

FRANCHISE DISCLOSURE DOCUMENT



Qualicare of America, Inc.
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Franchisor franchises the right to own and operate businesses offering personal care and companion care services and medical services provided by healthcare personnel, including registered nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions to seniors and other adults with chronic or acute illnesses under the mark “Qualicare.”

The total investment necessary to begin operation of a Qualicare Business is ~~\$92,600~~95,700 to ~~\$204,500~~218,700 (plus shipping costs). This includes between \$53,700 and \$56,200 that must be paid to the franchisor and/or its affiliate. We also offer a “Community Builder” program, which includes three franchise agreements with three territories. The total investment necessary to begin operation of a Community Builder Franchise is ~~\$224,550~~237,400 to ~~\$567,900~~606,400, which includes between \$111,7400 and ~~\$114,200~~118,900 that must be paid to the franchisor and/or its affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive 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 governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our office at 91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5 Canada, via telephone at (888) 561-0616 or by emailing franchise@qualicare.com.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer's Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at

www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

| Issuance Date: October ~~12, 2023~~ 2, 2024

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 I.
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 D 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 “Qualicare” 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 “Qualicare” franchisee?	Item 20 or Exhibit I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

WHAT YOU NEED TO KNOW ABOUT FRANCHISING *GENERALLY*

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

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

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

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

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

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

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

Some States Require Registration

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

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

SPECIAL RISKS TO CONSIDER ABOUT *THIS* FRANCHISE

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

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation and litigation in New York. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in New York than in your own state.

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Sales Performance Requirement. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in the loss of any territorial rights you are granted, 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.

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EXHIBITS

EXHIBITS

Exhibit A –	List of State Administrators
Exhibit B –	List of Agents for Service of Process
Exhibit C –	Table of Contents of Operations Manual
Exhibit D –	Financial Statements
Exhibit E-1 –	Franchise Agreement
	Exhibit A – Personal Guaranty
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	Exhibit C – Confidentiality and Restrictive Covenant Agreement
	Exhibit D – Electronic Funds Withdrawal Authorization
Exhibit E-2 –	Community Builder Addendum

Exhibit [E-3 – Business Associate Agreement](#)

[Exhibit E-4 – Resale Agreement](#)

[Exhibit E-5 – Renewal Agreement](#)

[Exhibit F – ~~Sample~~ Termination and Release Agreement](#)

Exhibit G – State Specific Addenda

Exhibit H – Deposit Receipt Agreement

Exhibit I – List of Franchisees and Franchisees That Have Left the System

Exhibit J – Receipts

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

Company

To simplify the language in this Disclosure Document, “Qualicare,” “we” or “us” means Qualicare of America, Inc., the franchisor of this business. “You” means the person who buys the franchise, and includes your owners if you are a corporation or other business entity.

We were incorporated in the State of Delaware on May 31, 2011, and began selling franchises on December 8, 2011. Our principal business address is 91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5 ~~Canada~~ [6R5 Canada](#). We may be reached via telephone at 888-561-0616 or 1-416-630-0202. We also maintain an office at 614 N. Dupont Hwy. Suite 210, Delaware 19901. We do business only under our corporate name and the name “Qualicare.” We do not operate any other business and have never operated a business similar to the business offered in this disclosure document. We do not offer franchises in any other line of business. A list of our agents for service of process in various states is contained in Exhibit A of this Disclosure Document.

Our Parents, Predecessors and Affiliates

Parent, Predecessor or Affiliate	Description	Address	Sells franchises? (and if so, since date)	Number of franchises as of May 31, 20234
Clear Summit Group, Inc. (“CSGI”), an Ontario corporation (formerly called Franchise Equity Group Inc.) formed on July 7, 2006.	Our ultimate parent company.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5 Canada 6R5 Canada	No	N/A
Qualicare, Inc., an Ontario corporation formed May 12, 1995.	Our predecessor. On May 12, 2011, our parent company, QFCI (noted below), acquired the assets of Qualicare, Inc.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	No	N/A
Qualicare Franchise Corporation, Inc. (“QFCI”), a subsidiary of CSGI, is an Ontario corporation formed December 30, 2010.	Our direct parent company. QFCI owns our proprietary marks, and has licensed the proprietary marks to us so that we may use them and sub-license them to our franchisees.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	No	N/A
Qualicare Canada, Inc., an Ontario corporation formed June 2, 2011.	The franchisor of substantially similar business in Canada operating under the mark “Qualicare ” ” and has	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since June 2011)	44 48

