<u>2021</u>	<u>14</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>14</u>
	2022	14	0	2	0	0	0	12
	2023	12	2	1*	1	0	0	12
	<u>2024</u>	<u>12</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
Colorado	<u>2021</u>	<u>7</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	<u>2024</u>	<u>6</u>	<u>3*</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Connecticut	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2022	3	1	1	0	0	0	3
	2023	3	1	1	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Delaware	<u>2021</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Florida	<u>2021</u>	<u>12</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1**</u>	<u>12</u>
	2022	12	2	3	0	0	0	11
	2023	11	3	1	0	0	0	13
	<u>2024</u>	<u>13</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1*</u>	<u>14</u>
Georgia	<u>2021</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	6	0	0	0	0	0	6
	2023	6	3	0	0	0	0	9
	<u>2024</u>	<u>9</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Hawaii	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	1*	0	0	0	0

Col. 1 State or Country	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 Year
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Idaho	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Illinois	<u>2021</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
	2022	9	2	0	0	0	1	10
	2023	10	1	0	0	0	0	11
	<u>2024</u>	<u>11</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1*</u>	<u>8</u>
Indiana	<u>2021</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	6	1	0	0	0	0	7
	2023	7	2	0	0	0	0	9
	<u>2024</u>	<u>9</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
Iowa	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Kansas	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Kentucky	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Louisiana	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Maine	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Maryland	<u>2021</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Massachusetts	<u>2021</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	2022	8	1	0	0	0	1	8
	2023	8	0	0	0	0	0	8
	<u>2024</u>	<u>8</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Michigan	<u>2021</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
	2022	8	0	0	0	0	0	8
	2023	8	1	0	1	0	0	8
	<u>2024</u>	<u>8</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Minnesota	<u>2021</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	2022	4	1	2	0	0	0	3
	2023	3	1	1	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

Col. 1 State or Country	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 Year
Missouri	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Nebraska	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nevada	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Hampshire	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
New Jersey	<u>2021</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	<u>2024</u>	<u>7</u>	<u>1*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>New Mexico</u>								
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York	<u>2021</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	2022	5	0	0	0	0	0	5
	2023	5	2	0	0	0	0	7
	<u>2024</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
N. Carolina	<u>2021</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	2022	5	1	2	0	0	0	4
	2023	4	2	1	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Ohio	<u>2021</u>	<u>8</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>9</u>
	2022	9	3	1	0	0	0	11
	2023	11	6	1	0	0	0	16
	<u>2024</u>	<u>16</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1*</u>	<u>15</u>
Oklahoma	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	1	0	0	0	1
	2023	1	1	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Oregon	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
	2023	2	1*	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>2*</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Pennsylvania	<u>2021</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	6	0	1	0	0	0	5
	2023	5	1	1	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>

Col. 1 State or Country	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 Year
S. Carolina	<u>2021</u>	<u>4</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2022	3	1	1	0	0	0	3
	2023	3	0	1	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Tennessee	<u>2021</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	2022	5	0	1	0	0	0	4
	2023	4	0	0	1	0	0	3
	<u>2024</u>	<u>3</u>	<u>1*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Texas	<u>2021</u>	<u>8</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
	2022	<u>12</u>	3	0	0	0	0	<u>15</u>
	2023	<u>15</u>	3*	4	1	0	0	<u>13</u>
	<u>2024</u>	<u>12</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
Utah	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	1	0	0	0	0	2
	2023	2	1	0	1	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Virginia	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	5*	0	0	0	0	6
	<u>2024</u>	<u>6</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Washington	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
WashingtonDC	<u>2021</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	1	0	1*	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Wisconsin	<u>2021</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	2022	3	3	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	<u>2024</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Totals	<u>2021</u>	<u>144</u>	<u>21</u>	<u>5</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>157</u>
	2022	<u>157</u>	22	16	1	0	2	<u>160</u>
	2023	<u>160</u>	41	14	5	0	0	<u>181</u>
	<u>2024</u>	<u>181</u>	<u>25</u>	<u>30</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>172</u>

*Relocations: Arizona franchisee moved to Oregon; Florida franchisee moved to Tennessee; Illinois franchisee moved to Colorado; and Ohio franchisee moved to New Jersey.

**Florida franchisee moved to Tennessee.

Four franchises (MA 1, NJ 1, TX 2) are start-up franchises offered under the SRA FDD prior to 2023.

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEAR 2021~~2~~ TO 2023~~4~~

Col. 1 State or Country	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
TX	<u>2021</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Totals	<u>2021</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>

* Former California franchisee relocated to Texas.

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

Col. 1 State or Country	Col. 2 Franchise Agreement Signed But Outlet Not Opened	Col. 3 Projected New Franchised Outlet In The Next Fiscal Year	Col. 4 Projected New Company- Owned Outlet In The Next Fiscal Year
<u>Alabama</u>	0	<u>01</u>	<u>01</u>
California	0	<u>01</u>	<u>01</u>
Colorado	0	<u>02</u>	<u>02</u>
Connecticut	0	<u>10</u>	0
Delaware	0	<u>10</u>	0
Florida	0	<u>33</u>	<u>03</u>
Georgia	0	<u>30</u>	0
Idaho	0	<u>21</u>	<u>01</u>
Illinois	0	<u>11</u>	<u>01</u>
Indiana	0	<u>20</u>	0
Iowa	0	<u>11</u>	<u>01</u>
Maine	0	<u>01</u>	<u>01</u>
Massachusetts	0	0	0
Michigan	0	<u>10</u>	0
Minnesota	0	<u>20</u>	0
<u>Missouri</u>	<u>0</u>	<u>1</u>	<u>1</u>
Nevada	0	0	0
New Jersey	0	<u>11</u>	<u>01</u>
<u>New Mexico</u>	<u>0</u>	<u>1</u>	<u>1</u>
New York	0	<u>31</u>	<u>01</u>
North Carolina	0	<u>30</u>	0
Ohio	0	<u>52</u>	<u>02</u>
Oklahoma	0	<u>10</u>	0

<u>Oregon</u>	<u>0</u>	<u>1</u>	<u>1</u>
Pennsylvania	<u>02</u>	0	0
South Carolina	0	<u>02</u>	<u>02</u>
Tennessee	0	0	0
Texas	0	<u>32</u>	<u>02</u>
Utah	0	<u>20</u>	0
Washington	0	0	0
Wisconsin	0	<u>10</u>	0
Canada	0	<u>01</u>	<u>01</u>
Totals	0	<u>3623</u>	<u>023</u>

The names of all franchisees as of December 31, 2023⁴, with their addresses and phone numbers, are listed in Exhibit One.

The name and last known city and state and telephone number of every franchisee who has had a franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the disclosure document issuance date also is listed in Exhibit One.

CALIFORNIA

SANFORD ROSE ASSOCIATES — DE FOREST SEARCH

1145 Artesia Boulevard, Suite 203, Manhattan Beach, CA 90266, 310.374.4477, Jill De Forest

SANFORD ROSE ASSOCIATES — WHALLS GROUP

95 Argonaut Suite 270 Aliso Viejo, CA 92656, 714.270.4064, Mark Whalls

CONNECTICUT

SANFORD ROSE ASSOCIATES — K. RUSSO CONSULTING

1273 E. Putnam Avenue, Suite 545, Riverside, CT 06878, 203.253.9684, Karen Russo

SANFORD ROSE ASSOCIATES — SAYESS

2539 Bedford Street, Unit 38G, Stamford, CT 06905, 914 758 1496, David Saias (Opened 4/4/23, Closed 8/15/23)

FLORIDA

SANFORD ROSE ASSOCIATES — NATERE

1581 Silk Tree Circle, Sanford, FL 32773, 407.801.1952, Danny DeCiryann

HAWAII

SANFORD ROSE ASSOCIATES — DOYEN SEARCH GROUP

P.O. Box 5316, Kailua Kona, HI 96745, 213.224.6551, Darrell Maxwell

MICHIGAN

SANFORD ROSE ASSOCIATES — SMITH CONSULTING GROUP

180 West Michigan Avenue, Suite 300, Jackson, MI 49201, 517.768.1460, x 1, Juli Smith

MINNESOTA

~~SANFORD ROSE ASSOCIATES — TALON PERFORMANCE GROUP~~

~~8500 Normandale Lake Blvd., Suite 1080, Minneapolis, MN 55437, 612.827.5165, Jodi Standke~~

~~NORTH CAROLINA~~

~~SANFORD ROSE ASSOCIATES — SOUTH CHARLOTTE~~

~~7330 Firespike Road, Suite 110, Charlotte, NC 28277, 704.708.9976, David Campbell~~

~~OHIO~~

~~SANFORD ROSE ASSOCIATES — RIETH INDUSTRIES~~

~~1131 Gary Blvd., Brunswick, OH 44212, 216.202.2344, David Rieth~~

~~PENNSYLVANIA~~

~~SANFORD ROSE ASSOCIATES — VANTAGE SEARCH~~

~~6515 Azure Court East, Stroudsburg, PA 18301, 570.870.6607, Kaye Ann Brown Barrett~~

~~SOUTH CAROLINA~~

~~SANFORD ROSE ASSOCIATES — LOVELACE SEARCH~~

~~32 South Main Street, Suite 228, Greenville, SC 29601, 864.416.1565, Ben Lovelace~~

~~TENNESSEE~~

~~SANFORD ROSE ASSOCIATES — FRANKLIN~~

~~339 Main Street #200, Franklin, TN 37064, 615.595.1813, Thomas B. Thomson, Jr~~

~~TEXAS~~

~~SANFORD ROSE ASSOCIATES — BRIDGEWAY COMMERCE GROUP~~

~~1095 Evergreen Circle, Suite 200, The Woodlands, TX 77380, 832.761.5844, Marcus Strother~~

~~SANFORD ROSE ASSOCIATES — CALIBRATE LEGAL, INC~~

~~16111 Golden Top Drive, Austin, TX 78738, 646.422.7812, Jennifer Johnson~~

~~SANFORD ROSE ASSOCIATES — GLOBUS SEARCH~~

~~3320 Burnet Drive, Plano, TX 75093, 214.532.9552, Alexander Ross~~

~~SANFORD ROSE ASSOCIATES — JM SHAVULSKY GROUP~~

~~12528 Capella Trail, Austin, TX 78732, 412.448.3594, John Shavulsky~~

~~UTAH~~

~~SANFORD ROSE ASSOCIATES — SALT LAKE CITY~~

~~1100 E 6600 S, Suite 410, Salt Lake City, UT 84107, 801.716.5926, Peg Newman~~

~~WASHINGTON, D.C.~~

~~SANFORD ROSE ASSOCIATES — ATTORNEY SEARCH~~

~~601 13th Street, NW, Suite 900 South, Washington, DC 20005, 202.836.6958, Scott Love~~

~~INTERNATIONAL~~

~~SANFORD ROSE ASSOCIATES — NEXT LEVEL GROUP~~

~~11 Chancellor St. Charlottetown, Canada C1E 0G1, 888.404.9990, Andrew Lavoie~~

If you buy this franchise, your contact information may be disclosed to other buyers

when you leave the franchise system.

Our franchise agreement has a confidentiality clause which prohibits current and former franchisees from disclosing proprietary information about our system. During the last three fiscal years, no current or former franchisees have signed a confidentiality clause that restrict them from discussing with you their experience as a franchisee in our franchise system.

SRAI endorses the SANFORD ROSE ASSOCIATES Owner's Association:

Brian Rhonemus, Manager

8684 Washington Woods Dr.

Washington, MI 48094

586-255-9898

brianr@rhonemussearch.com

Website URL: <http://www.sanfordrose.net/sample-page/owner-association-board/>

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit Two are our audited financial statements for the periods ending December 31, 2023³⁴, 2022²³, and 2021⁴².

Item 22

CONTRACTS

Attached as Exhibit Three is the Sanford Rose Associates International, LLC Franchise Agreement and related addenda. Attached as Exhibit Six is our Form of General Release of Claims.

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.

Item 23

RECEIPT

Two copies of the Receipt acknowledging delivery of this Disclosure Document to the prospective franchisee are attached as Exhibit Seven at the end of this Disclosure Document. You must date and sign one copy of the Receipt and deliver it to us.

EXHIBIT ONE
SANFORD ROSE ASSOCIATES OFFICES

LIST OF CURRENT & FORMER FRANCHISEES

CURRENT FRANCHISEES:

ALABAMA - 1

SANFORD ROSE ASSOCIATES – MONSON GROUP

2246 White Way, Hoover, AL 35226, 205.639.8900 Steven Monson

ARIZONA - 21

SANFORD ROSE ASSOCIATES – ARIZONA CONSTRUCTION RECRUITER

976 E. Lodgepole Drive, Gilbert, AZ 85234, 602.327.7868 Matthew Mancino

SANFORD ROSE ASSOCIATES – INTEGRATED MANAGEMENT

8655 East Via De Ventura #E140, Scottsdale, AZ 85258, 480.460.4422, Chad Dean

CALIFORNIA - 4211

SANFORD ROSE ASSOCIATES – AUTOPEOPLE

1109 Bevinger Drive, El Dorado Hills, CA 95762, 800.659.9501, David Adragna

SANFORD ROSE ASSOCIATES – BAY CLOUD PARTNERS

1771 33rd Avenue San Francisco, CA 94122, 415-846-3664, Jack Meeks

SANFORD ROSE ASSOCIATES – BERKELEY SEARCH CONSULTANTS

1190 N. California Blvd., Suite 20 PMB 1206 Walnut Creek, CA 94596, 510.898.9305, Mark Howard

SANFORD ROSE ASSOCIATES – BRETT FISHER GROUP

555 Marin St., Suite 140, Thousand Oaks, CA 91360, 310.571.8117, Brett Fisher

SANFORD ROSE ASSOCIATES – CONNECTPOINT SEARCH GROUP

1365 Pars Oak Dr. Carmichael, CA 95608, 916.698.1853, Traci Cetraro, 916.802.9272, Curt Cetraro

SANFORD ROSE ASSOCIATES – ELEVEN RECRUITING

7249 Franklin Ave., #204, Los Angeles, CA 90046, 323.484.1177, Michael Chiang

SANFORD ROSE ASSOCIATES – GROUPE INSEARCH

631 A Folsom Street, San Francisco, CA 94107, 415.738.5551, Angelica Rains

SANFORD ROSE ASSOCIATES – J POWERS RECRUITING

1972 Del Paso Road, Suite 155, Sacramento, CA 95834, 916.304.6661, Jennifer Powers

SANFORD ROSE ASSOCIATES – PARKERBETH, LLC

1000 Riva Ridge Court Roseville, CA 95661, 916.218.5169, Jennifer Viley

SANFORD ROSE ASSOCIATES – RENERIS

14349 E. Reed Avenue, Truckee, CA 96161, 415-944-1000, Dominique Litmaath

SANFORD ROSE ASSOCIATES – RSMC SERVICES, INC.

10995 Eucalyptus St. Suite 101 Rancho Cucamonga, CA 91730, 650.409.2020 Constance Moonzwe

SANFORD ROSE ASSOCIATES – THE HIRE MARK

1778 S. Fairfax Ave., Los Angeles, CA 90019, 323.533.4554 Chaim Marks

SANFORD ROSE ASSOCIATES – TOP NOTCH FINDERS

1599 Pleasanton Rd. 891 Kuhn Dr., Chula Vista, CA 91914, 619.421.7134, Fernando Espinosa

COLORADO - 67

SANFORD ROSE ASSOCIATES – ASPEN ASSOCIATES GROUP

26 West Dry Creek Circle Suite 500 Littleton, CO 80120, 303.683.7333, Tom Zeleny

SANFORD ROSE ASSOCIATES – BORCHERT ASSOCIATES

~~529 Cheyenne Drive, Lafayette, CO 80026, 720.336.5818, Greg Bochart~~

SANFORD ROSE ASSOCIATES – BROADREACH SEARCH PARTNERS

~~56001040 South QuebecGaylord Street, Suite 270C Unit 46, Greenwood VillageDenver, CO 80111,
720.529.1801 x2, Bob Broady~~

SANFORD ROSE ASSOCIATES – EXECUTIVE SEARCH ASSOCIATES

~~445 E. Cheyenne Mountain Blvd., P.O. Box C138, Colorado Springs, CO 80906 719.337.0889 Eric Falt
719.440.7278 Maria Quintero Falt~~

SANFORD ROSE ASSOCIATES – HEALTHCARE TALENT ADVISORS

~~5610 Ward Rd., Suite 300, Arvada, CO 80002, 303.886.0196 Greg Hyman~~

SANFORD ROSE ASSOCIATES – HIRE EDUCATION

~~4775 Walnut St., Suite 220, Boulder, CO 80301, 720.383.4473, Mark Phillips~~

SANFORD ROSE ASSOCIATES – LANEY SOLUTIONS

5743 Teller St., Unit 320, Arvada, CO 80002, 201.232.6888, Kathleen Laney

SANFORD ROSE ASSOCIATES – PEAK RECRUITMENT

7293 S. Tempe Court, Aurora, CO 80016, 720.262.8427, Mike Duggan

SANFORD ROSE ASSOCIATES – RED KITE RECRUITING

~~461 Backcountry Ln., Highlands Ranch, CO 80126, 312.546.4900 x300 Deanna O’Connell (relocated from
Illinois)~~

CONNECTICUT - 32

SANFORD ROSE ASSOCIATES – DRUMBEATEXEGS

~~191 Laurel Point Road, Dayville, CT 06905, 208 808 4394, Daniel Breault~~

SANFORD ROSE ASSOCIATES – NORTH STAR PROFESSIONAL SERVICES, LLC

288 Skyview Drive, Cromwell, CT 06416, 860.658635.79007117, ~~Larry Rubin~~Eric Seamon

SANFORD ROSE ASSOCIATES – SAYESS

~~2539 Bedford Street, Unit 38G, Stamford, CT 06905, 914 758 1496, David Saias (Opened 4/4/23, Closed
8/15/23)~~

SANFORD ROSE ASSOCIATES – TALENT PARTNERS LLC

573 Hopmeadow St., North Building Simsbury, CT 06070, 860.658.7900, Larry Rubin

DELAWARE - 2

SANFORD ROSE ASSOCIATES – CONTINENTAL SEARCH & OUTPLACEMENT, INC.

P.O. Box 400, Ocean View, DE 19970, 888.276.6789, Daniel Simmons

SANFORD ROSE ASSOCIATES – MILSPEC TALENT: MILSPEC GOVERNMENT SOLUTIONS

201 Hay St. Suite 401-B Fayetteville, NC 28301, 910-236-9521, Freddie Kim

FLORIDA - 143

SANFORD ROSE ASSOCIATES – 3D TEK INFORMATION SYSTEMS, INC.

~~138 Bushnell Plaza, Suite 303. Bushnell, FL 33513, 352.457.1877 Emil Owen, 352.457.9893 Gabriel Owen~~

SANFORD ROSE ASSOCIATES – BLUE OCEAN HIRE

326 Fairway N., Tequesta, FL 33469, 561.300.0095, Eric Fielder

SANFORD ROSE ASSOCIATES – BLUE ROCK SEARCH

~~2946 University Parkway, Sarasota, FL 34243, 941.914.3640, Nancy Estep~~

SANFORD ROSE ASSOCIATES – BULLDOG RECRUITERS INC.

13506 Summerport Village Pkwy. Suite 1048 Windermere, FL 34786, 847.548.8710, Cindy Szajkovic

SANFORD ROSE ASSOCIATES – EDWARDS RECRUITMENT

~~2940 West Bay Drive #301 Belleair, Bluffs, FK 33770, 727 474 3007, Gene Gross~~

SANFORD ROSE ASSOCIATES – ESTREM & COMPANY

5035 Rustic Oaks Circle, Naples, FL 34105, 773.501.1701, Colin Estrem

SANFORD ROSE ASSOCIATES – FAIRHOPE

849 Glendora Rd., Kissimmee, FL 34759, 251.928.7072, ~~P-~~Paul Marquez

SANFORD ROSE ASSOCIATES – HPS TALENT

3328 Savage Road, Sarasota, FL 34231, 504-300-9444, Henry Winters

SANFORD ROSE ASSOCIATES – JFS PARTNERS

~~1615 Edgewater Dr. Suite 190~~ 30 W. Colonial Dr., Orlando, FL 328014, 407.583.6434, Joseph F. Sos

SANFORD ROSE ASSOCIATES – LAUNCH GIG

631 La Plaza Ave. S., St. Petersburg, FL 33707, 813.551.2378, Wayne Daley

SANFORD ROSE ASSOCIATES – NORCROSS

12 N Spooky Lane Santa Rosa Beach, FL 32459, 770.232.9900, Donald R. Patrick

SANFORD ROSE ASSOCIATES – ROI EXECUTIVE SEARCH

7901 4th St. N., Suite 300, Petersburg, FL 33702, 805.455.2702, Brandt Handley

SANFORD ROSE ASSOCIATES – SEVA HEALTHCARE STAFFING LLC

3095 N, Course Dr. #203 Pompano Beach, FL 33069, 954.477.7382, Clark Woodcox

SANFORD ROSE ASSOCIATES – TAMPA (formerly Orlando)

550 N. Reo Street, Suite 300, Tampa, FL 33609, 813.517.0090, James A. Roach

SANFORD ROSE ASSOCIATES – VELOCITY SEARCH GROUP ~~TECHNOLOGY RESOURCES~~

5550 Glades Road, Suite 500, Boca Raton, FL 33431, 212.695.8880, ~~Bob Midoneck~~, Dan Midoneck

SANFORD ROSE ASSOCIATES – VERO BEACH

2145 14th Avenue, Suite 6 Vero Beach, FL 32960, 772.234.7475, H. Andrew Sonier Jr.

GEORGIA - 96

SANFORD ROSE ASSOCIATES – BOAZ PARTNERS

619 Edgewood Avenue, Suite 200, Atlanta, GA 30312, 470.823.3095, Wes Washington

SANFORD ROSE ASSOCIATES – CARTER GROUP

3471 Blue Spruce Court SW, Gainesville, GA 30504, 404.978.0074, Rich Carter

SANFORD ROSE ASSOCIATES – LAKE LANIER ISLANDS

4989 Peachtree Parkway, Suite 204, Peachtree Corners, GA 30092, 678.969.3356, Lisa H. Proctor

SANFORD ROSE ASSOCIATES – OPUSLEX PARTNERS

60 Lake Forrest Lane, Atlanta, GA 30342, 470-412-0471, Amanda Brandenburg

SANFORD ROSE ASSOCIATES – ROWLAND MOUNTAIN & ASSOCIATES

2970 Clairmont Road, Suite 280, Atlanta, GA 3032, 404 325 2189, Tricia Mountain

SANFORD ROSE ASSOCIATES – TALLMADGE & HILL

1755 North Brown Road 3017 Boiling Way NE, Lawrenceville Atlanta, GA 30043 30305, 770.925.2266, ext-1059, Bev Melching Peter Boom

SANFORD ROSE ASSOCIATES – TDA360 SEARCH

6405 Rex Lane 389 Alpharetta GA 30005, 770 335 9702, Terry Allen

SANFORD ROSE ASSOCIATES – TIDEWATER RECRUITING ASSOCIATES

219 Walton Street, Darien, GA 31305, 912.625.0070, Wyck Newberry

SANFORD ROSE ASSOCIATES – VELOCITY SEARCH GROUP LLC

1140 John W. Breedlove Rd. Monroe, GA 30656, 404-697-1229, Debra Bennett

IDAHO - 56

SANFORD ROSE ASSOCIATES – ACTUS ACTUARIAL SEARCH

11354 Government Way, Hayden, ID 83835, 208.810.4111, Vince Brown

SANFORD ROSE ASSOCIATES – AMBASSADOR SEARCH GROUP

8475 Government Way, Suite 202 6046 Madellaine Dr., Hayden Coeur d'Alene, ID 838315, 208.214.6563, TJ Kastning

SANFORD ROSE ASSOCIATES – CENTERMARK PLACEMENTS, LLC

1661 W. Eagle Mountain Dr., Meridian, ID 83646, 208.810.4423 David Haasch

SANFORD ROSE ASSOCIATES – TALENT CONNECTORS OF BOISE, LLC.

4217 N. Eyrie Way, Boise, ID 83703, 208.515.2737, Samantha Foster

SANFORD ROSE ASSOCIATES – TAMARACK RECRUITING LLC

4700 North Bitterbrush Dr 1775 W. State St. #216, Boise, ID 837032, 208-859-7521, Paul Warner and Nicole Warner

SANFORD ROSE ASSOCIATES – VISIONARY EXECUTIVE SEARCH

2551 W. Breneman St., Boise, ID 83702, 208.425.6457, Colleen Huffman

ILLINOIS - 118

SANFORD ROSE ASSOCIATES – 11:11 PARTNERS

803 Greenleaf St., Evanston, IL 60202, 312.521.0057, Samir Wagle

SANFORD ROSE ASSOCIATES – AGRI-SEARCH

540 West Palmer Street, Arthur, IL 61911, 217.543.2505, Dave Allen

SANFORD ROSE ASSOCIATES – CRITICAL FIT RECRUITING

P.O. Box 1970 Crystal Lake, IL 60039, 630.825.1500, Brian Pahl

SANFORD ROSE ASSOCIATES – CRYSTAL LAKE

200 West Main Street, Suite 28207 Red Bark Ln., Cary, IL 60013, 847.639.8660, Steven J. Burks

SANFORD ROSE ASSOCIATES – ELLEVATE EXECUTIVE SEARCH

1946 Lehigh, Suite C, Glenview, IL 60026, 224.616.3050, Cindy Hudgins

SANFORD ROSE ASSOCIATES – KAIZEN HR SOLUTIONS

242 N. York St., Suite 221, Elmhurst, IL 60126, 630.330.5381, Rose Dorta

SANFORD ROSE ASSOCIATES – MADISON WELLS, LLC

4619 N. Ravenswood Ave., Suite 200B, Chicago, IL 60640, 312.288.8639, Alex Bell

SANFORD ROSE ASSOCIATES – RED KITE RECRUITING

3505 N. Ashland Avenue, Suite B, Chicago, IL 60657, 312.546.4900, ext. 300, Deanna O'Connell

SANFORD ROSE ASSOCIATES – ROCKFORD

P.O. Box 15584, Loves Park, IL 61132, 815.636.0848, Dennis M. Wallace

SANFORD ROSE ASSOCIATES – SPI OF CHICAGO, INC

521 Devonshire Lane Suite D Crystal Lakes, IL 60014, 815-261-4403, Chris Hillman

SANFORD ROSE ASSOCIATES – VERIDIAN NATIONAL SEARCH

22325513 North Clybourn, 5th Floor Bernard St., Chicago, IL 6061425, 312.593.0810, Brian Haugh & Jim McMahon

INDIANA - 98

SANFORD ROSE ASSOCIATES – EXTRACT TALENT

8103 Clearwater Parkway, Indianapolis, IN 46240, 317-489-4000, Nancy Newman

SANFORD ROSE ASSOCIATES – GLOBAL TALENT RESOURCES

1950 E. Greyhound Pass, Suite 18-275, Carmel, IN 46033, 317.844.7171, Michael Ellis

SANFORD ROSE ASSOCIATES – INTEGRITY RESOURCE MANAGEMENT

11189 Westminster Way, Carmel, IN 46033, 317.348.0155, Keith Sims

SANFORD ROSE ASSOCIATES – KENDALL & DAVIS, INC.

701. S. Clinton St., Suite 324, Fort Wayne, IN 46802, 216.278.7877, Eric Heineman

SANFORD ROSE ASSOCIATES – KINSLEY SARN EXECUTIVE SEARCH

3815 River Crossing Parkway, Suite 100, Indianapolis, IN 46240, 317.576.3713, Jon Sarn, Kellie Sarn

SANFORD ROSE ASSOCIATES – SIMPLY DRIVEN EXECUTIVE SEARCH

1002 Broad Ripple Avenue 3077 E. 98th St., Suite 200, Indianapolis, IN 462280, 317.296.3233, Kent Burns

SANFORD ROSE ASSOCIATES – TARGETED RECRUITING GROUP

1092 Chapel Creek Trail, New Albany, IN 47150, 502.496.0262, Todd Garrison

SANFORD ROSE ASSOCIATES – TOP TALENT, LLC

5875 Castle Creek Parkway N. Drive, Suite 280, Indianapolis, IN 46250, 317.758.0851, Mike Monson

SANFORD ROSE ASSOCIATES – THE URSITTI GROUP

1166 Sunnyslope Drive, Crown Point, IN 46307, 312-874-7756, Misty Ursitti

IOWA - 24

SANFORD ROSE ASSOCIATES – ESSENTIAL SEARCH

222Edgewood Road NW, Cedar Rapids, IA 52405, 515.408.0333 Greg Ivory

SANFORD ROSE ASSOCIATES – GARMAN PARTNERS

2819 100th St., Urbandale, IA 50322, 515.400.4400, Steve Garman

SANFORD ROSE ASSOCIATES – MCANDREW SEARCH GROUP

16490 Thunder Ridge Drive, Peosta, IA 52068, 563-590-1979, Gary McAndrew

SANFORD ROSE ASSOCIATES – THE LUKSAN GROUP

908 8th Street, West Des Moines, IA 50265, 515.421.4358, Carol Luksan

KANSAS - 1

SANFORD ROSE ASSOCIATES – HORIZON HOSPITALITY

6800 College Blvd., Suite 400, Overland Park, KS 66211, 913.333.3190, Scott Samuels

KENTUCKY - 1

SANFORD ROSE ASSOCIATES – SANINC

12305 Westport Road, Suite 4, Box 8, Louisville, KY 40245, 502.208.1212, Mark Stocker

LOUISIANA - 1

SANFORD ROSE ASSOCIATES – SCHMIDT GROUP

2020 N. Causeway Blvd. Floor 1 Suite A, Mandeville LA 70471, 985.624.7911, Tim Schmidt

MAINE - 42

SANFORD ROSE ASSOCIATES – EPIC SEARCH PARTNERS

57 Southgate Rd., Kennebunk, ME 04043, 201.572.9381, Peter Rouillard

SANFORD ROSE ASSOCIATES – VENTURE TALENT SOLUTIONS

1 Pleasant St., Suite 4A, Portland, ME 04101, 207.536.1702, Thomas Freund

MARYLAND - 21

SANFORD ROSE ASSOCIATES – ANNAPOLIS

721 Main Street, Ste. 100, Stevensville, MD 21666, 410.604.3370, Peter A. Norton

SANFORD ROSE ASSOCIATES – BEYOND-SEARCH, INC.

1212 Ring Bill Loop P.O. Box 18468, Upper Marlboro Long Beach, CA, MD 20774 90807, 301.789.1207,
Kevin Martin

MASSACHUSETTS - 85

SANFORD ROSE ASSOCIATES – BOSTON SOUTH SHORE

132 Chief Justice Cushing Highway, Suite 70, Cohasset, MA 02025, 781.740.2800, Kevin Norgeot

SANFORD ROSE ASSOCIATES – DARK HORSE TALENT

11 Salem St., Suite 5, Medford, MA 02153, Bryan Wells

SANFORD ROSE ASSOCIATES – DENNIS PARTNERS

125 Route 6A, Yarmouth, MA 02675, 508.613.1153, Jilma Sweeney

SANFORD ROSE ASSOCIATES – HIREMINDS

222-3rd 75 State St., reet, Suite 0350100, Cambridge Boston, MA 0214209, 617.679.6022, David Hayes

SANFORD ROSE ASSOCIATES – LIGHTHOUSE RECRUITING

16 Alice Bradley Lane P.O. Box 599, Scituate Foxboro, MA 0203566, 617.510.6458, Joe Ames

SANFORD ROSE ASSOCIATES – PMO PARTNERS

25 Arbor Way, Groton, MA 01450, 978.852.7053, Brian Abrams

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409 Fortune Blvd., Suite 202, Milford, MA 01757, 508.422.9342, Michael Barros

MICHIGAN - 87

SANFORD ROSE ASSOCIATES – KEY LEADERSHIP SOLUTIONS

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MINNESOTA - 3

SANFORD ROSE ASSOCIATES – BUILDING GURUS

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SANFORD ROSE ASSOCIATES – KIP SEARCH LLC

200 Southdale Center, Life Time Work~~kd~~, Edina, MN 55120, 651-334-5869, Kip Knippel

SANFORD ROASE ASSOCIATES – SALMELA

209 Rockridge Circle, Duluth, MN 55804, 218.590.4448, Cory Salmela

MISSOURI - 23

SANFORD ROSE ASSOCIATES – FINANCIAL RECRUITERS INETRATIONAL, LLC

~~5520 Telegraph~~116 Cliff Cave Road, Suite 2043, St. Louis, MO 63129, 314.720.4700, Kevin Sailor

SANFORD ROSE ASSOCIATES – SYNERGY SEARCH GROUP

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SANFORD ROSE ASSOCIATES – THE LION GROUP

~~1828 Walnut Street~~6550 Sprint Pkwy., Suite 200, Kansas CityOverland Park, ~~MOKS 64108~~66221, 816.859.5821, Chris Batz

NEVADA - 1

SANFORD ROSE ASSOCIATES -- DBI

8210 Desert Madera Street, Las Vegas, NV ~~98116~~89166, 206.774.9845, David Brown

NEW JERSEY - 78

SANFORD ROSE ASSOCIATES – 3D CRO GROUP

20-00 Fairlawn Avenue, Fairlawn, NJ 074~~4001~~, 201.470.4590, Paul Pelligrino

SANFORD ROSE ASSOCIATES – BURNETT GROUP

P.O. Box 5184, 18 OakeyDr., Kendall Park, NJ 08824, 972.421.6305, Ken Burnett

SANFORD ROSE ASSOCIATES – CERCA TALENT

296 Kinderkamack Rd., #205, Oradell, NJ 07649, 201.594.2101, Scott Rivers

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SANFORD ROSE ASSOCIATES – NITRUC, INC

4-14 Saddle River Rd. Suite #204, Faire Lawn, NJ 07410, 201.254.9555, Daniel Curtin

SANFORD ROSE ASSOCIATES – SQUARE SET METALS RECRUITING, LLC

25 Berkshire Dr., Warren, NJ 07059, 973.809.4530, Chris Rosenthal (relocated from Ohio)

SANFORD ROSE ASSOCIATES – THE SWAN GROUP

~~9 Main Street Suite 101~~1390 US Highway 22, Suite 102, ~~Annandale~~Lebanon, NJ 088~~0133~~, 908.200.7270, Steven Swan

SANFORD ROSE ASSOCIATES – WAYNE

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NEW YORK - 78

SANFORD ROSE ASSOCIATES – AVIOR EXECUTIVE SEARCH

~~530 Old Country Rd~~[1211 Rock Haven Dr., Charlotte, Westbury, NY 11590](#)~~28216,~~
646.776612.23547714, Alan Goldstein

SANFORD ROSE ASSOCIATES – BRANDON BECKER

11 Stargazer Dr., Eastport, NY 11941, 631.864.2650, Bob Levitt

SANFORD ROSE ASSOCIATES – GREY ALLEN

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SANFORD ROSE ASSOCIATES – JK EXECUTIVE STRATEGIES, LLC

1349 University Ave., Suite 2, Rochester, NY 14607

SANFORD ROSE ASSOCIATES – LEAH YOSEF INTERNATIONAL

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NORTH CAROLINA - 5

SANFORD ROSE ASSOCIATES – CHAPEL HILL SOLUTIONS INC

4242 Six Forks Road Raleigh, NC 27609, 919-636-6913, Jeff ~~Rivas, and~~ [919.338.0840](#) Julian Rivas

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586.255.9898, Brian Rhonemus

OHIO - 156

SANFORD ROSE ASSOCIATES – ASPEN CAREERS, LLC

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3505 Embassy Parkway, Suite 200, ~~Fairlawn~~[Akron](#), OH 44~~281~~[333](#), 330.664.9400, Jim Chadbourne, Scott Chadbourne

SANFORD ROSE ASSOCIATES – GLOBAL TALENT RESOURCES CORPORATION

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P.O. Box 1461, Miamisburg, OH 45343, 937.684.6106, Bryan Kierstead

SANFORD ROSE ASSOCIATES – MOXEE AGENCY, LLC

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1131 Gary Blvd., Brunswick, OH 44212, 216-202-2344, David Rieth (Opened 4/4/23, Closed 8/20/23)

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155 E. Broad 266 North 4th Street, Suite 205 100, Columbus, OH 43215, 614.643.0700, Chris Fackler

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8970 Galloway Trail Novelty, OH 44072, 973-809-4530, Chris Rosenthal

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2000 Auburn Drive, Suite 2001 Chagrin Highlands, Beachwood, OH 44122, 440.893.9408, Ginni K. Garner

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5640 Frantz Road Suite 200 Dublin, OH 43017, 614.505.6012, Doug Sexton

SANFORD ROSE ASSOCIATES – WINDWARD TALENT GROUP

2788 Max Court, Twinsburg, OH 44087, 216-238-6757, Matthew Dobransky

OKLAHOMA - 2

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10600 South Penn, Suite 16, #712, Oklahoma City, OK 73159 70, 405.227.1884, Chrissy Conner

SANFORD ROSE ASSOCIATES – GROUP ONE39 LLC

1843 E. 15th St. Tulsa, OK 74104, 918-694-7066, Keath Storm, 970.367.6626, Chris Spradlin

OREGON - 34

SANFORD ROSE ASSOCIATES – ARIZONA CONSTRUCTION RECRUITER

16420 SW Taft Ct., Beaverton, OR 97007, 602.327.7868, Matthew Mancino (relocated from Arizona)

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P.O. Box 1262, Lake Oswego, OR 97035, 503.894.2494, Matt Nixt

SANFORD ROSE ASSOCIATES – DOYEN SEARCH GROUP

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PENNSYLVANIA - 54

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~~P.O. Box 269, Moorestown, NJ 08057-0269, 215.428.9121, Joseph F. Burns~~
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484.324.6060, Brad Simek
~~**SANFORD ROSE ASSOCIATES – VANTAGE SEARCH**~~
~~6515 Azure Court East, Stroudsburg, PA 18301, 570-870-6607, Kaye Ann Brown Barrett (Opened 4/5/23, Closed 8/17/23)~~

SOUTH CAROLINA - 2

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~~**SANFORD ROSE ASSOCIATES – KALOS CONSULTING**~~
~~141 Traction Street, Greenville, SC 29611, 630.394.2033 Brandon Hayes (2022 relocated from Illinois)~~
~~**SANFORD ROSE ASSOCIATES – RPM RESEARCH**~~
~~1067 Albany Park Dr., Fort Mill, SC 29715, 704.502.0010, Brad McMillan~~
~~**SANFORD ROSE ASSOCIATES – SIRCH INCORPORATED**~~
~~5126 Patterson Rd., Anderson, SC 29625, 864.905.7165, Chris Norman~~

TENNESSEE - 34

~~**SANFORD ROSE ASSOCIATES – BLUE ROCK SEARCH**~~
~~224 S. Peters Rd., Suite 208, Knoxville, TN 37923, 865.805.9555, Ruben Moreno (relocated from Florida)~~
SANFORD ROSE ASSOCIATES – HEALTHCARE RECRUITMENT PARTNERS
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7209 Haley Industrial Blvd., Suite 100 Nolensville, TN 37135, 904.619.8697, Eric Scavelli

TEXAS - 113

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UTAH - 2

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VIRGINIA - 62

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WISCONSIN - 7

SANFORD ROSE ASSOCIATES – EMPLOYMENT RESOURCE GROUP INC.

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~~512201~~ 2nd Street ~~South~~, Hudson, WI 540168, 612.326.3006, Tony Misura

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9847 N. Lamplighter Lane, Mequon, WI 53092, 414.909.8505, Chris Bisenius

INTERNATIONAL - 43

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403.800.6651, Scott Galderwood

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19-13085 Yonge St., Suite 302, Richmond Hill, Ontario, Canada, L4E OK2 416.900.3435, Peter Humphrey

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

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CALIFORNIA

SANFORD ROSE ASSOCIATES – BAY CLOUD PARTNERS

1771 33rd Avenue San Francisco, CA 94122, 415-846-3664, Jack Meeks

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SANFORD ROSE ASSOCIATES – BORCHERT ASSOCIATES

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[125 Route 6A, Yarmouth, MA 02675, 508.613.1153, Jilma Sweeney](#)

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SANFORD ROSE ASSOCIATES – KALOS CONSULTING

[141 Traction Street, Greenville, SC 29611, 630.394.2033 Brandon Hayes](#)

TEXAS

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[821 Glen Garry Drive, Flower Mound, TX 75022, 972.961.9241, Todd Mapes](#)

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SANFORD ROSE ASSOCIATES – THE ATTORNEY SEARCH GROUP

4870 Sadler Road Suite 300 Glen Allen, VA 23060, 202-836-6958, Scott Love

INTERNATIONAL

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Liverpool Innovation Park, Edge Lane, Liverpool, United Kingdom, +44 (0) 845 303 9688, David Hunt

EXHIBIT TWO
FINANCIAL STATEMENTS

**SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2024 and 2023
with Report of Independent Auditors**

**SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**Years Ended December 31, 2024 and 2023
with Report of Independent Auditors**

Table of Contents

Report of Independent Auditors	1
Financial Statements:	
Balance Sheets	3
Statements of Income.....	4
Statements of Changes in Member's Equity.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements	7
Supplementary Information:	
Balance Sheets by Brand	16
Income Statements by Brand	17

REPORT OF INDEPENDENT AUDITORS

To the Member of
Sanford Rose Associates International, LLC

Opinion

We have audited the financial statements of Sanford Rose International, LLC (the "Company"), which comprise the balance sheet as of December 31, 2024, and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the Audit of 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2024.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Supplementary Information

Our audit was conducted for purpose of forming an opinion on the financial statements as a whole. The supplementary balance sheets by brand and statements of income by brand are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information fairly stated in all material aspects in relation to the financial statements as a whole.

Whitley Penn LLP

Plano, Texas
March 14, 2025

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

BALANCE SHEETS

	December 31,	
	2024	2023
Current Assets		
Cash and cash equivalents	\$ 744,069	\$ 895,940
Accounts receivable, net of allowance for credit losses of \$534,749 and \$241,470	2,134,962	1,508,952
Accrued revenue	14,127	62,927
Prepaid expenses and other current assets	463,044	138,009
Current portion prepaid contract acquisition costs	89,001	-
Due from related party	179,432	26,160
Total current assets	<u>3,624,635</u>	<u>2,631,988</u>
 Prepaid contract acquisition costs, net of current portion	 310,499	 -
Intangibles, net	43,920	65,880
Goodwill	<u>423,168</u>	<u>423,168</u>
 Total assets	 <u>\$ 4,402,222</u>	 <u>\$ 3,121,036</u>
 Liabilities and Member's Equity		
Accounts payable	\$ 80,503	\$ 40,882
Due to related party	1,645,372	58,011
Current portion of deferred revenue	1,247,367	232,051
Customer deposits	50,112	-
Accrued expenses	190,666	169,429
Total current liabilities	<u>3,214,020</u>	<u>500,373</u>
 Deferred revenue, net of current portion	 1,125,490	 -
Total liabilities	<u>4,339,510</u>	<u>500,373</u>
 Member's equity	 <u>62,712</u>	 <u>2,620,663</u>
 Total liabilities and member's equity	 <u>\$ 4,402,222</u>	 <u>\$ 3,121,036</u>

See accompanying notes to financial statements.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

STATEMENTS OF INCOME

	Year Ended December 31,	
	2024	2023
Sales	\$ 11,140,027	\$ 10,455,390
Cost of sales	3,027,278	2,021,398
Gross profit	<u>8,112,749</u>	<u>8,433,992</u>
Operating expenses		
Payroll expense	5,121,494	2,909,090
General, sales, and administrative expense	1,440,704	1,226,127
Provision for credit losses	313,598	180,074
Insurance expense	56,448	66,834
Amortization expense	21,960	21,960
Total operating expenses	<u>6,954,204</u>	<u>4,404,085</u>
Income from operations	1,158,545	4,029,907
State income tax expense	<u>(28,496)</u>	<u>(81,096)</u>
Net income	<u>\$ 1,130,049</u>	<u>\$ 3,948,811</u>

See accompanying notes to financial statements.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Years Ended December 31, 2024 and 2023

Balance, December 31, 2022	\$ 3,277,312
Contributions	2,479,540
Distributions	(7,085,000)
Net income	<u>3,948,811</u>
Balance, December 31, 2023	2,620,663
Distributions	(3,688,000)
Net income	<u>1,130,049</u>
Balance, December 31, 2024	<u><u>\$ 62,712</u></u>

See accompanying notes to financial statements.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 1,130,049	\$ 3,948,811
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization expense	21,960	21,960
Amortization of prepaid contract acquisition costs	45,500	-
Provision for credit losses	313,598	180,074
Changes in operating assets and liabilities:		
Accounts receivable	(939,608)	(196,156)
Accrued revenue	48,800	(62,927)
Prepaid expenses and other current assets	(325,035)	1,061,000
Prepaid contract acquisition costs	(445,000)	-
Due from related party	(153,272)	13,982
Accounts payable	39,621	(781,121)
Due to related party	1,587,361	(201,304)
Deferred revenue	2,140,806	(270,875)
Customer deposits	50,112	-
Accrued expenses	21,237	87,314
Net cash provided by operating activities	3,536,129	3,800,758
Cash Flows from Financing Activities		
Contributions	-	2,479,540
Distributions paid	(3,688,000)	(7,085,000)
Net cash used in financing activities	(3,688,000)	(4,605,460)
Net change in cash and cash equivalents	(151,871)	(804,702)
Cash and cash equivalents, beginning of year	895,940	1,700,642
Cash and cash equivalents, end of year	\$ 744,069	\$ 895,940
Supplemental Disclosure		
Cash paid for state taxes	\$ 40,426	\$ 81,096

See accompanying notes to financial statements.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

A. Organization

Sanford Rose Associates International, LLC ("SRA International," "SRAI," or the "Company"), was founded in 1959 and was previously incorporated under the laws of the state of Texas. Effective December 31, 2023, the Company converted to a Texas limited liability company. The Company's general operations include assisting individuals obtain employment opportunities by having franchisees at various locations around the United States (and four international offices) search, find, and place potential job candidates. During the year ended December 31, 2024, the Company added an additional brand called Next Level Collaborative ("NLC"). During the year ended December 31, 2023, the Company added an additional brand called Dimensional Search ("Dimensional"). The franchisees pay SRA International a royalty to utilize either the Sanford Rose Associates ("SRA"), Dimensional, or NLC brand name and resources.