Parent, Predecessor or Affiliate	Description	Address	Sells franchises? (and if so, since date)	Number of franchises as of May 31, 2023 4
	offered franchises since June 2011.			
Tutor Doctor Systems, Inc., a Delaware corporation formed on November 16, 2007.	A subsidiary of CSGI. Offered “Tutor Doctor” franchises in the United States from January 2008 until July 2020.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	No (but sold franchises from January 2008 to July 2020)	302 (<u>296</u> as of March 31, 2023)
Tutor Doctor Learning Solutions, Inc., a Delaware corporation formed on July 24, 2020.	A subsidiary of CSGI. Offered “Tutor Doctor” franchises in the United States beginning August 2020.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since August 2020)	59 (70 as of March 31, 2023)
Tutor Doctor Canada, Inc., an Ontario corporation formed on November 17, 2007.	A subsidiary of CSGI. Offered “Tutor Doctor” franchises in Canada from January 2008 to October 2021.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	No (but sold franchises from January 2008 to October 2021)	N/A <u>0</u>
Tutor Doctor Learning Inc., an Ontario corporation formed on April 22, 2021.	A subsidiary of CSGI. Offers “Tutor Doctor” franchises in Canada beginning in October 2021.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since October 2021)	110 (as of March 31, 2023) <u>92</u>
Tutor Doctor Management Services, Inc., an Ontario corporation formed on February 5, 2014.	A subsidiary of CSGI. Offers “Tutor Doctor” franchises in Panama, Guatemala, Tunisia, Colombia, Peru, Costa Rica, Ecuador, Nigeria, and Ireland.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since March 2014)	143 <u>7</u>
Tutor Doctor Australia, Inc., an Ontario corporation formed on February 5, 2014.	A subsidiary of CSGI. Offers “Tutor Doctor” franchises in Australia.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since March 2014)	18
Tutor Doctor International SA, Inc., an Ontario corporation formed on February 28, 2014.	A subsidiary of CSGI. Offers “Tutor Doctor” franchises in South Africa.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since March 2014)	44 <u>13</u>
Recruiting in Motion Franchise Corp. (“RIMFC”), an Ontario corporation formed on January 25, 2012.	An affiliate of CSGI. Offers franchises for “Recruiting in Motion” recruiting and employment placement service businesses.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since January 2012)	7 as of March 31, 2023 4

Parent, Predecessor or Affiliate	Description	Address	Sells franchises? (and if so, since date)	Number of franchises as of May 31, 202 3 ⁴
Fuzz Franchising Inc. (“FFI”), an Ontario corporation formed on April 28, 2014.	An affiliate of CSGI. Offers franchises for “Fuzz Wax Bar” body waxing services businesses.	19R Atlantic Avenue, 2nd Floor, Toronto, Ontario M6K 3E7 Canada	Yes (since 2015)	14 ¹⁴ (as of May 31, 202 3 ⁴)
Code Wiz Franchise System, LLC (“Code Wiz”), a Massachusetts limited liability company formed on August 6, 2018	An affiliate of CSGI. Offers franchises for computer coding, robotics, 3D printing and other technology service businesses.	9 Cornerstone Square, Westford, Massachusetts 01886	Yes (since 2018)	26 ²⁵ (as of Dec. 31, 202 2 ³)
Code Wiz Franchise System, Inc., an Ontario Corporation formed on December 22, 2021	An affiliate of CSGI. Offers franchises for computer coding, robotics, 3D printing and other technology service businesses in Canada.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5	Yes (since 2023)	0
2716739 Ontario Limited (“College Pro”), an Ontario corporation formed on September 16, 2019	An affiliate of CSGI. Offers franchises for residential (exterior and interior) and light commercial window cleaning service businesses.	1228 Gorham St Unit 3A Newmarket, ON L3Y 8Z1	Yes (since Oct. 2019)	99 ⁶⁵ (as of Dec. 31, 2022 ^{September 15, 2024})
National Internet Corporation (“WSI”), a Delaware corporation formed on December 31, 1996.	An affiliate of CSGI. Offers franchises for the operation of businesses which offer full-service digital marketing systems to businesses.	91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada	Yes (since 1999)	160 ¹⁴⁸ (as of Dec. 31, 202 2 ³)