SRA International was acquired by Kaye Bassman International Corp. ("KBIC") on January 2, 2012. Effective October 1, 2022, shareholders of Kaye Bassman International Corp. contributed their shares in KBIC to a newly formed entity, NL Starfish Partners, Inc. ("Starfish") in exchange for shares in the new entity. Effective March 15, 2023, KBIC contributed its shares in SRAI to Starfish and the Company became a wholly owned subsidiary of Starfish. On January 1, 2024, Starfish transferred all assets of the Company, through a D Reorganization, to Next Level Exchange, LLC ("NLE"). At this time, NLE became the sole member of the Company. As disclosed in the Company's LLC operating agreement, the Company's sole member is not personally liable for the debts or obligations of the Company. The Company had 213 franchises in operation as of December 31, 2024, including 34 new franchises that were opened during the year.

B. Significant Accounting Policies

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The accounts are maintained and the 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").

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Significant Accounting Policies – continued

Cash and Cash Equivalents

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.

Accounts Receivable and Allowance for Credit Losses

Accounts receivables represent the uncollected portion of amounts recorded as sales and billed to franchisees. The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events, and also future events based on the Company's expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible.

The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment.

The allowance for credit losses was \$534,749 and \$241,470 as of December 31, 2024 and 2023, respectively. Bad debt expense for the years ended December 31, 2024 and 2023 totaled \$313,598 and \$180,074, respectively.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Significant Accounting Policies – continued

Accounts Receivable and Allowance for Credit Losses – continued

Changes in the allowance for credit losses for accounts receivable by portfolio segment are as follows for the year ended December 31, 2024:

	<u>Dimensional</u>	<u>SRAI</u>	<u>Total</u>
Beginning balance	\$ -	\$ 241,470	\$ 241,470
Provision for credit losses	13,005	300,593	313,598
Write-offs	-	(20,319)	(20,319)
Recoveries	-	-	-
Ending balance	<u>\$ 13,005</u>	<u>\$ 521,744</u>	<u>\$ 534,749</u>

The Company had one portfolio segment during the year ended December 31, 2023. Changes in the allowance for credit losses for accounts receivable by portfolio segment are as follows for the year ended December 31, 2023:

Beginning balance	\$ 94,664
Provision for credit losses	180,074
Write-offs	(33,268)
Recoveries	<u>-</u>
Ending balance	<u>\$ 241,470</u>

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to asset acquired and liabilities assumed. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. Under ASC 350-20, *Intangibles – Goodwill and Other*, the Company has elected to apply the qualitative assessment in determining whether it is more likely than not that the fair value of the Company is less than its carrying amount.

In its qualitative assessment, the Company analyzed macroeconomic conditions, industry and market considerations, cost factors, and overall financial performance. The Company determined that goodwill was not impaired as of December 31, 2024 or 2023.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Significant Accounting Policies – continued

Long-lived Assets

The Company evaluates its long-lived assets including definite lived intangible assets including franchise rights, trade names, and non-compete agreements 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 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.

Deferred Revenue

The Company records deferred revenue on billings in which the Company has not yet earned. This is primarily composed of unearned franchise fees.

Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., a performance obligation) is transferred to a franchisee. Control is obtained when a franchisee has the ability to direct the use of and obtain substantially all the remaining benefits from that good or service.

Franchise fees are recognized over the term of the franchise agreement. Initial training revenues are recognized when all the material obligations have been performed, conditions have been satisfied and collectability is reasonably assured. Typically, this occurs when contracts are executed, training is completed and training fees have been received.

Continuing fees, such as royalties are recognized at a point-in-time, in the period in which the related sales occur and only if collectability is reasonably assured.

The Company arranges for access to goods and services for franchises through contracts with third parties. Revenues from these goods and services are recognized at a point-in-time upon delivery of the good or service. A corresponding cost of such goods and services was recorded in the same period in which revenue was recognized.

Nature of Goods and Services and Performance Obligations

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to faithfully depict the Company's performance in transferring control of the promised goods or services to the franchisee.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS (continued)

B. Significant Accounting Policies – continued

Revenue Recognition – continued

Allocating Transaction Prices to Performance Obligations

The Company enters certain contracts with franchisees that contain multiple services. For these contracts, each service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling prices at the inception of the contract. For services that are sold separately to similar customers in similar circumstances, the Company utilizes the directly observable prices to determine the goods or services relative standalone selling prices.

For services with relative standalone selling prices that are not directly observable, the Company estimates their relative standalone selling prices using the adjusted market assessment approach. In utilizing this approach, the Company maximizes the use of observable inputs. The significant observable inputs utilized by the Company in this approach are similar services sold by its competitors, adjusted as necessary, to reflect the Company's costs and margins.

Disaggregation of Revenue

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

	<u>2024</u>	<u>2023</u>
Revenues recognized over time	\$ 2,005,924	\$ 1,729,367
Revenues recognized at a point-in-time	<u>9,134,103</u>	<u>8,726,023</u>
	<u>\$11,140,027</u>	<u>\$10,455,390</u>

Costs to Obtain a Contract

The Company pays commissions to third parties that assist in selling franchise agreements. As these represent the cost to obtain a franchise contract, they are deferred prepaid contract acquisition costs. The amounts deferred will be amortized generally over a 5-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 \$399,500, \$-, and \$-, respectively.

These balances are represented by prepaid contract acquisition costs on the accompanying balance sheets. Commissions recognized were \$45,500 and \$- for the years ended December 31, 2024 and 2023, respectively, and is included within cost of sales on the accompanying statements of income. The commissions are not payable to the third parties until a franchise agreement is signed.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Significant Accounting Policies – continued

Revenue Recognition – continued

Contract Assets

Contract assets represent the Company's right to consideration based on satisfied performance obligations from contracts with customers and consist of accounts receivable and accrued revenue as of December 31, 2024 and 2023. Accounts receivable at December 31, 2024 and 2023, were \$2,143,962 and \$1,508,952, respectively. The opening balance of accounts receivable at January 1, 2023, was \$1,492,870. Accrued revenue at December 31, 2024 and 2023, was \$14,127 and \$62,927, respectively. The opening balance of accrued revenue at January 1, 2023, was \$-.

Contract Liabilities

Contract liabilities consist primarily of deferred revenue resulting from initial franchise fees paid by franchisees, which are recognized ratably over the term of the franchise agreement. Deferred revenue at December 31, 2024 and 2023, were \$2,372,857 and \$232,051, respectively. The opening balance of deferred revenue at January 1, 2023, was \$502,926.

Income Taxes

Effective December 31, 2023, the Company converted to a limited liability company and as such is organized as a pass-through entity for income tax purposes. Prior to this conversion, the Company elected to be treated as an S corporation. Under these provisions of Subchapter S of the Internal Revenue Code, the Company does not pay corporate income taxes on its taxable income. Instead, the shareholders of the S corporation were liable for individual income taxes on the Company's taxable income.

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 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, 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.

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

B. Significant Accounting Policies – continued

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 statements of income as net revenue.

Advertising costs are charged to expense during the year in which they are incurred. Advertising expense for the years ended December 31, 2024 and 2023, was \$1,004,514 and \$171,541, respectively, and is included within cost of sales in the accompanying statements of income.

Taxes Collected from Customers

In the course of doing business, the Company collects taxes from customers, including but not limited to sales taxes. It is the Company's policy to record these taxes on a net basis in the statement of operations; therefore, the Company does not include the taxes collected as a component of revenues.

C. Goodwill and Other Intangibles

The goodwill and other intangibles amounts were valued during the acquisition of SRA International. The definite-lived intangibles are amortized using the straight-line method over the estimated useful life, typically 15 years.

The Company's goodwill and intangibles consists of the following at December 31:

	<u>2024</u>	<u>2023</u>
Goodwill	<u>\$ 423,168</u>	<u>\$ 423,168</u>
	<u>\$ 423,168</u>	<u>\$ 423,168</u>
Trademark	\$ 70,000	\$ 70,000
Noncompete agreements	53,000	53,000
Franchise agreements	<u>206,400</u>	<u>206,400</u>
	329,400	329,400
Accumulated amortization	<u>(285,480)</u>	<u>(263,520)</u>
Total net intangibles	<u>\$ 43,920</u>	<u>\$ 65,880</u>

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

NOTES TO FINANCIAL STATEMENTS *(continued)*

C. Goodwill and Other Intangibles – continued

Amortization expense was \$21,960 during the years ended December 31, 2024 and 2023. The total amortization expense for each of the two succeeding years as of December 31, 2024, is as follows:

2025	\$ 21,960
2026	<u>21,960</u>
Total	<u>\$ 43,920</u>

D. Related Party

As noted above in Note A, SRA International is a wholly owned subsidiary. Although there is no service agreement between the Company and the parent or other related parties, there are some expenses that are allocated to SRA International including payroll, rent, utilities, supplies, and maintenance. The Company estimates the amount of time spent on SRA International services for payroll allocation and estimates the amount of usage for the remaining expenses. This resulted in allocated expenses of \$5,536,884 and \$3,010,600 for the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2024, the Company received royalty revenues from two related entities. This accounted for \$1,500,000 of the Company's royalty revenues. These agreements were not in place in 2023, and as such there was no revenue recognized during the year ended December 31, 2023.

As of December 31, 2024 and 2023, the company owed \$1,645,372 and \$58,011, respectively, to related entities for services utilized and expense reimbursements. Additionally, as of December 31, 2024, there was \$277,732 of related party receivables within accounts receivable on the accompanying balance sheets. As of December 31, 2024 and 2023, the Company was owed \$179,432 and \$26,160, respectively, from related entities for services provided.

E. Subsequent Events

In preparing the financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through March 14, 2025, the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

BALANCE SHEETS BY BRAND

December 31, 2024

	SRA	Dimensional Search	Next Level Collaborative	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 692,663	\$ 49,931	\$ 1,475	\$ -	\$ 744,069
Accounts receivable, net of allowance for credit losses of \$534,749	1,726,153	225,824	182,985	-	2,134,962
Accrued revenue	14,127	-	-	-	14,127
Prepaid expenses and other current assets	455,931	7,113	-	-	463,044
Current portion prepaid contract acquisition costs, net	-	89,001	-	-	89,001
Due from related party	475,310	-	-	(295,878)	179,432
Total current assets	3,364,184	371,869	184,460	(295,878)	3,624,635
Prepaid contract acquisition costs, net of current portion	-	310,499	-	-	310,499
Intangibles net	43,920	-	-	-	43,920
Goodwill	423,168	-	-	-	423,168
Total assets	\$ 3,831,272	\$ 682,368	\$ 184,460	\$ (295,878)	\$ 4,402,222
Liabilities and Member's Equity					
Current Liabilities					
Accounts payable	\$ 61,772	\$ 18,731	\$ -	\$ -	\$ 80,503
Due to related party	64,954	343,559	1,532,737	(295,878)	1,645,372
Current portion of deferred revenue	629,658	617,709	-	-	1,247,367
Customer deposits	50,112	-	-	-	50,112
Accrued expenses	178,801	11,865	-	-	190,666
Total current liabilities	985,297	991,864	1,532,737	(295,878)	3,214,020
Deferred revenue, net of current portion	19,801	1,105,689	-	-	1,125,490
Total liabilities	1,005,098	2,097,553	1,532,737	(295,878)	4,339,510
Member's equity (deficit)	2,826,175	(1,415,186)	(1,348,277)	-	62,712
Total liabilities and member's equity	\$ 3,831,273	\$ 682,367	\$ 184,460	\$ (295,878)	\$ 4,402,222

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

STATEMENTS OF INCOME BY BRAND

For the Year Ended December 31, 2024

	SRA	Dimensional Search	Next Level Collaborative	Total
Sales	\$ 8,996,980	\$ 322,136	\$ 1,820,911	\$ 11,140,027
Cost of sales	2,981,778	45,500	-	3,027,278
Gross profit	6,015,202	276,636	1,820,911	8,112,749
Operating expenses				
Payroll expense	1,837,950	847,900	2,435,644	5,121,494
General, sales, and administrative expense	974,680	311,091	154,933	1,440,704
Provision for credit losses	300,593	13,005	-	313,598
Insurance expense	51,962	875	3,611	56,448
Amortization expense	21,960	-	-	21,960
Total operating expenses	3,187,145	1,172,871	2,594,188	6,954,204
Income (loss) from operations	2,828,057	(896,235)	(773,277)	1,158,545
State income tax expense	(27,176)	(1,320)	-	(28,496)
Net income (loss)	\$ 2,800,881	\$ (897,555)	\$ (773,277)	\$ 1,130,049

**Sanford Rose Associates
International, LLC**

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

Sanford Rose Associates International, LLC

Table of Contents

December 31, 2023 and 2022

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Owner's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Balance Sheet by Brand	12
Income Statement by Brand	13



Independent Auditors' Report

To the Shareholder of
Sanford Rose Associates International, LLC

Opinion

We have audited the financial statements of Sanford Rose Associates International, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in owner's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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 its operations and its 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 Auditors' 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 financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary balance sheet by brand and statement of income by brand is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

Frisco, Texas
March 15, 2024

Sanford Rose Associates International, LLC

Balance Sheets

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 895,940	\$ 1,700,642
Accounts receivable, net	1,508,952	1,492,870
Accrued revenue	62,927	-
Prepaid expenses and other current assets	138,009	1,199,009
Due from related party	26,160	40,142
Total current assets	2,631,988	4,432,663
Intangibles, Net	65,880	87,840
Goodwill	423,168	423,168
Total assets	<u>\$ 3,121,036</u>	<u>\$ 4,943,671</u>
Liabilities and Owner's Equity		
Current Liabilities		
Accounts payables	\$ 40,882	\$ 822,003
Due to related party	58,011	259,315
Deferred revenue	232,051	502,926
Accrued expenses	169,429	82,115
Total current liabilities	500,373	1,666,359
Total liabilities	500,373	1,666,359
Owner's Equity	2,620,663	3,277,312
Total liabilities and owner's equity	<u>\$ 3,121,036</u>	<u>\$ 4,943,671</u>

See notes to financial statements

Sanford Rose Associates International, LLC

Statements of Income

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Sales	\$ 10,455,390	\$ 10,665,126
Cost of Sales	<u>2,021,398</u>	<u>1,983,777</u>
Gross profit	<u>8,433,992</u>	<u>8,681,349</u>
Operating Expenses		
Payroll expense	2,909,090	2,170,437
General, sales and administrative expense	1,226,127	868,704
Bad debt expense	180,074	65,467
Insurance expense	66,834	38,440
Amortization expense	<u>21,960</u>	<u>21,960</u>
Total operating expenses	<u>4,404,085</u>	<u>3,165,008</u>
Income from operations	4,029,907	5,516,341
State Income Tax Expense	<u>(81,096)</u>	<u>(69,379)</u>
Net income	<u>\$ 3,948,811</u>	<u>\$ 5,446,962</u>

See notes to financial statements

Sanford Rose Associates International, LLC

Statements of Changes in Owner's Equity
Years Ended December 31, 2023 and 2022

	<u>Owner's Equity</u>
Balance, December 31, 2021	\$ 6,980,350
Distributions	(9,150,000)
Net income	<u>5,446,962</u>
Balance, December 31, 2022	3,277,312
Contributions	2,479,540
Distributions	(7,085,000)
Net income	<u>3,948,811</u>
Balance, December 31, 2023	<u>\$ 2,620,663</u>

See notes to financial statements

Sanford Rose Associates International, LLC

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Net income	\$ 3,948,811	\$ 5,446,962
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization expense	21,960	21,960
Bad debt expense	180,074	65,467
Changes in operating assets and liabilities:		
Accounts receivable	(196,156)	(99,096)
Accrued revenue	(62,927)	-
Prepaid expenses and other current assets	1,061,000	(900,977)
Due from related party	13,982	(36,358)
Accounts payable	(781,121)	793,371
Due to related party	(201,304)	228,742
Deferred revenue	(270,875)	317,951
Accrued expenses	87,314	27,673
Net cash provided by operating activities	<u>3,800,758</u>	<u>5,865,695</u>
Cash Flows From Financing Activities		
Contributions	2,479,540	-
Distributions paid	<u>(7,085,000)</u>	<u>(9,150,000)</u>
Net cash used in financing activities	<u>(4,605,460)</u>	<u>(9,150,000)</u>
Net change in cash and cash equivalents	(804,702)	(3,284,305)
Cash and Cash Equivalents, Beginning	<u>1,700,642</u>	<u>4,984,947</u>
Cash and Cash Equivalents, Ending	<u>\$ 895,940</u>	<u>\$ 1,700,642</u>
Supplemental Disclosure		
Cash paid for state taxes	<u>\$ 81,096</u>	<u>\$ 69,379</u>

See notes to financial statements

Sanford Rose Associates International, LLC

Notes to Financial Statements
December 31, 2023 and 2022

1. Organization

Sanford Rose Associates International, Inc. (SRA International, SRAI or the Company) was founded in 1959 and is currently incorporated under the laws of the state of Texas. Effective December 31, 2023, the Company converted to a limited liability company. The Company's general operations include assisting individuals obtain employment opportunities by having franchisees at various locations around the United States (and four international offices) search, find and place potential job candidates. During the year ended December 31, 2023, the Company added an additional brand called Dimensional Search. The franchisees pay SRA International a royalty to utilize either the SRA or Dimensional Search brand name and resources.

SRA International was acquired by Kaye Bassman International Corp. (KBIC) on January 2, 2012. Effective October 1, 2022, shareholders of Kaye Bassman International Corp contributed their shares in KBIC to a newly formed entity, NL Starfish Partners Inc (Starfish), in exchange for shares in the new entity. Effective March 15, 2023, KBIC contributed its shares in SRA to Starfish and the Company became a wholly owned subsidiary of Starfish. The Company had 182 franchises in operation as of December 31, 2023, including 42 new franchises that were opened during the year.

2. Significant Accounting Policies

Basis of Accounting

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting. Revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the allowance for doubtful accounts and accrued franchise tax payable. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers cash and temporary investments with original maturities of less than three months, as well as interest-bearing money market accounts, to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts and management considers the risk to be minimal.

Federal Income Taxes

Effective December 31, 2023, the Company converted to a limited liability company and as such is organized as a pass-through entity for income tax purposes. Prior to this conversion, the Company elected to be treated as an S corporation. Under these provisions of Subchapter S of the Internal Revenue Code, the Company does not pay corporate income taxes on its taxable income. Instead, the shareholders of the S corporation are liable for individual income taxes on the Company's taxable income.

Sanford Rose Associates International, LLC

Notes to Financial Statements
December 31, 2023 and 2022

The Company accounts for uncertain tax positions in accordance with the FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. The Company has evaluated its position and has not identified any material uncertain tax positions that would not be sustained in a federal or state income tax examination or the required disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying financial statements.

Accounts Receivable

Accounts receivables represent the uncollected portion of amounts recorded as sales and billed to franchisees. The Company recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Receivables are written off when the Company determined that such receivables are deemed uncollectible.

The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Company utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Company considers current and forecasted direction of the economic and business environment.

The allowance for credit losses was \$241,470 and \$94,664 as of December 31, 2023 and 2022, respectively. Bad debt expense for the years ended December 31, 2023 and 2022, totaled \$180,074 and \$65,467, respectively.

Deferred Revenue

The Company records deferred revenue on billings in which the Company has not yet earned. This is primarily composed of unearned franchise fees.

Advertising and Marketing

In accordance with ASC 720-35, *Advertising Costs*, advertising and marketing costs are expensed when incurred and totaled \$171,541 and \$197,896, for the years ended December 31, 2023 and 2022, respectively. These expenses are included in the statements of income as costs of sales.

Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., a performance obligation) is transferred to a franchisee. Control is obtained when a franchisee has the ability to direct the use of and obtain substantially all the remaining benefits from that good or service.

Sanford Rose Associates International, LLC

Notes to Financial Statements

December 31, 2023 and 2022

Franchise fees are recognized over the term of the franchise agreement. Initial training revenues are recognized when all the material obligations have been performed, conditions have been satisfied and collectability is reasonably assured. Typically, this occurs when contracts are executed, training is completed and training fees have been received.

Continuing fees, such as royalties are recognized at a point-in-time, in the period in which the related sales occur and only if collectability is reasonably assured.

The Company arranges for access to goods and services for franchisees through contracts with third parties. Revenues from these goods and services are recognized at a point-in-time upon delivery of the good or service. A corresponding cost of such goods and services was recorded in the same period in which revenue was recognized.

Nature of Goods and Services and Performance Obligations

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to faithfully depict the Company's performance in transferring control of the promised goods or services to the franchisee.

Transaction Prices

The transaction price allocated to a performance obligation reflects the Company's expectations about the consideration it will be entitled to receive from a franchisee related to that performance obligation. To determine the transaction price, variable consideration is assessed as well as whether a significant financing component exists (the Company's contracts typically do not include a significant financing component as most contracts require payment prior to delivery).

Allocating Transaction Prices to Performance Obligations

The Company enters certain contracts with franchisees that contain multiple services. For these contracts, each service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling prices at the inception of the contract. For services that are sold separately to similar customers in similar circumstances, the Company utilizes the directly observable prices to determine the goods or services relative standalone selling prices.

For services with relative standalone selling prices that are not directly observable, the Company estimates their relative standalone selling prices using the adjusted market assessment approach. In utilizing this approach, the Company maximizes the use of observable inputs. The significant observable inputs utilized by the Company in this approach are similar services sold by its competitors, adjusted as necessary, to reflect the Company's costs and margins.

Disaggregation of Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations.

	2023	2022
Revenues recognized over time	\$ 1,729,367	\$ 1,621,197
Revenues recognized at a point-in-time	8,726,023	9,043,929
	<u>\$ 10,455,390</u>	<u>\$ 10,665,126</u>

Sanford Rose Associates International, LLC

Notes to Financial Statements
December 31, 2023 and 2022

3. Goodwill and Other Intangibles

The goodwill and other intangibles amounts were valued during the acquisition of SRA International. All definite-lived intangibles are amortized using the straight-line method over the estimated useful life, typically 15 years.

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to asset acquired and liabilities assumed. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. Under ASC 350-20, *Intangibles - Goodwill and Other*, the Company has elected to apply the qualitative assessment in determining whether it is more likely than not that the fair value of the Company is less than its carrying amount.

In its qualitative assessment, the Company analyzed macroeconomic conditions, industry and market considerations, cost factors and overall financial performance. The Company determined that goodwill was not impaired as of December 31, 2023 and 2022.