Except as described above, we have no other parents, predecessors, or affiliates that must be included in this Item.

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The Franchised Business

We grant franchises for the establishment, development, and operation of a business (the “Franchised Business” or “Business”) under the mark “Qualicare” to provide companionship, homemaker services, and personal care services (the “Personal Services”) and medical, home healthcare services (the “Home Healthcare Services”) to seniors and other adults with chronic or acute illnesses as well as supplemental healthcare staffing services provided to institutional clients (which include facilities such as hospitals, nursing homes, rehabilitation centers, long term healthcare centers and clinics) or government clients, (collectively, the “Services”), all ~~done~~performed in accordance with our unique standards and specifications for providing such ~~s~~Services (the “Qualicare System” or “System”). We offer to enter into franchise agreements (“Franchise Agreements”) with qualified corporations and persons (“you”) that wish to establish and operate a Franchised Business. The current form of our Franchise Agreement is attached as Exhibit E-1 to this disclosure document. If you enter into a Franchise Agreement, your clients could be either and/or both private pay clients and institutional or government clients for the provision of Personal Services and Home Healthcare Services to be provided by qualified individuals employed directly by you.

Personal Services include companionship and conversation, meal preparation, light housekeeping, assistance with daily household tasks, assistance with shopping, errands and outings, transportation, and telephone answering services.

The Home Healthcare Services offered under the System include skilled nursing services (or other certified healthcare personnel) on a private pay basis to home based and institutional clients (staffing), provided that franchisee complies with all applicable federal, state and local laws and obtains all required licenses and permits prior to offering Home Healthcare Services. Home Healthcare Services include pediatric care; chronic or other acute illness care; preventative care; technology-based care and technology-based monitoring services; and others. The Home Healthcare Services are provided by licensed healthcare personnel, including registered nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions. Home Healthcare Services provided to home care clients must be evaluated by a registered nurse employed by you who will collaborate with the client's physicians, hospitals and social agencies to leverage all resources available, including both public and private services, enhancing the level of care and the client’s quality of life.

The distinguishing characteristics of a Qualicare Business include programs for client evaluation, and our processes and methodologies for providing the Personal Services and Home Healthcare Services. The System also offers unique marketing programs, sales techniques and general procedures for operating and managing a Qualicare Business.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, distinctive trade dress, and indicia of origin, including, but not limited to, the marks “Qualicare”, “Qualicare 360”, “360°Case Management” and such other trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use in connection with the System (the “Proprietary Marks”). We continue to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed under the Proprietary Marks and System, and to represent the System's high standards of quality, appearance and service.

Through your Qualicare business, you will develop relationships with seniors and/or acute or chronically ill clients, as well as their families, who require in-home assistance.

Under the Franchise Agreement, you will be granted the right to offer Personal Services and Home Healthcare Services only to clients who are located in a protected, but not exclusive geographic area (a “Territory”). A Territory generally consists of an area with a population of up to 300,000 people and will

be delineated by U.S. Postal zip codes. Before you enter into the Franchise Agreement, certain franchisees under the System may have acquired clients located outside of their territories, which may have included your Territory, up to the date you open and while you are actively engaged in the Business and are not otherwise in default under your Franchise Agreement. So long as you remain actively engaged in the Business and are not in default under your Franchise Agreement, we will not award others the right to operate a Business within your Territory, and other System franchisees who have previously obtained clients in your Territory will no longer be authorized to solicit new clients in your Territory and may only continue to service clients they previously serviced who are located in your Territory, if applicable.

We also offer the option of a “Community Builder” franchise, under which you would enter into three separate Franchise Agreements simultaneously. We expect that the territorial boundaries for all three Territories will be contiguous to each other, but there may be exceptions. For the Community Builder program, you will sign our standard Franchise Agreement for each Territory you will develop, plus our Community Builder Addendum, which is attached as Exhibit E-2 to this disclosure document.

Market and Competition

We target our services towards adults who are chronically or acutely ill, disabled or who need help performing day-to-day tasks in the home. Our clients usually come to us when they do not have family nearby to assist or because they require additional help beyond what family members or the public system can provide.

Your Franchised Business will compete primarily with other local, regional, and national businesses and chains that provide homecare, home healthcare, personal care, companionship and home making services. Generally speaking, the market for companionship and home making services is developed but continues to evolve.

Industry Specific Regulations

You must comply with all local, state, and federal laws that apply to your operations, including those pertaining to the healthcare industry, sanitation, insurance, EEOC, OSHA, non-discrimination, employment, and sexual harassment. ~~Some states require you to obtain a license to provide employment services or nurse staffing services.~~ You must determine whether there are state and local laws that regulate the operation of a Qualicare business in your area. You should also familiarize yourself with federal, state or local laws of a more general nature that may affect the operation of your Franchised Business. For example, you are also subject to employment laws such as the Fair Labor Standards Act and various state and local laws governing such matters as minimum wages, overtime, and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, data privacy and use, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act. It will be your responsibility to comply with any laws affecting your Franchised Business, which are subject to change.

Certain services rendered by your Franchised Business may be governed by the federal Health Insurance Portability and Accountability Act ~~(commonly referred to as “HIPAA”)~~ and you and your employees must comply with it. ~~of 1996, as amended (commonly referred to as “HIPAA”) and you and your employees must comply with it.~~ You must determine if you are a covered entity, as defined by HIPAA, and, if you are, you must comply with HIPAA when collecting, using and disclosing information about Clients. If you are a covered entity under HIPAA, Franchisor is a “Business Associate” of yours as described in the Franchise Agreement, in which case you will be required to sign a Business Associate Agreement with us, in the form attached at Exhibit E3 of this Disclosure Document. You must obtain and

maintain any employment related permits, licenses, certifications or other approvals necessary for the operation of the Franchised Business, including employment agency licenses.

~~In addition, some states may~~ You are required to check your state and local laws and regulations regarding insuring and training your personnel who will be assisting Clients in their homes, as well as labor laws, human resources laws and licensing laws applicable to the provision of personal or homecare services in your State.

Some states require individual caregivers to be licensed, depending on the type of services provided and/or require you to obtain a license to provide employment services or nurse staffing services. In addition, some states may also require a local business license, a home care license and a certificate of need demonstrating that the establishment of an additional homecare agency is needed.

~~We do not anticipate or recommend that you seek Medicare/Medicaid certification from the federal government and we will not support you in achieving and maintaining Medicare/Medicaid certification. If you determine to obtain Medicare/Medicaid certification, you agree to assume all associated costs and risks. You will be required to pay us royalties on account of gross sales resulting from your Medicare/Medicaid certification.~~

Where applicable, you may not offer Personal Services or Home Healthcare Services unless you have secured all necessary state and local licenses and certifications applicable to your Franchised Business. Certain states have imposed broad regulations which include in their definition of “medical services” certain services offered by the Franchised Business. You are responsible for investigating these regulations to determine if services offered by your Franchised Business are “medical services^{2,}” which may require additional licensing. If you provide Home Healthcare Services, you must obtain and maintain any home healthcare or employment related permits, licenses, or certifications necessary for the operation of the Franchised Business, including personal care licenses, home health agency licenses or nurse staffing agency licenses, as may be applicable. Certain states have also imposed a moratorium regarding the issuance of healthcare staffing and nurse staffing and other home healthcare licenses. ~~It is up to you to investigate and abide by all applicable~~ You are responsible for determining whether licensing requirements and obtain all required licenses or other regulations exist and if so, how you will comply with them. Although you may open without all the required licenses for our Franchised Business, your business results may vary. ~~We do not provide assistance in determining which specific state laws apply to the Franchise Business. We strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding such regulations prior to purchasing as a franchise from us. Applicable laws and regulations are subject to change.~~ result.