The Company's goodwill and intangibles consisted of the following at December 31, 2023 and 2022:

	2023	2022
Goodwill	\$ 423,168	\$ 423,168
Intangibles:		
Trademark	\$ 70,000	\$ 70,000
Noncompete agreements	53,000	53,000
Franchise agreements	206,400	206,400
	329,400	329,400
Accumulated amortization	(263,520)	(241,560)
Total net intangibles	\$ 65,880	\$ 87,840

Amortization expense was \$21,960 during the years ended December 31, 2023 and 2022. The total estimated amortization expense for each of the five succeeding years as of December 31, 2023 is as follows:

Years ending December 31:	
2024	\$ 21,960
2025	21,960
2026	21,960
Total	\$ 65,880

4. Related-Party

As noted above in Note 1, SRA International is a wholly owned subsidiary. Although there is no service agreement between the Company and the parent or other related parties, there are some expenses that are allocated to SRA International including payroll, rent, utilities, supplies and maintenance. The Company estimates the amount of time spent on SRA International services for payroll allocation and estimates the amount of usage for the remaining allocations. This resulted in allocated expenses of \$3,010,600 and \$2,403,431 for the years ended December 31, 2023 and 2022, respectively.

Sanford Rose Associates International, LLC

Notes to Financial Statements
December 31, 2023 and 2022

5. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Company has evaluated events and transactions occurring subsequent to December 31, 2023, the balance sheet date, through March 15, 2024, the date the financial statements were issued, and determined there were no events or transactions which would materially impact the accompanying financial statements as of December 31, 2023 and during the year then ended.

Sanford Rose Associates International, LLC

Balance Sheet by Brand
December 31, 2023

	SRA	Dimensional Search	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 719,942	\$ 175,998	\$ -	\$ 895,940
Accounts receivable, net	1,508,952	-	-	1,508,952
Accrued revenue	62,927	-	-	62,927
Prepaid expenses and other current assets	138,009	-	-	138,009
Due from related party	255,125	-	(228,965)	26,160
Total current assets	2,684,955	175,998	(228,965)	2,631,988
Intangibles, Net	65,880	-	-	65,880
Goodwill	423,168	-	-	423,168
Total assets	<u>\$ 3,174,003</u>	<u>\$ 175,998</u>	<u>\$ (228,965)</u>	<u>\$ 3,121,036</u>
Liabilities and Owner's Equity				
Current Liabilities				
Accounts payables	\$ 40,882	\$ -	\$ -	\$ 40,882
Due to related party	58,011	228,965	(228,965)	58,011
Deferred revenue	58,985	173,066	-	232,051
Accrued expenses	102,831	66,598	-	169,429
Total current liabilities	260,709	468,629	(228,965)	500,373
Total liabilities	260,709	468,629	(228,965)	500,373
Owner's Equity	2,913,294	(292,631)	-	2,620,663
Total liabilities and owner's equity	<u>\$ 3,174,003</u>	<u>\$ 175,998</u>	<u>\$ (228,965)</u>	<u>\$ 3,121,036</u>

Sanford Rose Associates International, LLC

Statement of Income by Brand

Year Ended December 31, 2023

	SRA	Dimensional Search	Total
Sales	\$ 10,452,457	\$ 2,933	\$ 10,455,390
Cost of Sales	2,021,398	-	2,021,398
Gross profit	8,431,059	2,933	8,433,992
Operating Expenses			
Payroll expense	2,747,090	162,000	2,909,090
General, sales and administrative expense	1,095,203	132,244	1,226,127
Bad debt expense	180,074	-	180,074
Insurance expense	66,834	-	66,834
Amortization expense	21,960	-	21,960
Total operating expenses	4,111,161	294,244	4,404,085
Income from operations	4,319,898	(291,311)	4,029,907
State Income Tax Expense	(79,776)	(1,320)	(81,096)
Net income	<u>\$ 4,240,122</u>	<u>\$ (292,631)</u>	<u>\$ 3,948,811</u>



Sanford Rose Associates International, Inc.

Financial Statements

December 31, 2022 and 2021

Sanford Rose Associates International, Inc.

Table of Contents
December 31, 2022 and 2021

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Shareholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7



Independent Auditors' Report

To the Shareholder of
Sanford Rose Associates International, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanford Rose Associates International, Inc. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 Auditors' 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 financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Baker Tilly US, LLP

Plano, Texas
March 15, 2023

Sanford Rose Associates International, Inc.

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,700,642	\$ 4,984,947
Accounts receivable, net	1,492,870	1,459,241
Prepaid expenses and other current assets	1,199,009	298,032
Due from related party	40,142	3,784
	<u>4,432,663</u>	<u>6,746,004</u>
Total current assets	4,432,663	6,746,004
Intangibles, Net	87,840	109,800
Goodwill	423,168	423,168
	<u>423,168</u>	<u>423,168</u>
Total assets	<u>\$ 4,943,671</u>	<u>\$ 7,278,972</u>
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payables	\$ 822,003	\$ 28,632
Due to related party	259,315	30,573
Deferred revenue	502,926	184,975
Accrued expenses	82,115	54,442
	<u>1,666,359</u>	<u>298,622</u>
Total current liabilities	1,666,359	298,622
Total liabilities	<u>1,666,359</u>	<u>298,622</u>
Shareholder's Equity		
Shareholder's equity	644,294	644,294
Retained earnings	2,633,018	6,336,056
	<u>3,277,312</u>	<u>6,980,350</u>
Total shareholder's equity	3,277,312	6,980,350
Total liabilities and shareholder's equity	<u>\$ 4,943,671</u>	<u>\$ 7,278,972</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Statements of Income

Years Ended December 31, 2022 and 2021

	2022	2021
Sales	\$ 10,665,126	\$ 9,744,150
Cost of Sales	<u>1,983,777</u>	<u>2,702,335</u>
Gross profit	<u>8,681,349</u>	<u>7,041,815</u>
Operating Expenses		
Payroll expense	2,170,437	2,125,105
General, sales and administrative expense	855,492	605,136
Rent and utilities expense	13,212	53,731
Bad debt expense	65,467	54,166
Insurance expense	38,440	35,199
Amortization expense	<u>21,960</u>	<u>21,960</u>
Total operating expenses	<u>3,165,008</u>	<u>2,895,297</u>
Income from operations	5,516,341	4,146,518
State Income Tax Expense	<u>(69,379)</u>	<u>(29,384)</u>
Net income	<u>\$ 5,446,962</u>	<u>\$ 4,117,134</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Statements of Changes in Shareholder's Equity
Years Ended December 31, 2022 and 2021

	Shareholder's Equity	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2020	\$ 644,294	\$ 2,218,922	\$ 2,863,216
Net income	-	4,117,134	4,117,134
Balance, December 31, 2021	644,294	6,336,056	6,980,350
Distributions	-	(9,150,000)	(9,150,000)
Net income	-	5,446,962	5,446,962
Balance, December 31, 2022	<u>\$ 644,294</u>	<u>\$ 2,633,018</u>	<u>\$ 3,277,312</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Net income	\$ 5,446,962	\$ 4,117,134
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	21,960	21,960
Bad debt expense	65,467	54,166
Changes in operating assets and liabilities:		
Accounts receivable	(99,096)	(494,345)
Prepaid expenses and other current assets	(900,977)	(202,999)
Related-party receivable	(36,358)	63,737
Accounts payable	793,371	14,108
Related-party payable	228,742	24,726
Deferred revenue	317,951	(14,783)
Accrued expenses	27,673	(7,462)
Net cash provided by operating activities	5,865,695	3,576,242
Cash Flows From Financing Activities		
Distributions paid	(9,150,000)	-
Net cash used in financing activities	(9,150,000)	-
Net change in cash and cash equivalents	(3,284,305)	3,576,242
Cash and Cash Equivalents, Beginning	4,984,947	1,408,705
Cash and Cash Equivalents, Ending	\$ 1,700,642	\$ 4,984,947
Supplemental Disclosure		
Cash paid for state taxes	\$ 69,379	\$ 29,384

See notes to financial statements

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization

Sanford Rose Associates International, Inc. (SRA International, SRA or the Company) was founded in 1959 and is currently incorporated under the laws of the state of Texas. The Company's general operations include assisting individuals obtain employment opportunities by having franchisees at various locations around the United States (and four international offices) search, find and place potential job candidates. The franchisees pay SRA International a royalty to utilize the SRA brand name and resources. SRA International was acquired by Kaye Bassman International Corp. (KBIC) on January 2, 2012 and is a wholly owned subsidiary of KBIC. Effective October 1, 2022, shareholders of Kaye Bassman International Corp contributed their shares in the Company to a newly formed entity, NL Starfish Partners Inc, in exchange for shares in the new entity. The Company had one hundred and sixty-four franchises in operation as of December 31, 2022, including twenty-one new franchises that were opened during the year.

2. Significant Accounting Policies

Recent Accounting Pronouncements

During June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, respectively, the FASB also issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*; ASU No. 2019-05 *Targeted Transition Relief*; ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*; and ASU No. 2020-03 *Codification Improvements to Financial Instruments*. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13 and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

During January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 (as amended) is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently assessing the effect that ASU No. 2017-04 (as amended) will have on its results of operations, financial position and cash flows.

Basis of Accounting

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting. Revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the allowance for doubtful accounts and accrued franchise tax payable. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers cash and temporary investments with original maturities of less than three months, as well as interest-bearing money market accounts, to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts and management considers the risk to be minimal.

Federal Income Taxes

The Company has elected to be treated as an S corporation. Under these provisions of Subchapter S of the Internal Revenue Code, the Company does not pay corporate income taxes on its taxable income. Instead, the shareholders of the S corporation are liable for individual income taxes on the Company's taxable income. As of the date of consolidation, the subsidiary elected to be taxed as a Qualified Subchapter S subsidiary; therefore, its income passes through to the shareholders of the Company.

The Company has adopted Accounting Standards Codification (ASC) 740-10, *Income Taxes*, which establishes standards for accounting for uncertainty in income taxes. ASC 740-10 provides several clarifications related to uncertain tax positions. Most notably, a "more likely than not" standard for initial recognition of tax positions, a presumption of audit detection and a measurement of recognized tax benefits based on the largest amount that has a greater than 50% likelihood of realization. ASC 740-10 applies a two-step process to determine the amount of tax benefit to be recognized in the financial statements.

First, the Company must determine whether any amount of tax benefit may be recognized. Second, the Company determines how much of the tax benefit should be recognized (this would only apply to tax positions that qualify for recognition). No additional liabilities have been recognized as a result of the implementation. Accordingly, the Company has not recognized any penalty, interest or tax impact related to uncertain tax positions.

Accounts Receivable

Accounts receivables represent the uncollected portion of amounts recorded as sales and billed to franchisees. Management performs periodic analyses to evaluate accounts receivable balances to ensure that recorded balances reflect estimated net realizable value. The allowance for doubtful accounts was \$94,664 and \$127,994 as of December 31, 2022 and 2021, respectively. Management adjusts the allowance for doubtful accounts periodically based on a review of outstanding receivables. If additional amounts become uncollectible, they will be charged to operations when that determination is made. Net bad debt expense for the years ended December 31, 2022 and 2021 totaled \$65,467 and \$54,166, respectively.

Deferred Revenue

The Company records deferred revenue on billings in which the Company has not yet earned. This is primarily composed of unearned franchise fees.

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

Advertising and Marketing

In accordance with ASC 720-35, *Advertising Costs*, advertising and marketing costs are expensed when incurred and totaled \$197,896 and \$132,201, for the years ended December 31, 2022 and 2021, respectively. These expenses are included in the statements of income as general and administrative expense.

Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., a performance obligation) is transferred to a franchisee. Control is obtained when a franchisee has the ability to direct the use of and obtain substantially all the remaining benefits from that good or service.

Franchise fees are recognized over the term of the franchise agreement. Initial training revenues are recognized when all the material obligations have been performed, conditions have been satisfied and collectability is reasonably assured. Typically, this occurs when contracts are executed, training is completed and training fees have been received.

Continuing fees, such as royalties are recognized at a point-in-time, in the period in which the related sales occur and only if collectability is reasonably assured.

The Company arranges for access to goods and services for franchisees through contracts with third parties. Revenues from these goods and services are recognized at a point-in-time upon delivery of the good or service. A corresponding cost of such goods and services was recorded in the same period in which revenue was recognized.

Nature of Goods and Services and Performance Obligations

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to faithfully depict the Company's performance in transferring control of the promised goods or services to the franchisee.

Transaction Prices

The transaction price allocated to a performance obligation reflects the Company's expectations about the consideration it will be entitled to receive from a franchisee related to that performance obligation. To determine the transaction price, variable consideration is assessed as well as whether a significant financing component exists (the Company's contracts typically do not include a significant financing component as most contracts require payment prior to delivery).

Allocating Transaction Prices to Performance Obligations

The Company enters certain contracts with franchisees that contain multiple services. For these contracts, each service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling prices at the inception of the contract. For services that are sold separately to similar customers in similar circumstances, the Company utilizes the directly observable prices to determine the goods or services relative standalone selling prices.

For services with relative standalone selling prices that are not directly observable, the Company estimates their relative standalone selling prices using the adjusted market assessment approach. In utilizing this approach, the Company maximizes the use of observable inputs. The significant observable inputs utilized by the Company in this approach are similar services sold by its competitors, adjusted as necessary, to reflect the Company's costs and margins.

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

Disaggregation of Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations.

	2022	2021
Revenues recognized over time	\$ 1,621,197	\$ 2,290,010
Revenues recognized at a point-in-time	9,043,929	7,454,140
	<u>\$ 10,665,126</u>	<u>\$ 9,744,150</u>

3. Goodwill and Other Intangibles

The goodwill and other intangibles amounts were valued during the acquisition of SRA International. All definite-lived intangibles are amortized using the straight-line method over the estimated useful life, typically fifteen years.

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to asset acquired and liabilities assumed. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. Under ASC 350-20, *Intangibles - Goodwill and Other*, the Company has elected to apply the qualitative assessment in determining whether it is more likely than not that the fair value of the Company is less than its carrying amount.

In its qualitative assessment, the Company analyzed macroeconomic conditions, industry and market considerations, cost factors and overall financial performance. The Company determined that goodwill was not impaired as of December 31, 2022 and 2021.

The Company's goodwill and intangibles consisted of the following at December 31, 2022 and 2021:

	2022	2021
Goodwill	<u>\$ 423,168</u>	<u>\$ 423,168</u>
Intangibles:		
Trademark	\$ 70,000	\$ 70,000
Non-compete agreements	53,000	53,000
Franchise agreements	<u>206,400</u>	<u>206,400</u>
	329,400	329,400
Accumulated amortization	<u>(241,560)</u>	<u>(219,600)</u>
Total net intangibles	<u>\$ 87,840</u>	<u>\$ 109,800</u>

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2022 and 2021

Amortization expense was \$21,960 during the years ended December 31, 2022 and 2021. The total estimated amortization expense for each of the five succeeding years as of December 31, 2022 is as follows:

Years ending December 31:		
2022	\$	21,960
2023		21,960
2024		21,960
2025		21,960
2026		<u>-</u>
Total	\$	<u>87,840</u>

4. Related Party

As noted above in Note 1, SRA International is a wholly owned subsidiary of KBIC. Although there is no service agreement between the two entities, there are some expenses that are allocated to SRA International including payroll, rent, utilities, supplies and maintenance. Management of KBIC estimates the amount of time spent on SRA International services for payroll allocation and estimates the amount of usage for the remaining allocations. This resulted in allocated expenses of \$2,403,431 and \$2,188,003 for the years ended December 31, 2022 and 2021, respectively.

5. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Company has evaluated events and transactions occurring subsequent to December 31, 2022, the balance sheet date, through March 15, 2023, the date the financial statements were issued, and determined there were no events or transactions which would materially impact the accompanying financial statements as of December 31, 2022 and during the year then ended.



Sanford Rose Associates International, Inc.

Financial Statements

December 31, 2021 and 2020

Sanford Rose Associates International, Inc.

Table of Contents

December 31, 2021 and 2020

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Income	4
Statements of Changes in Shareholder's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7



Independent Auditors' Report

To the Shareholder of
Sanford Rose Associates International, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanford Rose Associates International, Inc. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (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 Auditors' 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 financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Baker Tilly US, LLP

Plano, Texas
March 15, 2022

Sanford Rose Associates International, Inc.

Balance Sheets

December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,984,947	\$ 1,408,705
Accounts receivable, net	1,459,241	1,019,062
Prepaid expenses and other current assets	298,032	95,033
Due from related party	3,784	67,521
Total current assets	6,746,004	2,590,321
Intangibles, Net	109,800	131,760
Goodwill	423,168	423,168
Total assets	<u>\$ 7,278,972</u>	<u>\$ 3,145,249</u>
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payables	\$ 28,632	\$ 14,524
Due to related party	30,573	5,847
Deferred revenue	184,975	199,758
Accrued expenses	54,442	61,904
Total current liabilities	298,622	282,033
Total liabilities	298,622	282,033
Shareholder's Equity		
Shareholder's equity	644,294	644,294
Retained earnings	6,336,056	2,218,922
Total shareholder's equity	6,980,350	2,863,216
Total liabilities and shareholder's equity	<u>\$ 7,278,972</u>	<u>\$ 3,145,249</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Statements of Income

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Sales	\$ 9,744,150	\$ 6,587,591
Cost of Sales	<u>2,702,335</u>	<u>2,369,114</u>
Gross profit	<u>7,041,815</u>	<u>4,218,477</u>
Operating Expenses		
Payroll expense	2,125,105	2,108,408
General, sales and administrative expense	605,136	301,533
Rent and utilities expense	53,731	53,384
Bad debt expense	54,166	57,480
Insurance expense	35,199	32,999
Amortization expense	<u>21,960</u>	<u>21,960</u>
Total operating expenses	<u>2,895,297</u>	<u>2,575,764</u>
Income from operations	4,146,518	1,642,713
State Income Tax Expense	<u>(29,384)</u>	<u>(35,325)</u>
Net income	<u>\$ 4,117,134</u>	<u>\$ 1,607,388</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Statements of Changes in Shareholder's Equity
Years Ended December 31, 2021 and 2020

	Shareholder's Equity	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2019	\$ 644,294	\$ 611,534	\$ 1,255,828
Net income	-	1,607,388	1,607,388
Balance, December 31, 2020	644,294	2,218,922	2,863,216
Net income	-	4,117,134	4,117,134
Balance, December 31, 2021	<u>\$ 644,294</u>	<u>\$ 6,336,056</u>	<u>\$ 6,980,350</u>

See notes to financial statements

Sanford Rose Associates International, Inc.**Statements of Cash Flows**

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Net income	\$ 4,117,134	\$ 1,607,388
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization	21,960	21,960
Bad debt expense	54,166	57,480
Changes in operating assets and liabilities:		
Accounts receivable	(494,345)	(200,406)
Prepaid expenses and other current assets	(202,999)	25,599
Related party receivable	63,737	(67,521)
Accounts payable	14,108	4,617
Related party payable	24,726	(774,117)
Deferred revenue	(14,783)	(133,453)
Accrued expenses	(7,462)	4,560
Net cash provided by operating activities	<u>3,576,242</u>	<u>546,107</u>
Cash Flows From Investing Activities		
Payments received on notes receivable	<u>-</u>	<u>693</u>
Net cash provided by investing activities	<u>-</u>	<u>693</u>
Net change in cash	<u><u>3,576,242</u></u>	<u><u>546,800</u></u>
Cash and Cash Equivalents, Beginning	<u>1,408,705</u>	<u>861,905</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 4,984,947</u></u>	<u><u>\$ 1,408,705</u></u>
Supplemental Disclosure		
Cash paid for state taxes	<u>\$ 29,384</u>	<u>\$ 35,325</u>

See notes to financial statements

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

1. Organization

Sanford Rose Associates International, Inc. (SRA International, SRA or the Company) was founded in 1959 and is currently incorporated under the laws of the state of Texas. The Company's general operations include assisting individuals obtain employment opportunities by having franchisees at various locations around the United States (and four international offices) search, find, and place potential job candidates. The franchisees pay SRA International a royalty to utilize the SRA brand name and resources. SRA International was acquired by Kaye Bassman International Corp. (KBIC) on January 2, 2012 and is a wholly-owned subsidiary of KBIC. The Company had one hundred and sixty franchises in operation as of December 31, 2021, including seventeen new franchises that were opened during the year.

2. Significant Accounting Policies

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The standard increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of income and disclosing key information about lease agreements. In June 2020, the FASB issued ASU No. 2020-05 delaying the effective date for Topic 842 to annual periods beginning after December 15, 2021 and interim reporting periods beginning after December 15, 2022. Early adoption is permitted with certain limitations. The Company is currently evaluating the effect the provisions of this ASU will have on the financial statements.

During January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*. ASU No. 2017-04 simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. ASU No. 2017-04 (as amended) is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2022. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently assessing the effect that ASU No. 2017-04 (as amended) will have on its financial statements.

Basis of Accounting

The Company prepares its financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP). This basis of accounting involves the application of accrual accounting. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the allowance for doubtful accounts and accrued franchise tax payable. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The carrying amount for cash, accounts receivable and accounts payable approximate fair value due to the short-term nature of those instruments.

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

Cash and Cash Equivalents

The Company considers cash and temporary investments with original maturities of less than three months, as well as interest-bearing money market accounts, to be cash equivalents. The Company maintains cash deposits with federally insured financial institutions that may, at times, exceed federally insured limits. The Company has not incurred any losses from such accounts, and management considers the risk to be minimal.

Federal Income Taxes

The Company has elected to be treated as an S corporation. Under these provisions of Subchapter S of the Internal Revenue Code, the Company does not pay corporate income taxes on its taxable income. Instead, the shareholders of the S corporation are liable for individual income taxes on the Company's taxable income. As of the date of consolidation, the subsidiary elected to be taxed as a Qualified Subchapter S subsidiary; therefore, its income passes through to the shareholders of the Company.

The Company has adopted Accounting Standards Codification (ASC) 740-10, *Income Taxes*, which establishes standards for accounting for uncertainty in income taxes. ASC 740-10 provides several clarifications related to uncertain tax positions. Most notably, a "more likely than not" standard for initial recognition of tax positions, a presumption of audit detection and a measurement of recognized tax benefits based on the largest amount that has a greater than 50 percent likelihood of realization. ASC 740-10 applies a two-step process to determine the amount of tax benefit to be recognized in the financial statements.

First, the Company must determine whether any amount of tax benefit may be recognized. Second, the Company determines how much of the tax benefit should be recognized (this would only apply to tax positions that qualify for recognition). No additional liabilities have been recognized as a result of the implementation. Accordingly, the Company has not recognized any penalty, interest or tax impact related to uncertain tax positions.

Accounts Receivable

Accounts receivables represent the uncollected portion of amounts recorded as sales and billed to franchisees. Management performs periodic analyses to evaluate accounts receivable balances to ensure that recorded balances reflect estimated net realizable value. The allowance for doubtful accounts was \$127,994 and \$73,829 as of December 31, 2021 and 2020, respectively. Management adjusts the allowance for doubtful accounts periodically based on a review of outstanding receivables. If additional amounts become uncollectible, they will be charged to operations when that determination is made. Net bad debt expense for the years ended December 31, 2021 and 2020 totaled \$54,166 and \$57,480, respectively.

Deferred Revenue

The Company records deferred revenue on billings in which the Company has not yet earned. This is primarily composed of unearned franchise fees.

Advertising and Marketing

In accordance with ASC 720-35, *Advertising Costs*, advertising and marketing costs are expensed when incurred and totaled \$132,201 and \$115,300, for the years ended December 31, 2021 and 2020, respectively. These expenses are included in the statements of income as general and administrative expense.

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

Revenue Recognition

The Company recognizes revenue when control of a good or service promised in a contract (i.e., a performance obligation) is transferred to a franchisee. Control is obtained when a franchisee has the ability to direct the use of and obtain substantially all the remaining benefits from that good or service.

Franchise fees are recognized over the term of the franchise agreement. Initial training revenues are recognized when all the material obligations have been performed, conditions have been satisfied and collectability is reasonably assured. Typically, this occurs when contracts are executed, training is completed and training fees have been received.

Continuing fees, such as royalties are recognized at a point-in-time, in the period in which the related sales occur, and only if collectability is reasonably assured.

The Company arranges for access to goods and services for franchisees through contracts with third parties. Revenues from these goods and services are recognized at a point-in-time upon delivery of the good or service. A corresponding cost of such goods and services was recorded in the same period in which revenue was recognized.

Nature of Goods and Services and Performance Obligations

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to faithfully depict the Company's performance in transferring control of the promised goods or services to the franchisee.

Transaction Prices

The transaction price allocated to a performance obligation reflects the Company's expectations about the consideration it will be entitled to receive from a franchisee related to that performance obligation. To determine the transaction price, variable consideration is assessed as well as whether a significant financing component exists (the company's contracts typically do not include a significant financing component as most contracts require payment prior to delivery).

Allocating Transaction Prices to Performance Obligations

The Company enters certain contracts with franchisees that contain multiple services. For these contracts, each service is evaluated to determine whether it represents a distinct performance obligation. The total transaction price is then allocated to the distinct performance obligations based on their relative standalone selling prices at the inception of the contract. For services that are sold separately to similar customers in similar circumstances, the Company utilizes the directly observable prices to determine the goods or services relative standalone selling prices.

For services with relative standalone selling prices that are not directly observable, the Company estimates their relative standalone selling prices using the adjusted market assessment approach. In utilizing this approach, the Company maximizes the use of observable inputs. The significant observable inputs utilized by the Company in this approach are similar services sold by its competitors, adjusted as necessary, to reflect the Company's costs and margins.

Sanford Rose Associates International, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Disaggregation of Revenue

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations.

	2021	2020
Revenues recognized over time	\$ 2,262,897	\$ 2,117,961
Revenues recognized at a point-in-time	7,481,253	4,469,630
	<u>\$ 9,744,150</u>	<u>\$ 6,587,591</u>

3. Goodwill and Other Intangibles

The goodwill and other intangibles amounts were valued during the acquisition of SRA International. All definite-lived intangibles are amortized using the straight-line method over the estimated useful life, typically fifteen years.

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to asset acquired and liabilities assumed. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. Under ASC 350-20, *Intangibles - Goodwill and Other*, the Company has elected to apply the qualitative assessment in determining whether it is more likely than not that the fair value of the Company is less than its carrying amount.

In its qualitative assessment, the Company analyzed macroeconomic conditions, industry and market considerations, cost factors and overall financial performance. The Company determined that goodwill was not impaired as of December 31, 2021 and 2020.

The Company's goodwill and intangibles consisted of the following at December 31, 2021 and 2020:

	2021	2020
Goodwill	<u>\$ 423,168</u>	<u>\$ 423,168</u>
Intangibles:		
Trademark	\$ 70,000	\$ 70,000
Non-compete agreements	53,000	53,000
Franchise agreements	<u>206,400</u>	<u>206,400</u>
	329,400	329,400
Accumulated amortization	<u>(219,600)</u>	<u>(197,640)</u>
Total net intangibles	<u>\$ 109,800</u>	<u>\$ 131,760</u>

Sanford Rose Associates International, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

Amortization expense was \$21,960 during the years ended December 31, 2021 and 2020. The total estimated amortization expense for each of the five succeeding years as of December 31, 2021 is as follows:

Years ending December 31:	
2022	\$ 21,960
2023	21,960
2024	21,960
2025	21,960
2026	21,960
Total	\$ 109,800

5. Related Party

As noted above in Note 1, SRA International is a wholly-owned subsidiary of KBIC. Although there is no service agreement between the two entities, there are some expenses that are allocated to SRA International including payroll, rent, utilities, supplies and maintenance. Management of KBIC estimates the amount of time spent on SRA International services for payroll allocation and estimates the amount of usage for the remaining allocations. This resulted in allocated expenses of \$2,188,003 and \$2,145,385 for the years ended December 31, 2021 and 2020, respectively.

6. Subsequent Events

In accordance with ASC 855, *Subsequent Events*, the Company has evaluated events and transactions occurring subsequent to December 31, 2021, the balance sheet date, through March 15, 2022, the date the financial statements were issued, and determined there were no events or transactions which would materially impact the accompanying financial statements as of December 31, 2021 and during the year then ended.

EXHIBIT THREE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT

**Sanford Rose Associates
International, LLC**

**A Texas limited liability
company**

(Franchisor)

and

(Franchisee)

Dated: _____, 20__

	TABLE OF CONTENTS	
<u>Item</u>		<u>Page</u>
1.	Recitals.....	3
2.	Grant of Franchise.....	3
3.	Term and Renewal.....	4
4.	Operating Assistance.....	5
5.	Fees.....	5
6.	Licensed Marks.....	7
7.	Standards of Operation.....	8
8.	Advertising and Marketing.....	9
9.	Statements, Records and Fee Payments.....	9
10.	Covenants.....	10
11.	Transfer and Assignment.....	13
12.	Default and Termination.....	15
13.	Post-Term Rights and Obligations.....	17
14.	Insurance.....	18
15.	Taxes, Permits, Indebtedness, Compliance with Laws.....	19
16.	Indemnification and Independent Contractor.....	19
17.	Written Approvals, Waivers, Forms of Agreement.....	20
18.	Enforcement.....	20
19.	Notices.....	21
20.	Governing Law and Dispute Resolution.....	21
21.	Remedies.....	22
22.	Severability and Construction.....	24
23.	Acknowledgements.....	24
24.	Miscellaneous.....	25
	ADDENDA	
1.	Territory.....	28
2.	Services and Support.....	29

Franchise Agreement

This Franchise Agreement ("Agreement" or "Franchise Agreement") is signed on _____, 20__ (the "Effective Date") between SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC, a Texas limited liability company (~~hereinafter "SRAI," "we," "us," or "our"~~) with its principal place of business at 5908 Headquarters Drive, K200, Plano, Texas 75024, (~~hereinafter "SRAI," "we," "us," or "our"~~) and _____, a/an _____, with its principal address at _____, (hereinafter referred to as "you" or "your") and, if Franchisee is a partnership, corporation or limited liability company, including each of its partners, shareholders, or members.

This Agreement is written in an informal style to make it easy to read and to help you become thoroughly familiar with all of the important rights and obligations that the Agreement covers before you sign it. In this Agreement, SRAI is referred to as "SRAI", "we," "us" or "our." You, a franchisee, are referred to as "you" or "your."

RECITALS

A. We own certain trademarks, service marks, trade names and trade symbols, trade dress, indicia of origin, signs, slogans, associated logos, designs, emblems and URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses, e-marks and the like, and copyrights (the "Licensed Marks"), together with all the goodwill connected to and/or with such Licensed Marks, the distinctiveness and value of which you acknowledge. In connection with the Licensed Marks, we have expended time, effort and money and developed a plan and system for the organization and operation of a Network that markets, sells and provides an employment service for professionals, managers, executives, specialized professions and others including but not limited to recruiting, search, permanent, contract and temporary placement, outplacement and collateral activities such as resume writing, personnel consulting, executive coaching, training, employment testing or any other service whether or not construed as an activity by any state or local law governing private employment practices and which also involves a network to exchange candidates and search assignments (the "Employment Services Business"). The Network includes standards, specifications, trade secrets, methods, procedures, techniques, management directives, identification schemes, the Licensed Marks and information in connection with the Employment Services Business (the "SRAI Network"), all of which are designed to enhance the reputation and goodwill with the public of an employment service operated pursuant to the SRAI Network.

B. You acknowledge that it is essential to the maintenance of the high standards of authorized SRAI Network businesses, the preservation of the integrity of our Licensed Marks and goodwill, and the success of the network interchange that each franchisee in the SRAI Network maintain and adhere to certain standards, procedures and policies described in this Agreement.

C. You have investigated and have become familiar with the SRAI Network, and desire, upon the terms and conditions in this Agreement, to obtain a license to develop and operate an Employment Services Business that will utilize the Licensed Marks and the SRAI Network (the "Franchised Business"). We are willing, upon the terms and conditions in this Agreement, to license you to operate the Franchised Business.

TERMS

The parties agree as follows:

1. RECITALS

The Recitals above are incorporated herein by reference.

2. GRANT OF FRANCHISE

(a) Subject to all the terms and conditions in this Agreement, we grant to you the right to establish and operate one Franchised Business using the SRAI Network and Licensed Marks, and operating from within the territory (the "Territory"), being more particularly described in Addendum 1 attached to this Agreement. The rights granted by this Agreement are sometimes referred to as the "Franchise." You have the option to operate the franchised business under the names: "Sanford Rose Associates – _____," "SRA- _____" and/or "_____, and/or "_____" a member of the Sanford Rose Associates network of offices" or "Sanford Rose Associates Network of Offices." We strongly encourage you to display the statement "A member of the Sanford Rose Associates network of offices" on the home page of your business websites.

(b) You expressly acknowledge and agree that this is a license only for the operation of Franchised Business set forth in Section 2(a) above. You may only open an additional office within your Territory with our prior written approval which may be subject to additional contractual stipulations and requirements. We will not establish an office or use other channels of distribution within your Territory that would utilize the SANFORD ROSE ASSOCIATES® name and trademarks and we will not allow another franchisee to establish an office in your Territory. You are not protected from a franchisee from another office (franchised or company-owned) doing business within your Territory. We reserve the right to franchise other types of business using a different name and logo and these franchises may operate in your Territory.

(c) If you wish to relocate your office(s) and/or add additional offices, you must notify us and obtain our written consent. Our consent will not be unreasonably withheld. Notification of intent to relocate and/or add locations provides us the opportunity to confirm and address any "Territory" conflicts that may exist with other franchise offices. You cannot locate your office within another franchisee's territory.

(d) You acknowledge and agree that we have business interests which are not the subject of, nor restricted by, this Agreement, and that, except as expressly provided in this Agreement, we may pursue those interests for our own purposes without obligation to, and irrespective of the impact of our actions upon, you or your Franchised Business. Those interests include all aspects of our dealings with our other franchisees; our ownership or disposition of our own SRAI Network businesses, if any; our business decisions regarding the administration and direction of the SRAI Network; and our ownership, operation, and development of competing networks or franchise systems which operate under marks other than the Licensed Marks.

3. TERM AND RENEWAL

(a) The term of this Agreement shall commence on the Effective Date and shall continue for five (5) years (the “Initial Term”) and then shall continue from year to year thereafter (the “Renewal Term”) unless this Agreement is terminated earlier pursuant to the terms of this Section or Section 12:

- (i) Prior to completion of two (2) years of the Initial Term, you cannot terminate this Agreement.
- (ii) After year two, you may terminate this Agreement during the Initial Term or during any Renewal Term if you (a) provide us with advance written notice of your intent to terminate or not to renew no less than six (6) months prior to the anniversary date of the Effective Date of this Agreement, (b) except to the extent prohibited by state law, execute a general release, in a form prescribed by us, of any and all claims you may have against us and our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, managers, agents and employees, and (c) provided that:
 - 1. You are in Good Standing as defined below and not in material default at the time of the date of termination or expiration. Good Standing means you are financially current on all outstanding royalty payments to us, there are no outstanding invoices remaining for services or products, no outstanding reimbursements due to us for pass through expense services previously agreed to by you, and no remaining contractual obligations for third (3rd) party services left unpaid through the end of third (3rd) party service agreement terms.
 - 2. If you voluntarily terminate this Agreement during the Initial Term (must be after year two (2)), you must pay us an early termination buyout fee equal to your previous calendar year’s royalty payment obligation or a fee equal to the previous twelve (12) months of royalty obligations, whichever is greater. You may pay this early termination fee on a monthly payment schedule over a period of one year from the termination date with no prepayment penalty.
 - 3. If you voluntarily terminate this Agreement during the Renewal Term, you must pay all of your current royalty obligations and must remain current on all expense obligations and other debt liabilities through the six (6) month notification period.
 - 4. Upon receiving written notification of your “intent to terminate” or “intent not to renew” this Agreement, we will continue to provide you with support and services to the same extent as before the notice only through the actual date of termination or expiration.
- (iii) After the Initial Term, we reserve the right not to renew this Agreement at all or to require you to sign our then-current standard form of franchise agreement (with appropriate modifications to reflect that such agreement relates to the grant

of a renewal franchise) which agreement shall supersede in all respects this Agreement and which may contain terms and conditions substantially different from those set forth in this Agreement. We must provide you with advance written notice of our intent not to renew or to require you to sign a new agreement no less than ~~threesix~~ (36) months prior to the anniversary date of the Effective Date of this Agreement.

4. OPERATING ASSISTANCE

The Essential Services we provide are identified in Addendum 2. We may provide additional services and support as we choose and some may cost you an additional fee if you choose them and these are all subject to modification during the term of this Agreement and any modifications will not constitute a breach of contract on our part. You acknowledge we have the right to add new services, enhance and/or diminish the level of current or future services, and/or terminate services, to include changes with regards to vendors and possible vendor pricing, some of which is beyond our control.

5. FEES

(a) As an approved existing and pre-established search firm or an experienced search professional, we will not charge you an Initial Franchise Fee for the granting of franchise rights to you.

(b) In consideration of our granting franchise rights to you, you agree to pay a “Start Up” fee of Seven Thousand Five Hundred Dollars (\$7,500.00) due upon signing this Franchise Agreement.

(c) Beginning ninety (90) days from the Effective Date of this Agreement, you will pay to us a continuing fee (“Royalty”) equal to a set percentage as set forth below of the Cash Receipts of your Franchised Business for each month when the cash is received. Except for the first year of this Agreement when Cash Receipts start on the Effective Date of this Agreement, Cash Receipts start at Zero Dollars (\$0.00) on January 1st for each calendar year.

(i) For Cash Receipts in each calendar year from Zero Dollars (\$0.00) to Two Million Dollars (\$2,000,000.00), you will pay a five and one half percent (5.5%) Royalty to us.

(ii) For Cash Receipts in each calendar year between Two Million and One Dollars (\$2,000,001.00) and Three Million Dollars (\$3,000,000.00), you will pay a three percent (3%) Royalty to us.

(iii) For Cash Receipts in each calendar year over Three Million Dollars (\$3,000,000.00), you will pay a one ~~quarter~~ percent (~~1.25~~%) Royalty to us.

(d) Beginning ninety (90) days from the Effective Date of this Agreement, you must pay to us a Minimum Royalty of Two Thousand Five Hundred Dollars (\$2,500.00) per quarter of the year by paying any shortfall at the end of each such quarter. Once the Minimum Royalty requirement commences, if within any calendar year, Royalty payments exceed the annual Minimum Royalty obligation, no further Minimum Royalty payment will be calculated on subsequent payment periods within the same calendar year. If Minimum Royalties owed are paid when due and have not been subject to any delinquencies per the terms of this Franchise Agreement, then future Royalty payments will receive a credit for the amount of the Minimum Royalty payment paid within that same calendar year. There is no carryover credit from one calendar year to the next calendar year and the annual

Minimum Royalty obligation is reset automatically on January 1st of each calendar year. The total payments you must make to us within a full calendar year shall never be less than Ten Thousand Dollars (\$10,000.00). If within any calendar year, your Royalty exceeds the annual Minimum Royalty obligation, no further Minimum Royalty will be calculated on subsequent payment periods within the same calendar year. After the Initial Term, we may raise this Minimum Royalty annually in accordance with increases in the Consumer Price Index of the United States Department of Labor. If you do not exceed the Minimum Royalty for any three (3) consecutive quarterly periods, we may terminate your Franchise.

(e) If any Royalty or other amount due under this Agreement is not paid within ten (10) days after its Due Date as set forth in writing, we may charge you a late payment fee of Fifty Dollars (\$50.00) on outstanding balances of less than Two Thousand Dollars (\$2,000.00) and One Hundred Dollars (\$100.00) on outstanding balances of Two Thousand Dollars (\$2,000.00) or more. You must also pay a service charge equal to the lesser of the monthly rate of one and one half percent (1.5%) or the highest contract interest rate allowed by applicable law on the overdue amount if less than that rate. These charges accrue regardless of whether either party exercises their right to terminate this Agreement pursuant to Section 3 or Section 12. You must also pay all expenses we incur in collecting overdue payments from you.

(f) Participation in SRAI Network pre-negotiated vendor partnerships and services are entirely optional and will be at your sole discretion. Terms and pricing governing the vendor service will be clearly defined prior to you deciding whether to participate. Should you elect to participate, you will be obligated to remain current on any fee or payment obligations per the defined vendor terms and SRAI contract to which you committed. Should you fail to remain current and should your vendor payment obligation go into default, we will have the right to terminate or freeze your vendor service account access. In the event you default on vendor service payments, you agree that you will remain legally bound to all terms and commitments of the specific vendor services agreement and will be liable for all unpaid balances throughout the term that you agreed to, even if access to the service or account is terminated or frozen by us based on your default. Often, SRAI Network pre-negotiated contracts are paid in advance by us and we are liable to continue with the payment obligations per account commitments. By electing to participate in pre-negotiated vendor contracts, you are often reimbursing us for service fees and payments we have already paid. As such, unpaid balances for vendor partnerships and services are subject to penalties and interest set forth in Section 5(e).

(g) The term “Cash Receipts” means the gross receipts of every kind and nature including non-cash payments for sales of all services and products made in, upon, from or through the operation of the Franchised Business, and income of every other kind and nature related to the Franchised Business, whether for services, products, exchange, credit, cash, or check without any reserve and regardless of whether such sale is conducted in compliance with or in violation of the terms of this Agreement less cash refunds and amounts paid to other SRAI franchised businesses as their share of a fee, but without reduction for any federal, state or local taxes or VAT or other similar taxes. Cash Receipts shall be calculated in United States (U.S.) Dollars using the applicable currency exchange rate at the time payment is received if necessary. When calculating Royalties on placements split with an entity outside the SRAI Network, SRAI’s parent company or any SRAI affiliate, you shall pay your Royalty on the entire fee. However, if you submit a “Non SRAI Split Partner” form providing basic information on the Split Partner company, Independent and/or Search Consultant to us, you will only pay your Royalty on the Cash Receipts you receive. Temporary and contract staffing, salaries, payroll expenses and the cost of any benefits paid may also be deducted from your gross receipts. Cash Receipts shall also include all insurance proceeds received by you for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business but your payment to us shall not

exceed the greater of your total royalty payment obligations for the prior twelve (12) months or prior calendar year or prior two (2) year average and if you have not been operating a full twelve (12) months, the months will be annualized.

(h) All payments by you pursuant to this Section will be applied in the order we designate. You agree that you may not designate an order for application of any fees different from that designated by us and expressly acknowledge and agree that we may accept fees paid pursuant to different instructions without any obligation to follow those instructions, even if a payment is made by its terms, conditioned on those instructions being followed. This provision may be waived only by written agreement signed by us, which written agreement must be separate from the check or other document constituting payment.

6. LICENSED MARKS

(a) You expressly acknowledge our ownership rights in and to our Licensed Marks, and you agree not to represent in any manner that you have acquired any ownership rights in our Licensed Marks. You agree not to use any of our Licensed Marks or any marks, names or indicia which are or may be confusingly similar to our Licensed Marks in your own corporate or business name except as authorized in this Agreement. You further acknowledge and agree that all goodwill associated with the SRAI Network and identified by the Licensed Marks (including all future distinguishing characteristics, improvements and additions to or associated with the SRAI Network) is our property and will directly and exclusively benefit us, and that upon the expiration or termination of this Agreement for any reason, no monetary amount will be assigned as attributable to any goodwill associated with your use of the Licensed Marks.

(b) You understand and agree that any use of the Licensed Marks other than as expressly authorized by this Agreement, without our prior written consent, may constitute an infringement of our rights and that your right to use the Licensed Marks does not extend beyond the termination or expiration of this Agreement. You expressly covenant that, during the term of this Agreement and following the term of this Agreement, you must not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of our ownership of and right to use the Licensed Marks or take any other action that would diminish our ownership or rights or rights to use the Licensed Marks.

(c) You must promptly notify us of any claim, demand or cause of action that we may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks, any colorable variation thereof, or any other mark, name or indicia in which we have or claim a proprietary interest. You must assist us, upon request and at our expense, in taking action, if any, as we may deem appropriate to halt the activities, but will take no action nor incur any expenses for us without our prior written approval. If we undertake the defense or prosecution of any litigation relating to the Licensed Marks, you agree to sign all documents and to do all acts and things as may be, in the opinion of our legal counsel, reasonably necessary to carry out a defense or prosecution.

(d) You agree to adopt and use the Licensed Marks solely in the manner required by us; to refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in a manner as may, in any way, subject us to liability; to observe all requirements with respect to trademark and service mark registrations and copyright notices as we may require, including, affixing “SM,” “TM,” or ®, adjacent to all Licensed Marks in all uses, and to utilize all other appropriate notices of ownership, registration and copyright as we may require.

(e) You cannot use the SANFORD ROSE ASSOCIATES trade name as part of your legal business name. You must comply in filing and maintaining any required fictitious, trade or assumed name registrations for the "SANFORD ROSE ASSOCIATES" trade name assigned to the Franchised Business for example, John Jones d/b/a SANFORD ROSE ASSOCIATES – [City] or ABC, Inc. d/b/a SANFORD ROSE ASSOCIATES – [City], and provide us with a copy of the application at the time of submission and the registration documents within ten (10) business days from the date of receipt.

(f) We will have the right at any time upon notice to you to make additions to, deletions from, and changes in any or all of our names or marks. All additions, deletions and changes will be made in good faith, on a reasonable basis and with a view toward the overall best interests of the SRAI Network and to require the use by you of any new or modified Licensed Marks in addition to or in place of any previously designated Licensed Marks. Exterior signage, if permitted or required, will, subject to the Landlord's restrictions, be modified within thirty (30) days of the date that we designate any new or modified Licensed Marks; all other goods, materials or supplies bearing the Licensed Marks will be replaced or modified within ninety (90) days of the date that we designate any new or modified Licensed Marks. Any expenses or costs associated with the use by you of any new, modified or replacement Licensed Marks will be your sole responsibility, except those expenses or costs associated with the replacement or modification of the Licensed Marks if a radical change in direction in the franchise Network unilaterally caused or mandated by us, in which case we will be responsible for the reasonable costs related to changing any required exterior signage, goods, materials or supplies bearing the Licensed Marks.