~~You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act.~~

We do not anticipate or recommend that you seek Medicare/Medicaid certification from the federal government and we will not support you in achieving and maintaining Medicare/Medicaid certification. If you decide to obtain Medicare/Medicaid certification, you agree to assume all associated costs and risks. You will be required to pay us royalties on account of Gross Sales of the Franchised Business resulting from your Medicare/Medicaid certification.

You and each of your employees will be required to undergo criminal background checks.

We do not provide assistance in determining which specific laws and regulations apply to the Franchise Business. We strongly recommend that you consult with an attorney regarding federal, local and state laws, rules and regulations that may affect the operation of your Franchised Business. If you require additional assistance in completing those licensing requirements as advised by your attorney, we may provide you with recommendations for a third-party licensing coach who you may elect to work with, who can provide assistance to you in complying with the laws and regulations.

ITEM 2 BUSINESS EXPERIENCE

Antonio (Tony) Valle: ~~CEO~~President

Mr. Valle has served as our CEO since August 2022. He is also, and has been since February 2020, Managing Partner of CSGI. Mr. Valle has been an Owner of ELM Performance Group in Toronto, Ontario since October 2017. From 1994 until October 2017, he held several positions with College Pro in Toronto, Ontario, including General Manager, Vice President, Marketing Manager, and CEO (from 2008 until October 2017).

Megan White: Vice President of Operations

Ms. White has served as our Vice President of Operations since January 2023. She is also, and has been since November 2019, the Managing Partner of Vita Consulting in Waterloo, Ontario. From 2008 until October 2019, she held several positions with College Pro Painters in Toronto, Ontario, including Field Advisor, General Manager, Regional Manager and Vice President of Canada.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

The initial franchise fee (“Initial Franchise Fee”) is \$49,700 for a Territory with a population of up to 300,000 people, or an otherwise mutually agreed upon population. If your Territory has a population greater than 300,000, your Initial Franchise Fee will increase by \$200 for every additional 1,000 people in excess of 300,000. Twenty Five percent of the Initial Franchise Fee is payable upon your execution of a “Deposit Receipt Agreement” (the form of which is attached to this disclosure document as Exhibit H), with the balance due upon the execution of a Franchise Agreement. The Initial Franchise Fee is deemed

fully earned and nonrefundable upon payment, except that if we decline to offer you a franchise, we will reimburse that portion of the Initial Franchise Fee paid to us under the Deposit Receipt Agreement.

Community Builder

Under the Community Builder program, you will purchase three franchises simultaneously, and must pay the Initial Franchise Fee under the first two Franchise Agreements but the Initial Franchise Fee under the third Franchise Agreement will be waived. The total Initial Franchise Fee payable to us under the Community Builder program is \$99,400 for Territories each with a population of up to 300,000 people, or an otherwise mutually agreed upon population for each applicable Territory (based on an increase by \$200 for every additional 1,000 people in excess of 300,000 for each Territory, as noted above).

Discounts

We do not currently offer any “standard” reduced-franchise fee incentives for new franchise owners (except for the Community Builder Program). We may periodically offer (but are not obligated to offer) initial franchise fee incentives to qualified franchisees in association with certain programs (for example, for franchisees purchasing multiple units simultaneously, for existing franchisees purchasing additional units, and for honorably discharged veterans of the U.S. Armed Services).