7. STANDARDS OF OPERATION

(a) You agree to operate the Franchised Business, as required by law, in strict conformity with all federal, state and local laws.

(b) You shall not establish a website or social media site or service on the Internet using any domain name containing the words Sanford Rose, Sanford Rose Associates, Sanford Rose Associates International, SRA, SRAI, SRA International.com, .net, .biz, .org, .us., or any variation thereof. We retain the sole right to advertise on the Internet and create a website using any of the foregoing or related domain names. We shall add you to our website and network.

(c) We will provide you with one (1) SRAI email address at no cost to you for one (1) year but you are not required to use it.

(d) Due to the fact that complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new technology, customer needs and market conditions, we specifically reserve the right and privilege, in our sole discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any SRAI business based upon the peculiarities of a particular area or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions that we deem to be of importance to the successful operation of the business. You have no recourse against us on account of any variation from standard specifications and practices granted to others and are not entitled to require us to grant to you a like or similar variation.

(e) You grant us the right to freely use, without your consent, any pictures, non-office specific financial information as part of an average, or biographical material relating to you or your Franchised Business for use in promotional literature or in any other way beneficial to

the SRAI Network as a whole during the Term. You will cooperate in securing photographs, including obtaining consents from any persons appearing in photographs. If we publish anything you reasonably believe reflects unfairly or inaccurately on your Franchised Business or yourself, we will take all reasonable steps in our power to retract the material.

(f) If a claim, suit, action or proceeding is instituted against you or instituted by you for any reason arising out of or in connection with the Franchised Business, you shall notify us within three (3) business days and upon request, supply us with copies of all the relevant documents related thereto and keep us informed of significant developments, with the exception of attorney-client privileged information.

(g) You are specifically required to carry Errors and Omissions Liability Insurance (E&O) without exception even if you did not previously have E&O insurance coverage prior to becoming an SRAI franchisee.

8. ADVERTISING AND MARKETING

You acknowledge that marketing, advertising, public relations and promotional activities are essential to the furtherance of the Franchised Business and our goodwill and public image.

9. STATEMENTS, RECORDS AND FEE PAYMENTS

(a) You agree to follow generally accepted accounting principles, maintain original, full and complete records, accounts, books, data, licenses and contracts that will accurately reflect all information relating to the Franchised Business and all statistical and other information or records as required by federal, state and local law and to keep all required financial and non-proprietary or confidential information for a minimum of seven (7) years, even if this Agreement is no longer in effect.

(b) We and our designated agents have the right to examine and audit your records, accounts, books, data, tax returns, and the personal tax returns of all of the principals and guarantors of the Franchised Business with reasonable notice to you, of not less than ten (10) days, of an audit, to ensure that you are complying with the terms of this Agreement. This right shall continue for one (1) year after you have filed your final federal tax return for the Franchised Business. If any inspection discloses that the Cash Receipts during any scheduled reporting period actually exceeded the amount reported by you as your Cash Receipts by five percent (5%) or greater or if any understatement is made deliberately, you will bear the cost of the inspection and audit and will pay any deficiency with interest from the date due at the lesser of the monthly rate of one and one half percent (1.5%) or, if less, the highest rate then permitted by applicable law for each day the amount is past due, immediately upon our request. This charge will accrue regardless of whether we exercise our right to terminate this Agreement pursuant to Section 12.

(c) You will prepare and deliver/submit to us by the fifth (5th) day of each month, a monthly operating report that shall contain your Franchised Business' monthly billings, Cash Receipts, and any relevant information/notes concerning split business revenue and contract staffing Gross and Net Margin revenue. In addition, as applicable to your Franchise, the producer/employee allocated production credit for both billings and Cash Receipts for awards and recognition shall also be submitted. Other information, as applicable, such as revenue allocated as retained vs. contingent may also be requested. We reserve the right at any time during the term of this Agreement to modify the specifics required for monthly and annual reporting.

(d) Within one hundred twenty (120) days after the close of each fiscal year of the Franchised Business, you must furnish to us the documents listed below or you may elect, at your expense, to have specific data provided and legally verified, by an independent licensed Certified Public Accountant. All materials are deemed completely private, secure, not shared or used for marketing statistics and are handled only by our executive team and Chief Financial Officer. By default, after our review, these documents (digital and/or physical) will be destroyed unless otherwise requested by you:

- (i) Income Statement
 - Total Revenue
 - Total Expenses
 - Total Profit/Loss
- (ii) Business Tax Return (S-Corp, C-Corp or multi-member LLC)
 - Gross Receipts
 - Total Income/Loss
 - Total Deductions
 - Ordinary Business Income
- (iii) Personal Tax Return
 - Wages
 - (From Schedule C if applicable)
 - Gross Receipts
 - Gross Income
 - Total Expenses
 - Net Profit/Loss
 - (From Schedule E if applicable)
 - Business Income or Loss

10. COVENANTS

(a) During the Term of this Agreement, you, and each of your owners (hereinafter a “Principal”), covenant, to the extent specified in this Agreement to:

- (i) Use your best efforts in operating the Franchised Business; and
- (ii) Conduct the Franchised Business in accordance with the terms of this Agreement.

(b) You and your Principals acknowledge that over the term of this Agreement you will receive proprietary information which we have developed over time at great expense, including but not limited to, valuable specialized training, trade secrets, information regarding the management, operations, marketing, advertising, and related information, materials, methods and techniques relating to the development and operation of an SRAI Network business. You and your Principals agree that this information as described above is not generally known in the industry and that to develop it yourselves would be expensive, time-consuming and difficult. You and Your Principals further acknowledge that the information provides a competitive advantage and will be valuable in the development of the Franchised Business, and that gaining access to it is a reason you and your Principals are entering into this Agreement. You and your Principals agree that our information as described above, which may or may not be "trade secrets" under current judicial interpretations, is private and valuable, and represents our trade secrets. Accordingly, in consideration of our confidential disclosure to you and your Principals of these trade secrets, you and your Principal(s) agree as follows (subject to the provisions of any other agreement between us and you):

- (i) During the term of this Agreement, neither you nor any Principal for so long as the Principal owns an interest in you, may without our prior written consent, directly or indirectly engage in or acquire any financial or beneficial interest in, (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures) guarantee loans or make loans to, any business whose network, business or method of operation is substantially similar to your Franchised Business.
- (ii) Should you depart SRAI's organization and the Franchise Agreement is terminated, transferred or expires, you shall have the right to continue search business operations as a separate entity outside of the SRAI Network on an ongoing basis but must adhere to Section 3(a)(ii) of this Agreement. Upon departure from the SRAI Network, you will immediately cease doing business as an SRAI franchisee and/or using "Sanford Rose Associates- _____," or "SRA - _____," or "_____, a member of the Sanford Rose Associates Network of Offices" or holding yourself out as part of the SRAI Network and will comply with all obligations imposed on former franchisees under Section 13 of this Agreement.
- (iii) Neither you nor any of your Principals will at any time:
 - a. Appropriate or use the trade secrets or any portion of the trade secrets incorporated in the SRAI Network for use in any employment services, staffing, placement, consulting and/or search business which is not within the SRAI Network;
 - b. Acquire any right to use any name, mark or other intellectual property right which is or may be granted by this Agreement, except in connection with the operation of the Franchised Business; or
 - c. Communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning the methods of development or operation of a business or network utilizing the SRAI Network, communicated by us in connection with the Franchised Business.
- (c) Notwithstanding any other provision of this Agreement, the provisions of Section 10(b)(iii) shall not apply to data, information, processes, or techniques:
 - i. Which you or your Principal learned or became aware of prior to the date of this Agreement or independently outside of your franchise relationship with us;
 - ii. Which we have voluntarily disclosed to the public;

- iii. Which has been independently developed and disclosed by you or by others;
or
- iv. Which has otherwise been entered in the public domain through lawful means.

(d) The restrictions contained in Section 10(c)(i) will not apply to ownership of less than five percent (5%) of the shares of a company whose shares are listed and traded on a national securities exchange if the shares are owned for investment only, and are not owned by an officer, director, employee or consultant of the publicly-traded company.

(e) You shall use your best efforts to prevent all current and future employees and contractors from disclosing any trade secrets or any other information, knowledge or know-how deemed confidential by us concerning the operation of the Franchised Business and from using, in connection with the operation of any competing business wherever located, the SRAI Network or from operating any competing business that looks like, copies or imitates any SRAI Franchised Business or operates in a manner tending to have such effect.

(f) You and your Principals agree that the provisions of this Section are and have been an important inducement to us to enter into this Agreement, and that if you breach this Agreement, we would be irreparably injured and we would be without adequate legal remedy. For that reason, upon a breach or a threatened or attempted breach of any provisions, we are entitled, in addition to any other remedies which we may have in this Agreement, or at law or in equity (including the right to terminate this Agreement), to a preliminary and/or permanent injunction and a decree for specific performance of the terms in this Agreement without the necessity of showing actual or threatened damage, and without being required to furnish a bond or other security.

(g) The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. Should any part of one (1) or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should any part be capable of being made enforceable by reduction of any of the restrictions, you and we agree that the covenants will be enforced to the fullest extent permissible under the federal or state law. In addition, we may, unilaterally, at any time, in our sole discretion, revise any of the covenants in this Section so as to reduce your obligations. The running of any period of time specified in this Section will be suspended for any period of time in which you are found by a court of competent jurisdiction to have been in violation of any restrictive covenant. You further expressly agree that the existence of any claim you may have against us regardless of whether arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section.

(h) If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Section determines that this Section would be invalid or unenforceable as written, then the provisions contained in this Section will be deemed to be modified to an extent or in a manner as necessary for the provisions to be valid and enforceable to the greatest extent possible.

(i) The provisions of this Section shall survive any transfer, termination or expiration of this Agreement or any renewals thereof.

(j) We agree that the information you provide to us during the operation of this Agreement is your confidential and trade secret information and may not be used or divulged to third parties except in furtherance and performance of this Agreement or as required by law.

11. TRANSFER AND ASSIGNMENT

(a) This Agreement and all rights and duties may be freely assigned or transferred by us at our sole discretion without your consent, in whole or in part, to any person or legal entity that agrees to assume our obligations in this Agreement, including a competitor of ours, provided the transferee has sufficient business experience, aptitude and financial resources to competently assume our obligations under this Agreement, and will be binding upon and benefits our successors and assigns including any entity which acquires all or a portion of the capital stock of us or any entity resulting from or participating in a merger, consolidation or reorganization in which we are involved, and to which our rights and duties in this Agreement (in whole or in part), are assigned or transferred. Upon assignment or transfer we will no longer be liable for fulfilling SRAI's obligations from that point forward.

(b) You acknowledge that the rights and duties created by this Agreement are personal to you (and your Principal(s), if you are a legal entity), and that we have granted this Franchise in reliance on many factors, including but not limited to, the individual or collective character, skill, aptitude and business and financial capacity of you and your Principal(s).

(c) While you have the right to sell, assign, transfer, or encumber your company business, you do not have the right to, directly or indirectly, sell assign, transfer, or encumber this Agreement, your Franchised Business, the Licensed Rights, or any other interest hereunder, nor shall You suffer or permit any such assignment, transfer or encumbrance to occur, by operation of law or otherwise, without obtaining Our prior written consent and complying with the terms of this Section. A transfer of this Agreement and your rights and obligations hereunder may be made only with a transfer which complies with the terms of this Agreement and with our prior written consent, which will not be unreasonably denied or delayed.

(d) Our consent to a transfer or assignment by You of this Agreement and the Franchised Business shall, in addition to the other restrictions and requirements herein noted, remain a subjective determination and shall consider, but not be limited to the following:

(i) All obligations of Yours under this Agreement and all other franchise documents, and the relationship created under those agreements are being assumed by the transferee;

(ii) You must be in Good Standing, as defined in Section 3 and you must be financially current concerning all of your financial obligations to us, our vendors and your vendors.

(iii) You, at the time of the request to transfer and as of the date of transfer, are not in material default under this Agreement or any other franchise agreement;

(iv) The proposed transferee meets all of our requirements for new franchisees, including, but not limited to, good reputation and character, experience, business acumen, operational ability, financial strength and stability, willingness and ability to devote full time and best efforts to the operation of the Franchised Business and other business considerations as we may reasonably apply in evaluating new

franchisees. We must be provided all information about the proposed transferee as we may reasonably require;

(v) The proposed transferee executes or, in appropriate circumstances, causes all necessary parties to execute Our then-current standard form of franchise agreement (provided that such execution will not serve to extend the then remaining term of the franchise) and such other then-current ancillary agreements being required by us of new franchisees on the date of transfer;

(vi) You, except to the extent prohibited by state law, have executed a general release, in a form satisfactory to us, of any and all claims against us, our parent, subsidiaries, affiliates and their respective officers, members, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including claims under federal, state, and local laws, rules, and ordinances from, or connected with, the performance of this Agreement or any other agreement;

(vii) If you provide all training needed to transferee, then you or proposed transferee must pay us a non-refundable Transfer Fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00) that reimburses us for our reasonable costs and attorneys' fees in effecting the transfer. If we are to provide any training to the proposed transferee, then we reserve the right to require that you pay us a sum equal to our then-current Transfer Fee.

(viii) If the proposed transferee was referred directly to you, and/or indirectly through us to you, by a third (3rd) party, including a franchise broker or a current or former SRAI franchisee, and we are required to pay a referral fee, then you must pay us a referral fee equal to the referral fee we are legally obligated to pay.

(e) Any assignment or transfer permitted by this Agreement shall not be effective until we receive a completely executed copy of all transfer documents and consent to such transfer in writing.

(f) If you choose to terminate this Agreement during the Initial Term rather than transferring it as part of your sale, transfer or assignment of your company business, you may elect early termination, where applicable, under Section 3(a) and comply with the requirements of that section or you may terminate this Agreement effective upon sale, transfer or assignment by paying us a fee equal to one and one half (1½) years equivalency of previous calendar year's or previous eighteen (18) months' Royalties or estimated royalty obligations due, whichever is greater.

(g) If we decline to allow the transfer of this Agreement to the prospective transferee, so long as you have complied with Sections 11(d)(i), (ii), (iii), and (vi), then at the time of closing, we will enter into a mutual termination including a general release and we will waive the early termination notice and fees.

12. DEFAULT AND TERMINATION

(a) We may not terminate this Agreement before the expiration of its term except for “good cause,” which means the occurrence of any event of default described below which has not been cured pursuant to Section 12(b). Upon the occurrence of any event of default, we may, at our option, and without waiving our rights in this Agreement or any other rights available at law or in equity, including our rights to damages, suspend the services we provide to you outlined in Section 4 while you are in default and/or terminate this Agreement and all of your rights in this Agreement effective immediately upon the date we give written notice of termination, upon another date as may be in the notice of termination, or in those instances explained below automatically upon the occurrence of, or the lapse of the specified period following, an event of default. The occurrence of any one or more of the following events will be an event of default and grounds for termination of this Agreement by us:

(i) Automatically, without notice or action required by us, if you become insolvent or make a general assignment for the benefit of creditors, or, unless otherwise prohibited by law, if you file a petition of bankruptcy, or a petition is filed against and consented to by you or not dismissed within thirty (30) days, or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of your assets or property, is appointed; or you admit that you are unable to pay your obligations as they become due or if a final judgment in excess of Five Thousand Dollars (\$5,000.00) remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of the judgment in the relevant jurisdiction);

(ii) If you fail to pay any financial obligation pursuant to this Agreement within ten (10) days of the date that we give notice of the delinquency or immediately upon written notice if you are determined to have under-reported your Cash Receipts during any month by five percent (5%) or more of the actual Cash Receipts during the month on two (2) or more occasions during the term of this Agreement, regardless of whether you later rectify the deficiency;

(iii) If it is discovered that you intentionally or willfully falsely reported your Cash Receipts during any month at any time;

(iv) If you make, or have made, any materially false statement or report to us in connection with this Agreement or application for the franchise;

(v) If there is any violation of any transfer and assignment provision contained in Section 11;

(vi) If you receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twenty-four (24) month period whether or not cured after notice;

(vii) If you fail, for thirty (30) days after notification of non-compliance by an appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;

(viii) If you violate any covenants of confidentiality or non-disclosure contained

in Section 10 of this Agreement or otherwise disclose, use, permit the use of, copy, duplicate, record, transmit or otherwise reproduce any materials, goods or information created or used by us and designated for confidential use within the SRAI Network without our prior approval;

(ix) If you or any person controlling, controlled by or under common control with you, or any Principal owning an interest in the Franchised Business (a) is convicted of or pleads “nolo contendere” to a felony, or (b) commits any other crime or dishonest or unethical act (even if not a crime), or (c) takes or fails to take any action which results in any claim of gross misconduct, which results in, or that is reasonably likely, in our sole opinion, to affect adversely the SRAI Network, any SRAI Network businesses, the Licensed Marks or the goodwill associated with the SRAI Network;

(x) If you fail to perform or if you breach any covenant, obligation, term, condition, warranty or certification in this Franchise Agreement and fail to cure the non-compliance or deficiency within ten (10) days (or a longer period as granted by us) after our written notice to you;

(xi) If you or any Guarantor default on any other agreement with us and the default is not cured in accordance with the terms of the other agreement;

(xii) If you breach any provision contained in Section 10 of this Agreement.

(b) If either party materially breaches this Agreement, the non-breaching party shall have the right to terminate this Agreement if the breaching party does not cure the breach within thirty (30) days after it receives a written notice of default from the non-breaching party. However, if the breach cannot reasonably be cured within thirty (30) days, the non-breaching party shall have the right to terminate only if, the breaching party does not undertake to cure the breach within 30 days of receiving a written notice of default from the non-breaching party and does not continue efforts to cure until completion.

(c) Neither party shall have the right to terminate this Agreement or to begin an action or lawsuit against the other for breach of this Agreement, injunctive relief, violation of any state, federal or local law, violation of common law (including allegations of fraud and misrepresentation), rescission, general or punitive damages, or termination, unless and until written notice setting forth the alleged breach or violation in detail has been delivered to the other party.

(d) We or you must give to the other written notice of an alleged breach or violation of this Agreement after we or you have knowledge, determine, or are of the opinion that there has been an alleged breach or violation of this Agreement by the other. If we or you should fail to give written notice of an alleged breach or violation of this Agreement within one (1) year from the date that we or you have knowledge of, determine, or are of the opinion that there has been an alleged breach, then the alleged breach or violation will be deemed to be condoned, approved and waived by you or us, and the alleged breach or violation is not deemed to be a breach or violation of this Agreement.

(e) No failure by us to exercise any power reserved to us by this Franchise Agreement and no custom or practice of the parties at variance with the terms represents a waiver of our right to demand exact compliance with any of the terms of this Franchise Agreement. No waiver or approval by us of any breach or default by you, nor any delay, tolerance or omission by us to act or give notice of breach or default or to exercise any power or right from a default, nor acceptance by us of any payment due is considered a waiver or approval by us of any previous or subsequent breach or default

by you of any term, covenant or condition of this Franchise Agreement.

(f) You agree that the quality status of another business in the SRAI Network will not be relevant to whether we may terminate you for failure to meet network standards.

(g) Notwithstanding anything to the contrary in this agreement, neither party shall be liable to the other for special, consequential, punitive, exemplary, and incidental damages.

13. POST-TERM RIGHTS AND OBLIGATIONS

(a) Upon the transfer, expiration, or termination of this Agreement, you must promptly:

(i) Cease to be a franchisee under this Agreement and cease to operate an SRAI franchise business as part of the SRAI Network. You must not from then on, directly or indirectly, hold yourself out as our present franchisee or as the Franchised Business;

(ii) Pay all sums owing to us including, but not limited to, any early termination fees and sums invoiced to you after this Agreement expires or is terminated;

(iii) Return to us all trade secrets and other confidential materials, all software and other property owned by us, and all copies, without retaining any copy or record. You may retain your copy of this Agreement, any correspondence between you and us, and any other document that you reasonably need for compliance with any applicable provision of law;

(iv) Cease to use in advertising, or in any manner at all, the Licensed Marks, our logos, brands, SRAI specific marketing materials, either print or digital, or any indicia of operation associated with the SRAI Network and/or the Franchised Business and you must remove all signage bearing the Licensed Marks; and

(v) Abide by all restrictive covenants set forth in Section 10 of this Agreement, and any other terms or conditions that survive the transfer, termination, or expiration of this Agreement.

(b) Under federal and state Franchise law, we are required to disclose your name, address and telephone number (home address and telephone number if you are no longer a franchisee) and you agree to the disclosure of your name, address and telephone number. You must notify us of any change in your name, address and telephone number within ten (10) days of the change.

(c) Notwithstanding any provisions of this Agreement, if your termination or expiration is under Section 3, you may continue to operate in the recruiting business at your same location(s) and continue to own and use the same telephone number(s). We will allow re-directed email address(es) and SRAI website URL for a period of one (1) month. You will own all rights to your specific private branded business website but must find your own web hosting service to operate your website. You will own all named email addresses specific to your private branded business name and URL. You do not and will not own any email addresses or URL's applicable to us, SRA, SRAI and/or @sanfordrose.com. You may continue to use any methods, procedures or techniques learned by you while operating in the SRAI network but you must immediately discontinue use of any and all copyrighted, trademarked, proprietary or other intellectual property of ours, SRAI, our subsidiaries or successors and our brands, licensed marks, trademarks, and logos. You must not hold yourself out as

an SRAI franchise or franchisee or franchised business.

(d) The provisions of this Section shall survive the transfer, termination or expiration of this Agreement.

14. INSURANCE

(a) You must, at your expense and no later than at the beginning of operation of the Franchised Business, obtain and maintain in full force and effect throughout the term of this Agreement Errors and Omissions insurance coverage. You must make timely delivery of the certificate for this insurance to us upon the Effective Date of this Agreement and every year thereafter which contains a statement by the insurer that the policy will not be canceled or materially altered without at least thirty (30) days' prior written notice to us.

(b) We recommend the below coverages for you but you are required to obtain them in full force and effect throughout the term of this Agreement only if required by federal and/or state law:

- (i) Employer's Liability and Workers' Compensation insurance.
- (ii) Comprehensive General Liability insurance.
- (iii) Business Automobile Liability insurance.
- (iv) Property Insurance with Contents Coverage.
- (v) Directors and Officers Liability insurance.
- (vi) Professional Liability insurance.
- (vii) Fiduciary Duty insurance.
- (viii) Key Man or Key Employee insurance.
- (ix) Other Umbrella policies.
- (x) Applicable insurance coverages related to the specific industry and/or niche positions required that may be custom and unique to your business services.

(c) The purchase and maintenance of any aforementioned or other insurance does not relieve you of any liability to us under any indemnity requirement of this Agreement.

(d) Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, a material breach of this Agreement shall result.

(e) You agree that we are not responsible or liable for your choices and/or failures to purchase, maintain, hold, investigate, consider and/or appropriately act on your business insurance coverages or lack thereof.

15. TAXES, PERMITS, INDEBTEDNESS, COMPLIANCE WITH LAWS

(a) You must promptly pay when due all federal, state and local taxes including unemployment and sales taxes levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by you in the operation of the Franchised Business.

(b) You must comply with all applicable federal, state and local laws, rules and regulations, including any local, state and federal privacy, health and sanitation laws that apply to your business operations. You must also timely obtain all permits, certificates, registrations and licenses for the full and proper conduct of the Franchised Business.

(c) You expressly agree to accept full and sole responsibility for all debts and obligations incurred in the operation of the Franchised Business.

(d) You agree that we have the option to have you reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation of the Franchised Business or payments made to us by you; excluding state or federal income taxes for which we are responsible.

(e) You are required to pay to us or our designee, promptly and when due, the amount of all sales taxes, use taxes and similar taxes imposed upon, required to be collected, or paid by us on account of the services or goods furnished by us to you through sale, lease or otherwise or on account of collection by us of the Start Up Fee, Royalties, or any other payments to us required by this Agreement. You are also required to pay to us or our designee, promptly and when due, your share of the amount of any payments for services or benefits provided to you or pass throughs that we pay on your behalf and if this Agreement is terminated, you must pay us all remaining amounts due.

16. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) You agree to protect, defend, indemnify, and hold us, and our respective directors, officers, owners, members, agents, employees, attorneys, shareholders, affiliates, and assigns (jointly and severally, the “Indemnitees”) harmless and to promptly reimburse Indemnitees for, from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including attorney’s and accountant’s fees) as a result of, arising out of, or connected with the operation of the Franchised Business; except to the extent caused by us.

(b) In all dealings with third parties including employees, suppliers and customers, you must disclose that you are an independent entity licensed by us. Nothing in this Agreement is intended by the parties to create a fiduciary relationship with us to constitute you as an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of us for any purpose at all. It is agreed that you are an independent contractor and are in no way authorized to make any contract, warranty or representation or to create or bind us or the SRAI Network in any obligation.

(c) It is understood that you will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, assignment of duties to be performed, work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline, tenure of employment, working conditions related to their safety and health, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment.

You must disclose to each of your employees in writing, in a form approved by us in advance, that we are not a "joint employer" of your employees and acknowledge that we do not control your personnel policies.

17. WRITTEN APPROVALS, WAIVERS, FORMS OF AGREEMENT

(a) Whenever this Agreement requires, or you desire to obtain our approval, you must make a timely written request. Unless a different time period is specified in this Agreement, we will respond with our approval or disapproval within thirty (30) days of receipt of a request. If we have not specifically approved, or disapproved, a request within the thirty (30) day period, our failure to respond will be deemed disapproval of the request.

(b) No failure by us to exercise any power reserved to us by this Agreement, and no custom or practice of the parties that may differ from the terms of this Agreement will represent a waiver of our right to demand exact compliance by you with any of the terms in this Agreement. No waiver or approval by us of any particular breach or default by you, nor any delay, tolerance or omission by us to act or give notice of default, or to exercise any power or right, nor acceptance by us of any payments due will be considered a waiver or approval by us of any previous or later breach or default by you of any term, covenant or condition of this Agreement.

(c) We make no warranty or representation that any or all SRAI conversion franchise agreements issued by us either before or after the date of this Agreement do, or will contain terms substantially similar to those contained in this Agreement. You agree that we may, in our Reasonable Business Judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other conversion franchise agreements granted to other SRAI Network businesses in a non-uniform manner, except for those provisions in this Agreement that require us to act toward SRAI franchisees in a reasonably non-discriminatory basis.

(d) Except as otherwise provided in this Agreement, no amendment, change or variance from this Agreement is binding upon either us or you except by mutual written agreement. If an amendment of this Agreement is signed at your request, you must at our option, pay any legal fees or costs of preparation in connection with the amendment. If an amendment of this Agreement is executed at our request, we will pay any legal fees or costs of preparation in connection with the amendment, unless such amendment was prepared as a condition to our approval as required under this Agreement or at your request.

18. ENFORCEMENT

(a) We or our designee are entitled to obtain, without bond, declarations, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to your use of the Licensed Marks, your obligations upon termination or expiration of this Agreement, and assignment of the Franchise and ownership interests, or to prohibit any act or omission by you or your employees that is a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers of businesses operated under the SRAI Network, that is a danger to other SRAI Network businesses, employees, customers or the public, or that may damage the goodwill associated with the Licensed Marks.

(b) If we obtain any declaration, injunction or order of specific performance pursuant to Section 18(a), if any provision of this Agreement is enforced at any time by us, or if any amounts due from you to us are, at any time, collected by or through an attorney at law or collection agency, you

will be responsible to us for all costs and expenses of enforcement and collection including court costs and reasonable attorneys' fees.

19. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) Business Day after sending by e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that we provide to you or your owners, at the Franchised Business's address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

(a) If to Us at:

Sanford Rose Associates International, LLC
5908 Headquarters Drive, K200, Plano, Texas 75024
Attention: Jeffrey Kaye

(b) If to You at:

20. GOVERNING LAW AND DISPUTE RESOLUTION

(a) This Agreement is accepted by us in the State of Texas. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1051 et seq.), as amended, or other federal law, this Agreement and the Franchise rights granted herein shall be governed by and construed in accordance with the substantive laws and courts of the State of Texas which laws shall prevail in the event of any conflict of law. If, however, any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced herein.

(b) You and we ("the parties") agree that it is in our best interest to resolve disputes between us in an orderly fashion and in a consistent manner. For that reason, the parties agree as follows:

(i) Except for matters where either party seeks equitable relief, neither party will seek a different resolution of a dispute between them without first requesting a meeting with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the

notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If you are an individual, you will be your designated representative. At least one meeting or telephone call of the designated representatives will be held in an effort to resolve the dispute but if one party refuses then subsection (ii) below will go into effect.

(ii) If the parties have not resolved a dispute arising out of or relating to your operation of the Franchised Business or this Agreement by negotiation (which the parties will make a diligent effort to do), the parties agree that the dispute shall be brought exclusively within the courts of the County of Collin in the State of Texas. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such courts. Also, with respect to any action which seeks injunctive relief, we may bring such action in any court in any state which has jurisdiction. The costs and expenses of litigation shall be borne by the non-prevailing party.

(iii) Any party to this Agreement may seek provisional or ancillary remedies including temporary or injunctive relief in connection with such dispute or controversy, without providing or posting any bond or security regardless of any legal requirements to do so.

(iv) In all lawsuits relating to or arising out of this Agreement, you agree that you may be served with process outside the State of Texas in the same manner as service may be made within the State of Texas by any person authorized to make service by the laws of the state, territory, possession or country in which service is made, or by any duly qualified attorney in the jurisdiction, and you waive any defense you may have of insufficiency of service of process relating to this method of service. This method of service will not be the exclusive method of service available, and will be available in addition to any other method of service allowed by law.

(v) Parties acknowledge that time is of the essence in resolving any dispute arising from this Agreement and agree that any lawsuit must be submitted within one (1) year after the basis of the dispute became known to the party filing the complaint.

(c) YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

21. REMEDIES

(a) You agree to waive any claims against us based on lost profits and/or lost earnings by you unless such act is based on gross negligence or fraud on our part.

(b) If this Agreement is terminated because of your default, in addition to such other damages that may be awarded, you shall be liable to pay us a lump sum amount equal to the net present value of the Royalties that would have become due following termination of this Agreement for the period that this Agreement would have remained in effect but for your default but in no event shall this lump sum amount be less than the amount that you would have paid for an early termination under Section 3(a). Royalties for purposes of this Section shall be calculated based on the Franchised Business' average monthly Net Cash Receipts for the twelve (12) months preceding the termination date. If you have not operated your Franchised Business for at least twelve (12) months preceding the termination date, you must pay us a lump sum equal to the Minimum Royalty set forth in Section 5(d) for the remainder of the Term but in no event shall this lump sum amount be less than the amount that you would have paid for an early termination under Section 3(a).

(c) Except with regard to your obligation to pay us Royalties and other fees or payments of every nature and kind due from you pursuant to this Agreement or otherwise, any claims between the parties must be commenced within three (3) years from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim or such claim shall be barred. The parties understand that this time limit might be shorter than otherwise allowed by law. You agree that the sole recourse for claims arising between the parties shall be against us and/or our successors and assigns. You agree that our shareholders, members, directors, officers, employees and agents and those of our affiliates shall not be personally liable nor named as a party in any action between you and us. The parties further agree that, in connection with any such proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis and that a proceeding between the parties may not be consolidated with another proceeding between us and any other person or entity. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

(d) Nothing in this Agreement shall bar our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You specifically acknowledge that any failure by you to comply with the requirements of Section 10 of this Agreement will cause us irreparable injury and that we shall be entitled to obtain specific performance of, and/or an injunction against any violation of, such requirements. You agree to pay all court costs and reasonable attorney's fees incurred by us in obtaining specific performance of, and/or an injunction against any violation of, the requirements of this Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that we may possess.

(e) You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(f) Should legal proceedings have to be brought by us against you to enforce your failure to maintain confidentiality or to protect against infringement, the period of restriction shall be deemed to begin at the time and on the date of entry of an order granting us injunctive relief and shall continue uninterrupted for the entire period of restriction.

(g) The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein.

(h) You shall not be allowed to set off amounts owed to us or our affiliates for Royalties, fees, or other amounts due against any monies owed to you, which right of set off is hereby expressly waived by you.

(i) If you consist of more than one person, your liability under this Agreement shall be joint and several.

22. SEVERABILITY AND CONSTRUCTION

(a) All provisions of this Agreement are severable. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable by a court of competent jurisdiction, the provision is deemed restricted in application to the extent required to render it valid; and the remainder of this Agreement will in no way be affected and will remain valid and enforceable for all purposes, both parties declaring that they would have signed this Agreement without inclusion of the provision. If a total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon that provision only to the extent that the laws of the jurisdiction are applicable to that provision. Each party agrees to sign and deliver to the other any further documents that may be reasonably required to fully carry out the provisions in this Agreement. You acknowledge that we have the right, in our sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon you, or any portion thereof, without your consent.

(b) This Agreement, the addenda, exhibits and any contemporaneous or subsequent amendments and/or addenda hereto, constitute the entire Agreement between you and us in connection with the subject matter of this Agreement. However, nothing in this Agreement is intended to disclaim the representations that we made in the Franchise Disclosure Document that we furnished to you.

(c) This Agreement may be signed in any number of counterparts, each of which when so signed and delivered is deemed an original, but the counterparts together will constitute one and the same instrument.

(d) The table of contents, headings and captions contained in this Agreement are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used in this Agreement will be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement will be construed independently of any other section or provision of this Agreement.

23. ACKNOWLEDGEMENTS

(a) The parties recognize that carrying out the purpose of this Agreement, the creating of an effective, up-to-date, competitive Network under our name and marks, and enhancing the potential value of that Network for both us and you and as a group, requires flexibility in establishing and modifying standards for performance and operation under this Agreement, and may involve our development of other business activities not covered by the terms of this Agreement, taking particular account of the fact that business conditions and other circumstances are likely to

change during the stated term of this Agreement. The parties have addressed the prospect for those developments by the express provisions of this Agreement, including in particular, the provisions defining the nature and scope of this Agreement and your obligation to observe the applicable requirements as they may, from time to time, be amended by us to maintain the long-term viability of our name, trademarks and other intellectual property rights, and/or the overall SRAI Network, among other things. No provision of this Agreement is to be read as creating a limitation on the right we have to take an action except as the provision clearly and expressly establishes a limitation. You acknowledge the following:

The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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.

24. MISCELLANEOUS

(a) **Disclaimer of Interpretation Against Drafter.** The terms and provisions of this Agreement will not be construed against or in favor of a party merely because the party or its counsel is the drafter of this Agreement.

(b) **Notice of Material Matters.** You must give us notice of any incident or legal action (including the commencement of a suit or proceeding or the threat of a suit or proceeding), or any other crime or offense, dishonest or unethical act, any claim of gross misconduct, the issuance of any order, writ, injunction, award or decree of any court, agency or government document (even if not a crime) that is reasonably likely to affect adversely the SRAI Network, any SRAI Network business, the Licensed Marks or the goodwill associated with the SRAI Network or that may materially affect the operation or financial condition of us, our affiliates, the Franchised Business, or you. You must give us this notice as soon as practical, but no later than two (2) business days after an incident and five (5) days of any legal action.

(c) **Our Limited Liability.** You agree that we have no liability to you or any other person by reason of any approval given or withheld by us to you or by reason of your complying with our standards and policies and other requirements, or the provisions of this Agreement. We have no liability to you if you adopt any of our suggestions or requirements, or if we delay or fail to furnish any approval, or if we provide to a lender (actual or prospective) at their or your request, information regarding the status of the Agreement and/or your obligations under the Agreement. We are not obligated for any reason to do any act or to furnish anything to you except as expressly contained in this Agreement, and you acknowledge that we are not required to provide services that produce any level of expressed results.

(d) **Time of Essence.** Time is of the essence in this Agreement.

(e) Force Majeure. Upon a Force Majeure, meaning acts of God, war, insurrection, acts of terrorism, civil commotion, strikes, lockouts, embargoes, lack of water, materials, power or telephone transmissions specified or reasonably necessary in connection with the ownership or management of the Franchised Business, fire, hurricanes, unavoidable casualties, failure of any applicable governmental authority to issue required governmental permits, suspension, termination or revocation of any material governmental permit required for the operation of the Franchised Business for thirty (30) days or more, and any other occurrence, event or condition beyond the reasonable control of you or us, whichever is applicable, the parties will be relieved of their respective obligations to the extent the parties are necessarily prevented, hindered or delayed in the performance of those obligations during the period of Force Majeure. The party whose performance is affected by Force Majeure will give prompt, written notice of Force Majeure to the other party. If there should be a Force Majeure that we consider economically harmful or otherwise detrimental to the Franchised Business, upon ten (10) days written notice to you, we have the right to terminate this Agreement, but the notice will be withdrawn by us if, within the ten (10) day period, we determine that the economically harmful or otherwise detrimental effect on the Franchised Business and operations has ceased.

(f) Reasonable Business Judgment. Except where otherwise indicated in this Agreement, we agree to use “Reasonable Business Judgment” when discharging our obligations and exercising our rights and discretion. Reasonable Business Judgment (as defined in this Subsection) will be applied in all circumstances involving or requiring our approval or consent, unless provided otherwise in the Agreement. Reasonable Business Judgment means that our determinations or choices prevail, even if other alternatives are also reasonable or arguably preferable, if we intend to benefit or are acting in a way that could benefit the SRAI Network by, for example, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing possible customer confusion as to the Licensed Marks or location, or increasing our financial strength. You have agreed to this concept of Reasonable Business Judgment in recognition of the fact that we should have at least as much discretion in administering the SRAI Network as a corporate board of directors/managers has in directing a limited liability company, and because the long-term interests of the Network and all Franchisees in the SRAI Network and our shareholders and us, taken together, require that we have the latitude to exercise Reasonable Business Judgment. We will not be required to consider your particular economic or other circumstances or to slight our own economic or other business interests when exercising Reasonable Business Judgment. You acknowledge that we have a legitimate interest in seeking to maximize the return to our shareholders and the fact that we benefit economically from an action will not be relevant to showing that we did not exercise Reasonable Business Judgment. Neither you nor any third (3rd) party (including any third (3rd) party acting as a trier of fact) can substitute your judgment for our Reasonable Business Judgment. You agree that you have the burden of establishing that we failed to exercise this Reasonable Business Judgment.

IN WITNESS WHEREOF, the parties have signed this Agreement under seal as of the above Effective Date.

US:

Sanford Rose Associates International, LLC, a Texas limited liability company

By: _____

Title: _____

You:

Franchisee

By: _____

Title: _____

Date: _____

ADDENDUM 1

Territory

Subject to the terms and conditions of the Franchise Agreement, the territory in which you must conduct the Franchised Business is defined as follows:

The approved current office address is:

Your territory consists of a one-quarter mile radius from your approved office address.

Acknowledged and Agreed:

SRAI:

Sanford Rose Associates International, LLC, a Texas limited liability company

By: _____

Name: _____

Title: _____

Franchisee:

By: _____

Name: _____

ADDENDUM 2

Services and Support

Below are categories of services and support that we currently offer to our franchisees.

We may offer additional services and support programs and some may require you to pay an additional fee.

Essential Services

- Training recruiters assistance
- Consultations
- Leadership Coaching
- Business Guidance
- Split Network Opportunities
- Collective buying power network

Franchisee:

By: _____

Title: _____

Date: _____

EXHIBIT FOUR

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Our registered agent in the State of Texas:
Jeffrey Kaye
5908 Headquarters Drive, K200, Plano, Texas 75024

LIST OF STATE ADMINISTRATORS

STATE	AGENCY	PROCESS, IF DIFFERENT
California Toll-free (866) 275-2677 Email: Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Department of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104	Commissioner of Financial Protection and Innovation Los Angeles 320 West 4th Street, Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco 1 Sansome Street, Suite 600 San Francisco, CA 94104
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203, Honolulu, Hawaii 96813	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021

Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Dept. of Attorney General 670 G. Mennen Williams Building 525 West Ottawa Lansing, MI 48933	
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198	Commissioner of Commerce MN Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231-0001
North Dakota	Office of Securities Commissioner 600 East Boulevard Avenue State Capital 14 th Floor Bismarck, ND 58505-0510	North Dakota Securities Department 600 East Boulevard Avenue State Capital 14th Floor Dept. 414 Bismarck, ND 58505-0510
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903	
South Dakota	Department of Labor and Regulation Division of Securities 124 S. Euclid, Ste. 104 Pierre, SD 57501	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Division of Securities 4 th Floor 345 W. Washington Ave Madison, WI 53703	

EXHIBIT FIVE

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM TO SANFORD ROSE
ASSOCIATES INTERNATIONAL, LLC
FRANCHISE DISCLOSURE DOCUMENT

INFORMATION REQUIRED BY
THE STATE OF CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with this Disclosure Document.
2. Item 3 of the Disclosure Document is amended to provide that neither the franchisor nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A.. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. Per the requirements of the Commissioner of Corporations for the State of California, Item 5 and Item 7 of the Disclosure Document and Section 4(a) of the Franchise Agreement are amended to provide that we must defer payment of the initial franchise fees owed to us by franchisees until we have completed our pre-opening obligations described in the franchise agreement.
4. California Business and Professional Code 20000 through 20043 provides rights to the franchisee concerning termination or non-renewal of a franchise, if the franchise agreement contains a provision that is inconsistent with the law, the law will control.
5. 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.
6. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The franchise agreement requires binding litigation. The litigation will occur in Texas with the cost being borne by non-prevailing party.
8. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
9. The franchise agreement requires application of the law of the State of Texas. This provision may not be enforceable under California law.
10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations 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).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS, CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DBO.CA.GOV

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 SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF
HAWAII**

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 Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs 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 Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise.

This 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.

A Federal Trade Commission rule makes it unlawful to offer or sell any franchise without first providing this Disclosure Document to the prospective franchisee at the earlier of (1) fourteen calendar days before the signing of any franchise or related agreement; or (2) fourteen calendar days before any payment. The prospective franchisee must also receive a Franchise Agreement containing all material terms at least seven calendar days prior to the signing of the Franchise Agreement.

If this Disclosure Document is not delivered on time, or if it contains a false, incomplete, inaccurate or misleading statement, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and to Hawaii Department of Commerce and Consumer Affairs which administers and enforces the Hawaii Franchise Disclosure Act.

Registered agent in the state authorized to receive service of process:

**Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813**

1. The following paragraph is added to Item 17:

Section 482E-6(3) of the Hawaii Revised Statutes provides that upon termination or refusal to renew the Franchise Agreement, Sanford Rose Associates International, LLC ("SRAI") is obligated to compensate you for the fair market value, at the time of the termination or expiration of the Franchise Agreement, of your inventory, supplies, equipment and furnishings purchased from SRAI or a supplier designated by SRAI; provided that personalized materials which have no value to us need not be compensated for. If SRAI refuses to renew a Franchise Agreement for the purpose of converting your business to one owned and operated by SRAI, SRAI, in addition to the remedies

provided above, shall compensate you for the loss of goodwill. SRAI may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of your inventory, supplies, equipment and furnishings pursuant to this requirement, and may offset from such compensation any monies due SRAI.

2. Section 482E-3(a) of the Hawaii Franchise Investment Law requires the franchisor to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the franchise agreement. The Receipt is amended to reflect the 7 calendar-day waiting period.

**AMENDMENT TO
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF HAWAII**

The Franchise Agreement between _____
("Franchisee") and Sanford Rose Associates International, LLC, a Texas limited liability company
("Franchisor"), dated _____(the "Agreement") shall be amended by the addition of the
following language set forth in this Amendment to the Franchise Agreement (this "Amendment") ,
which shall be considered an integral part of the Agreement:

HAWAII LAW MODIFICATIONS

1. The Director of the Hawaii Department of Commerce and Consumer Affairs requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E-1 through 482E-12 (1988) (the "Law"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Agreement. If the Agreement contains a provision that is inconsistent with the Law, the Law will control. Among those rights, the Law may require that upon termination or non-renewal Franchisor purchase for fair market value Franchisee's inventory, supplies, equipment and furnishings purchased from Franchisor or a supplier designated by Franchisor; provided that personalized materials which have no value to Franchisor need not be compensated for. If the non-renewal or termination is for the purpose of converting the Franchisee's business to one owned and operated by Franchisor, Franchisor may, additionally, be obligated to compensate the Franchisee for loss of goodwill. Franchisor may deduct all amounts due from Franchisee and any costs related to the transportation or disposition of items purchased against any payment for those items. If the parties cannot agree on fair market value, fair market value shall be determined in the manner set forth in the Agreement. If the Agreement does not provide for determination of fair market value of assets for purchase by Franchisor, such amount will be determined by an independent appraiser approved by both parties, and the costs of the appraisal shall be shared equally by the parties.
- b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Hawaii Franchise Investment Law.

2. Section 482E-3(a) of the Hawaii Franchise Investment Law requires us to give you a copy of the Franchise Disclosure Document at least 7 calendar days prior to signing the Franchise Agreement.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this ____ day of _____, 20 ____.

FRANCHISOR:

SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC,

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

ADDENDUM TO
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

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 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.

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.

**RIDER TO
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT REQUIRED BY
THE STATE OF ILLINOIS**

In recognition of the Illinois Franchise Disclosure Act, the parties to the attached Sanford Rose Associates International, LLC Franchise Agreement (the "Agreement") agree 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 are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act, 815 ILCS 705/19, 705/20 (West 2016).

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.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider to the Franchise Agreement on this _____ day of _____, 20__.