Occasionally we may establish various franchise expansion programs, which are generally available only to existing franchise owners. These programs are intended to provide incentives for existing franchise owners to establish additional offices within their existing franchise territories, expand their existing franchise territories, acquire existing franchise operations from other franchise owners or expand into additional franchise territories. Under these programs, which are established and maintained at our sole discretion, initial franchise fees for additional territories may be reduced or rebated, provided that the franchise meets certain sales or performance criteria.

Start-Up Marketing Kit

You must purchase from us a Start-Up Marketing Kit prior to attending Home Office Training. The cost of the Start-Up Marketing Kit can be up to \$2,500, depending on the materials you need, and is deemed fully earned and nonrefundable upon payment. Details on the content of the kit are available from Qualicare. You will be responsible for the payment of any auxiliary costs that attach to the Marketing Kit, including but not limited to, shipping costs.

Initial Technology Fee

You must pay us a non-refundable initial technology set-up fee of between \$1,500 and \$4,000 before attending initial training. This fee covers the initial costs associated with the set-up of your website, intranet, and social media profiles

Except as otherwise provided in this Item, the initial fees are uniform to all franchisees in the System.

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**ITEM 6
OTHER FEES**

NAME OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty	5% of Gross Sales.	Monthly EFT, currently due before the 15 th day of the following month.	See Note 2.
Minimum Royalty levels	<p>Beginning the 7th month of operation, you will pay us a monthly <u>“Minimum Royalty”</u> in an amount equal to the greater of: (i) 5% of Gross Sales; or (ii) \$600 per Territory.</p> <p>Beginning your 13th month of operation and for the remainder of the term, the monthly <u>Minimum Royalty</u> shall be an amount equal to the greater of (i) 5% of Gross Sales; or (ii) \$1,200 per Territory.</p>	Monthly EFT, currently due before the 15 th day of the following month.	See Note 2.
Brand Development Fund	1% of monthly Gross Sales.	Monthly EFT, currently due before the 15 th day of the following month.	See Note 3.
Local Marketing Requirement / Cooperative	You must spend a minimum of \$1,000 each month on local marketing and advertisements.	Monthly requirement to be spent on marketing in your Territory.	
ERP Software Maintenance Fee	\$12.00 per active client scheduled each month, with a minimum of \$120 per month.	Monthly fees.	See Note 4.
Transfer Fee	<p>\$15,000.</p> <p><u>But if the proposed transferee was referred by a third-party (e.g., a broker) with whom we have a referral arrangement, then you must pay us an additional fee equal to the amount owed under that referral arrangement.</u></p> <p><u>If we identify the prospective purchaser, then in addition to the \$15,000 fee, you must pay us the greater of: (a) \$26,000;</u></p>	Upon transfer.	See Note 5 <u>and Exhibit E-4 of the Franchise Agreement.</u>

NAME OF FEE ¹	AMOUNT	DUE DATE	REMARKS
	<p><u>(b) 5% of the total purchase price.</u></p> <p><u>If proposed transferee was referred by a broker or us, you will also pay our Franchise Development Director Fee of \$7,500 per territory or 5% of the purchase price, whichever is greater.</u></p>		
Renewal Fee	\$6,500	Upon renewal.	See Note 6.
Collection Costs, Attorneys' Fees, Interest	Fees and costs incurred, interest at 3% per month.	As incurred.	See Note 7.
Insurance	Cost of insurance.	As required by Insurer or Broker (usually monthly over 10 months). Commercial Liability, Errors and Omissions and Theft protection.	If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge a 10% administrative fee in addition to the cost of the insurance.
Audit/ Inspection Costs	Cost of audit and/or inspection.	As required.	Audit and inspection costs are charged if an audit finds a 2% or greater shortage in reported sales. See Note 8.
Financial Records and Reports	Cost of preparing unaudited financial statements.	Annually.	See Note 9.
Taxes on Payments to Qualicare	Amount of tax or assessment	When imposed by taxing authority.	See Note 10.