FRANCHISOR:
SANFORD ROSE ASSOCIATES INTERNATIONAL,
LLC, a Texas limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

ADDENDUM TO
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

1. Item 17.c. may be modified by Indiana Code § 23-2-2.7.

2. Item 17.t. is supplemented with the following language:

However, you do not waive any rights under the Indiana Statutes with regard to prior representations made by Sanford Rose Associates International, LLC in the Disclosure Document.

3. Items 17.v. and 17.w. are supplemented with the following language:

Except that under Indiana law, you may have the right to bring an action in Indiana, and have Indiana law apply.

4. The Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-1 (10) prohibits the limitation brought for breach of a Franchise Agreement including any limitation on the forum chosen. Any provision in the Franchise Agreement, specifying a forum contrary to Indiana law, shall not apply to any claims brought under the Indiana Deceptive Franchise Practices Act and/or the Indiana Franchise Act, Ind. Code ANN.§§ 1-51 (1994).

5. The Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-1 (10) prohibits the limitation of litigation brought for breach of a Franchise Agreement. Any provision in the Franchise Agreement requiring the application of another state's law shall not apply to any claims brought under the Indiana Deceptive Franchise Practices Act and/or the Indiana Franchise Act, Ind. Code ANN.§§ 1-51 (1994).

6. Indiana Code § 23-2-2.5-9 (2) requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the franchise agreement; or (ii) 10 days prior to franchisor's receipt of any consideration. The Receipt is amended to reflect the 10 day waiting period.

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL,
LLC
FRANCHISE AGREEMENT AND RELATED FRANCHISE
DOCUMENTS
FOR THE STATE OF INDIANA**

The Sanford Rose Associates International, LLC Franchise Agreement between _____ (“Franchisee”) and Sanford Rose Associates International, LLC, a Texas limited liability company (“Franchisor”), dated (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchise Act, Ind. Code Ann. §§ 1-51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-27 (1985). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of the Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgements shall be void with respect to claims under the Act.

c. If the Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Agreement by Franchisor requires written consent of the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation/arbitration to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act §§ 23-2.2.7(10).

f. If the Agreement requires that it be governed by a state’s law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.

g. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the waiver of claims or rights. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

h. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning the time period to bring an action against the Franchisor. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

i. The Indiana Deceptive Franchise Practices Act prohibits the Franchisor from operating a substantially identical business to that of the Franchisee's within the Franchisee's territory, regardless of trade name. To the extent this Agreement contains a provision that is inconsistent with the Act, the Act will control.

j. The Indiana Deceptive Franchise Practice Act excludes any indemnification for liability caused by the Franchisee's proper reliance on or use of procedures or materials provided by the Franchisor. To the extent this Agreement contains a provision that is inconsistent with the Act, the Act will control.

2. Indiana Code § 23-2-2.5-9(2) requires us to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 days prior to signing the Franchise Agreement; or (ii) 10 days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Practices Act and the Indiana Franchises Act, with respect to each such provision, are not independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____ day of _____, 20__.

FRANCHISOR:

SANFORD ROSE ASSOCIATES INTERNATIONAL,
LLC, a Texas limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**ADDENDUM TO SANFORD ROSE
ASSOCIATES INTERNATIONAL, LLC
FRANCHISE DISCLOSURE DOCUMENT**

**INFORMATION REQUIRED BY
THE STATE OF MARYLAND**

In recognition of the Maryland Franchise Registration and Disclosure Law, as amended, the Franchise Disclosure Document for Sanford Rose Associates International, LLC for use in the State of Maryland shall be amended as follows:

- (1) Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
- (2) Item 17 of this disclosure document is modified to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (3) Item 17 of this disclosure document is modified to state that provisions allowing termination on bankruptcy may not be enforceable under federal bankruptcy law (11U.S.C. 101 et seq.).
- (4) Item 17 of this disclosure document, in the summary column of parts (c) and (m), is modified to state that the general release required as a condition of transfer or renewal will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.
- (5) Item 17 of this disclosure document, in the summary column of part (v), is modified to state that the Texas venue provision will not supersede your right to bring claims under the Maryland Franchise Registration and Disclosure Law in Maryland.
- (6) Item 17 of this disclosure document, in the summary column of part (w), is modified to "Expect for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law, Texas law applies."

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.

RIDER TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the Maryland Franchise Registration and Disclosure Act, as amended, the parties to the attached Sanford Rose Associates International, LLC Franchise Agreement (the "Agreement") agree as follows:

Paragraph 3(a)(ii) of the Franchise Agreement states says that Sanford Rose Associates International, LLC may require you to sign a general release of claims as a condition of renewal of your franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Paragraph 11(d)(vi) of the Franchise Agreement states that Sanford Rose Associates International, LLC may require you to sign a general release of claims as a condition of transfer of your franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Paragraph 5 (b) of the Franchise Agreement based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Under Section 23 of the Franchise Agreement you are required to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland franchise law. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Therefore, these agreements should be considered amended to state that the representations are not intended to nor do they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Section 4-216(c) (25) of the Maryland Franchise Registration and Disclosure Law requires a franchisor to file an irrevocable consent to be sued in Maryland. Section 20 of the Franchise Agreement, contains provisions requiring a franchisee filing any arbitration or litigation against the franchisor to agree to file the arbitration only in the State of Texas. Accordingly, the Franchise Agreement is amended to permit a franchisee to bring its cause of action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Section 21 (c) of the Franchise Agreement is revised to add the following language:

“The limitations of claims in this provision shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing any claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

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.

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Rider to the Agreement as of the day and year contained in the Agreement.

Sanford Rose Associates International, LLC,
a Texas limited liability company

Witness

By: _____
Officer

Witness

By: _____
Franchisee

**ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT FOR
SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC
STATE OF MINNESOTA**

1. The following Legends are added to Sanford Rose Associates International, LLC Franchise Disclosure Document

Cover Page for use in the State of Minnesota:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND TO THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE, SECURITIES DIVISION, 85 7TH PLACE EAST, SUITE 500, ST. PAUL, MINNESOTA 55101, WHICH ADMINISTERS AND ENFORCES THE MINNESOTA FRANCHISE ACT.

MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR FRANCHISE AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION. FURTHERMORE, MINN RULE 2860.4400J PROHIBITS A FRANCHISEE FROM WAIVING HIS OR HER RIGHTS TO A JURY TRIAL OR TO WAIVE RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION, OR TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES, OR JUDGMENT NOTES.

2. The following paragraph is added to Item 13:

Franchisee will have right to use the Franchisor's trademarks, service marks, trade names, logotypes or other commercial symbols (collectively the "Marks"). The Minnesota Department of Commerce requires that Sanford Rose Associates International, LLC indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of Sanford Rose Associates International, LLC Marks infringes marks of the third party. Sanford Rose Associates International, LLC does not indemnify against consequences of franchisee's use of the Marks except in accordance with the requirements of the franchise.

3. The following statement is added at the end of Item 17(c):

Any release signed as a condition of renewal will not apply to any claims you may have under the Minnesota Franchise Act.

4. The following statement is added at the end of Item 17(m):

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

5. The Summary in Item 17(v) is deleted, and the following Summary is inserted in its place:

A Franchisee may file an action in Minnesota for claims arising under Minn. Stat. Sec. 80C.17, subd. 5. Any claims arising under Minn. Stat. Sec. 80C.17, subd. 5 must be brought within three years after the cause of action accrues.

6. The following statement is added at the end of Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the applicable franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

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.

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF MINNESOTA**

The **SANFORD ROSE ASSOCIATES** Franchise Agreement between _____ (“Franchisee”) and **SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC**, a Texas limited liability company (“Franchisor”), dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Franchisee will have the right to use Franchisor’s trademarks, service marks, trade names, logotypes or other commercial symbols (collectively, the “Trademarks”). The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the Trademarks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Trademarks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of the defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- b. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases that a franchisee be given 90 days’ notice of termination (within 60 days to cure). If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- c. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that a franchisee be given written notice of a franchisor’s intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

- d. Franchise Act, Sec. 80C.14, Subd. 5., requires that Franchisor not unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor.
 - e. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Furthermore, Minn. Rule 2860.4400J prohibits a Franchisee from waiving his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes.
 - f. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgements shall be void with respects to claims under the Act.
 - g. If the Agreement requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
 - h. If the Agreement requires you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights you may have as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in risk factor 1 on the cover page of the Disclosure Document that the Agreement requires you to sue outside the State of Minnesota is not applicable because of the Franchise Act.
 - i. A Franchisee may file a civil lawsuit in Minnesota for claims arising under Minn. Stat. §80C.17, Subd. 5. Any claims arising under Minn. Stat. §80C.17, Subd. 5 must be brought within three years after the cause of action accrues.
2. Minn. Stat. Sec. 80C.06, Subd. 5 requires you to receive the Disclosure Document at the earlier of: (i) seven days prior to signing the Franchise Agreement; or (ii) seven days prior to our receipt of any consideration.
3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent

of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____ day of _____, 20__.

Sanford Rose Associates International, LLC,
a Texas limited liability company

By: _____
Officer

By: _____
Franchisee

By: _____
Franchisee

Witness

Witness

Witness

ADDENDUM TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

Risk Notice:

You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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 FOUR OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or

unfair or deceptive practices or comparable allegations.

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

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

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

4. 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.

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

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

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.

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF NORTH DAKOTA, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE STATE OF NORTH DAKOTA THAT THE INFORMATION PROVIDED IN THIS DISCLOSURE DOCUMENT IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota Law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Franchise Agreement requires that it be governed by a state's law, other than the State of North Dakota, to the extent that such law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.
- e. If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Franchise Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.
- g. Section 51-19-08 of the North Dakota Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) seven days prior to signing the franchise agreement; or (ii) seven days prior to franchisor's receipt of any consideration.

2. THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- a. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- b. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- c. Restrictions of Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- d. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- e. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- f. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
- h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- j. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF NORTH DAKOTA**

The **SANFORD ROSE ASSOCIATES** Franchise Agreement between _____ (“Franchisee”) and **SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC**, a Texas limited liability company (“Franchisor”), dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota Law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term and upon termination or expiration of the Franchise Agreement are enforceable only under certain conditions according to North Dakota Law. If the Franchise Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.
- d. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.
- e. If the Franchise Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.
- f. If the Franchise Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

- g. Section 51-19-08 of the North Dakota Franchise Investment Law requires franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) seven days prior to signing the franchise agreement; or (ii) seven days prior to franchisor's receipt of any consideration.

3. THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- a. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- b. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- c. Restrictions of Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- d. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- e. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- f. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
- g. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
- h. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- i. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- j. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____ day of _____, 20____.

FRANCHISOR:

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

RHODE ISLAND LAW MODIFICATIONS

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

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

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

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF RHODE ISLAND**

The **SANFORD ROSE ASSOCIATES** Franchise Agreement between _____ (“Franchisee”) and **SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC**, a Texas limited liability company (“Franchisor”), dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Franchised Business that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 3 Term and Renewal and 12 Default and Termination:

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION.** The following language is added to the end of Sections 20 Governing of the Franchise Agreement:

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 THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT.” TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO

CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this
Amendment to the Franchise Agreement on this _____ day of _____,
20____.

FRANCHISOR:

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By:_____

Name: _____

Title: _____

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA**

SOUTH DAKOTA LAW MODIFICATIONS

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchises for Brand-Name Goods and Services Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchises for Brand-Name Goods and Services Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.
- c. Regardless of the terms of the Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Agreement, Franchisee will be afforded thirty (30) days' written notice with an opportunity to cure the default before termination.
- d. If the Agreement requires payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.
- e. If the Agreement requires litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.
- f. If the Agreement requires that it be governed by a state's law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement and all provisions of this Amendment will be and remain subject to the application, construction, enforcement, interpretation under the governing law set forth in the Agreement.
- g. If the Agreement requires that disputes between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties. If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.

2. Section 37-5B-17 of the South Dakota Codified Laws requires us provide you with a copy of the Franchise Disclosure Document at the earlier of: (i) fourteen days prior to signing the Franchise Agreement; or (ii) fourteen days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF SOUTH DAKOTA**

The **SANFORD ROSE ASSOCIATES** Franchise Agreement between _____ (“Franchisee”) and **SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC**, a Texas limited liability company (“Franchisor”), dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

SOUTH DAKOTA LAW MODIFICATIONS

1. The Director of the South Dakota Division of Securities requires that certain provisions contained in franchise documents be amended to be consistent with South Dakota law, including the South Dakota Franchises for Brand-Name Goods and Services Law, South Dakota Codified Laws, Title 37, Chapter 37-5B, Sections 37-5B-1 through 37-5B-53 (2008). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the South Dakota Franchises for Brand-Name Goods and Services Law, and such acknowledgements shall be void with respect to claims under the Law.
- b. Covenants not to compete upon termination or expiration of the Agreement are generally unenforceable in the state of South Dakota, except in certain limited instances as provided by law. If this Agreement contains a covenant not to compete which is inconsistent with South Dakota Law, the covenant may be unenforceable.
- c. Regardless of the terms of the Agreement concerning termination, if Franchisee fails to meet performance and quality standards or fails to make any royalty payments under the Agreement, Franchisee will be afforded thirty (30) days’ written notice with an opportunity to cure the default before termination.
- d. If the Agreement requires payment of liquidated damages that are inconsistent with South Dakota law, the liquidated damage clause may be void under SDCL 53-9-5.
- e. If the Agreement requires litigation to be conducted in a forum other than the State of South Dakota, the requirement is void with respect to any cause of action otherwise enforceable under South Dakota Law.
- f. If the Agreement requires that it be governed by a state’s law, other than the State of South Dakota, matters regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, the Agreement and all provisions of this Amendment will be and remain subject to the application, construction, enforcement, interpretation under the governing law set forth in the Agreement.

- g. If the Agreement requires that disputes between Franchisor and Franchisee be mediated/arbitrated at a location that is outside the State of South Dakota, the mediation/arbitration will be conducted at a location mutually agreed upon by the parties. If the parties cannot agree on location for the mediation/arbitration, the location shall be determined by the mediator/arbitrator selected.

2. Section 37-5A-17 of the South Dakota Codified Laws requires us provide you with a copy of the Franchise Disclosure Document at the earlier of: (i) fourteen days prior to signing the Franchise Agreement; or (ii) fourteen days prior to our receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the South Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment to the Franchise Agreement on this _____ day of _____, 20____.

FRANCHISOR:

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

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

The following statements are added to Item 17.h under the subheading Franchise Agreement of the Virginia Disclosure Document:

“Pursuant to Section 13.1.564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement 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 laws of Virginia, that provision may not be enforceable.

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

The following statements are added to Item 17.h under the subheading Area Development Agreement of the Virginia Disclosure Document:

“Pursuant to Section 13.1.564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the area development agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or 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.

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON**

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

The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise Agreement.

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

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

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

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

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

Effect of Washington Law on Termination

If any provisions governing termination or non-renewal disclosed herein are inconsistent with Washington law, then Washington law shall apply. The applicable law reads as follows:

(Revised Code of Washington)

"Section 19.100.180. Without limiting the other provisions of this chapter, the following specific rights and prohibitions shall govern the relation between the franchisor or subfranchisor and the franchisees:

(i) For the purpose of this chapter and without limiting its general application, it shall be

an unfair or deceptive act or practice or an unfair method of competition and therefore unlawful and violation of this chapter for any person to:

(ii) Refuse to renew a Franchise Agreement without fairly compensating the franchisee for the fair market value, at the time of expiration of the Franchise Agreement, or the franchisee's inventory, supplies, equipment, and furnishings purchased from the franchisor and good will, exclusive of personalized materials which have no value to the franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the franchised business: PROVIDED, that compensation need not be made to a franchisee for good will if: (i) the franchisee has been given one year's notice of nonrenewal; and (ii) the franchisor agrees in writing not to enforce any covenant which restrains the franchisee from competing with the franchisor: PROVIDED FURTHER, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to franchisor.

(iii) Terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include, without limitation, the failure of the franchisee to comply with lawful material provisions of the franchise or other agreement between the franchisor and the franchisee and to cure such default after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty days, to cure such default, or if such default cannot reasonably be cured within thirty days, the failure of the franchisee to initiate within thirty days substantial and continuing action to cure such default: PROVIDED, that after three willful and material breaches of the same term of the Franchise Agreement occurring within a twelve month period, for which the franchisee has been given notice and an opportunity to cure as provided in this subsection, the franchisor may terminate the Franchise Agreement upon any subsequent month period without providing notice or opportunity cure: PROVIDED FURTHER, that a franchisor may terminate a Franchise Agreement without prior notice or opportunity to cure a default if the franchisee: (i) is adjudicated bankrupt or insolvent; (ii) makes an assignment for the benefit of creditors or similar disposition of the assets of the franchised business; (iii) voluntarily abandons the franchised business; or (iv) is convicted of or pleads guilty or no contest to a charge of violating any law relating to the franchised business. Upon termination for good cause the franchisor shall purchase from the franchisee at a fair market value at the time of termination, the franchisee's inventory and supplies, exclusive of: (i) personalized materials which have no value to the franchisor; (ii) inventory and supplies not reasonably required in the conduct of the franchised business; and (iii) if the franchisee is to retain control of the premises of the franchised business, any inventory and supplies not purchased from the franchisor or on his express requirement: PROVIDED, that a franchisor may offset against amounts owed to a franchisee under this subsection any amounts owed by such franchisee to the franchisor."

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 SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT
& RELATED FRANCHISE DOCUMENTS
REQUIRED BY THE STATE OF WASHINGTON**

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

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise.

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

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

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

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

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

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.

The undersigned does hereby acknowledge receipt of this addendum. Dated this _____ day of _____, 20_____.

FRANCHISOR:

SANFORD ROSE ASSOCIATES
INTERNATIONAL, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

**ADDENDUM TO THE
SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
DISCLOSURE DOCUMENT**

REQUIRED BY THE STATE OF WISCONSIN

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.

2. Section 553.27 of the Wisconsin Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to Franchisor's receipt of any consideration.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**AMENDMENT TO SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC
FRANCHISE AGREEMENT & RELATED FRANCHISE DOCUMENTS
FOR THE STATE OF WISCONSIN**

The **SANFORD ROSE ASSOCIATES** Franchise Agreement between _____ (“Franchisee”) and **SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC**, a Texas limited liability company (“Franchisor”), dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

WISCONSIN LAW MODIFICATIONS

1. The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with the Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of non-renewal and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- b. The Wisconsin Fair Dealership Law, among other things, grants you the right, in most circumstances, to 90 days' prior written notice of termination and 60 days within which to remedy any claimed deficiencies. If the Franchise Agreement contains a provision that is inconsistent with the Wisconsin Fair Dealership Law, the provisions of the Franchise Agreement shall be superseded by the Law's requirements and shall have no force or effect.
- c. If the Franchise Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provision of the Franchise Agreement conflicts with the Wisconsin Fair Dealership Law such provision shall be superseded by the law's requirements.
- d. Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.

2. Section 553.27 of the Wisconsin Franchise Investment Law requires Franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) 10 business days prior to signing the Franchise Agreement; or (ii) 10 business days prior to Franchisor's receipt of any consideration.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Wisconsin law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

The undersigned does hereby acknowledge receipt of this addendum. Dated this _____ day of _____, 20____.

FRANCHISOR:

SANFORD ROSE
ASSOCIATES
INTERNATIONAL, LLC,
a Texas limited liability
company

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

EXHIBIT SIX

FORM OF GENERAL RELEASE OF CLAIMS

RELEASE OF CLAIMS

THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Sanford Rose Associates International, LLC ("Franchisor") and _____ ("Franchisee") enter into this Release of Claims ("Agreement").

RECITALS

A. Franchisor and Franchisee entered into Sanford Rose Associates International, LLC Franchise Agreement dated _____.

B. [NOTE: Describe the circumstances relating to the release.].

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to [NOTE: Detail purpose of release] relating to the Franchise Agreement.

AGREEMENT

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims by Franchisor.** In consideration of, and only upon full payment of \$_____ to Franchisor, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisor, for itself and for each of its affiliated corporations, limited liability companies, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present members, directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorneys' fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge Franchisor and each of its respective affiliated corporations, limited liability companies, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, members, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorneys' fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. Reservation of Claims Against Non-Settling Parties. Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

7. Entire Agreement. This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

8. Voluntary Nature of Agreement. The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

9. Governing Law and Jurisdiction. This Agreement will be construed and enforced in accordance with the law of the state of _____.

10. Attorneys' Fees. All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This General Release shall not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Dated: _____, 20____

SANFORD ROSE ASSOCIATES INTERNATIONAL, LLC

By _____

Its _____

Dated: _____, 20____

FRANCHISEE: _____

By _____

Its _____

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:

State	Effective Date
Hawaii	August 9, 2024 <u>Pending</u>
Illinois	March 22, 2024 <u>Pending</u>
Indiana	August 29, 2024 <u>Pending</u>
Maryland	April 11, 2024 <u>Pending</u>
Michigan	June 28, 2023 <u>Pending</u>
Minnesota	May 31, 2024 <u>Pending</u>
New York	April 2, 2024 <u>Pending</u>
North Dakota	April 19, 2024 <u>Pending</u>
Rhode Island	April 1, 2024 <u>Pending</u>
South Dakota	March 22, 2024 <u>Pending</u>
Virginia	April 2, 2024 <u>Pending</u>
Washington	April 1, 2024 <u>Pending</u>
Wisconsin	March 22, 2024 <u>Pending</u>

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 SEVEN

RECEIPT

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

If Sanford Rose Associates International, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that Sanford Rose Associates International, LLC give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon and Wisconsin require that Sanford Rose Associates International, LLC give you this disclosure document at least 10 days before the execution of any binding franchise agreement or the payment of any consideration, whichever occurs first.

If Sanford Rose Associates International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit Four.

The name, principal business address, and telephone number of the franchise seller offering this SRA franchise is: Jeffrey Kaye, Sanford Rose Associates International, LLC, 5908 Headquarters Drive, K200, Plano, Texas 75024; Telephone: 972.931.5242

Other Sellers: _____
Name/Address/Telephone Number

Date of Issuance: ~~April 1~~ March 14, 20245

See Exhibit Four for our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated ~~April 1~~ March 14, 20245 that included the following Exhibits:

- One: List of Current and Former Franchisees
- Two: Financial Statements
- Three: Franchise Agreement including Addenda
- Four: Agents for Service of Process and State Franchise Administrators
- Five: State Specific Addenda and Riders
- Six: Form of General Release of Claims
- Seven: Acknowledgment of Receipt

Prospective Franchisee Signature:

Date:

Print Name:

KEEP THIS COPY FOR YOUR RECORDS.

EXHIBIT SEVEN

RECEIPT

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

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- Six: Form of General Release of Claims
- Seven: Acknowledgment of Receipt

Prospective Franchisee Signature:

Date:

Print Name:

Please sign this copy of the receipt, date your signature, and return it to Jeffrey Kaye, Sanford Rose Associates International, LLC, 5908 Headquarters Drive, K200, Plano, Texas 75024 or by electronic transmission (email) to us at hq@sanfordrose.com.