NAME OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Additional / Ongoing Training	\$250 a day, plus travel for on-site training, as requested by the franchisee, in addition to standard training.	At time of additional training.	See Note 11.
Field Training	\$0 to \$3,750, plus our travel and expenses	During the first six months of your operation	See Note 11.
Indemnification	Amount of claim or judgment.	When incurred.	See Note 12.
Supplier Approval	\$250 with application for new supplier.	When incurred.	See Note 13.
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with your ceasing of and de-identification with the business.	When incurred.	See Note 14.
Late or Insufficient Funds	Interest at 3% per month on late or unpaid amount.	As incurred.	See Note 15.
Background Checks	Costs of background check may range between \$0 and \$250 per search.	As incurred.	See Note 16.
Technology Fees	Our then current fee, presently \$350 <u>425</u>	Monthly EFT, currently due before the 15 th day of the following month.	See Note 17.
Liquidated Damages	If due, will vary. Please see Note 18.	If incurred	Only due if we terminate your Franchise Agreement due to default. (Note 18)
Annual Conference Fee and Education	A monthly fee not to exceed \$200 (currently \$85), for each conference attendee, per month, payable by credit card or EFT.	Monthly, at the same time and in the same manner as the Royalty.	See Note 19.
Online Lead Generation	\$1,000 Monthly	Monthly requirement	See Note 20.

NAME OF FEE ¹	AMOUNT	DUE DATE	REMARKS
National Account Sales Fee	1% of Gross Sales	Same as Royalty	See note 21
Accounting Software Fee	\$3,000 to \$4,000	Annually	Note 22

Notes:

Note 1. Unless otherwise indicated above or below, all of the fees listed below are uniformly imposed by, payable to and collected by us and are non-refundable.

Note 2. Royalty Fee. From the beginning of operation, you must pay us a monthly royalty fee equal to 5% of your Gross Sales (“Royalty”). Beginning the 7th month of operation [of the Franchised Business](#), you must pay us a [minimum](#) monthly Royalty ([the “Minimum Royalty”](#)) in an amount equal to the greater of (i) 5% of Gross Sales or (ii) \$600 per Territory ~~whichever is greater.~~ Beginning with the 13th month of operation [of the Franchised Business](#), you must pay us a [monthly Minimum](#) Royalty in an amount ~~equal to the greater of (i) 5% of Gross Sales,~~ or [\(ii\) \\$1,200](#) per Territory.

“Gross Sales” includes all revenues you generate from all business conducted at, from, or through your Franchised Business during the preceding reporting period. (See Section 3.2 of the Franchise Agreement). Gross Sales does not include the amount of any applicable sales tax imposed by any federal, state, municipal, or other governmental authority. Also excluded from Gross Sales are discounts and other adjustments, including disbursements paid on behalf of clients, corrections or errors in billings, and any reductions you may make to maintain client relations and goodwill.

Presently, all payments for services rendered are payable by the clients directly to the Franchisee. Currently, you will remit to us before the 15th day of each month for services rendered by the Franchised Business during the prior month (a) the Royalty, (b) the Brand Development Fee, and (c) any charges for business materials or costs incurred, associated with your Franchised Business. You will have sole responsibility for collecting amounts due from clients and any expenses associated with collection activities.

We reserve the right to require you to pay any fees due under the Franchise Agreement by electronic funds transfer or any other means we may designate. You agree to execute any documentation necessary to effectuate our designated method of payment.

Note 3. Brand Development Fund. We have established a Brand Development Fund (the “Fund”) for the common benefit of the System. You must pay the Brand Development Fee in the same manner as the Royalty.

Note 4. ERP Software Fee. Presently, you must pay a minimum fee of \$120 per month (the “Software Fee”) to cover the costs of our chosen enterprise resource planning software (“ERP Software”) program. The Software Fee is payable directly to the vendor, based on their billing and payment practices. However, we reserve the right, in our sole and absolute discretion, to require you to pay the fee directly to us in the same manner as the Royalty, change our designated service provider, and/or to increase the amount of the Software Fee. Under the Community Builder Program, the Software Fee due under ~~both~~all three Franchise Agreements will be as if under a single Franchise Agreement.

Note 5. Transfer Fee. We have the right to condition the proposed sale or transfer of your Franchised Business or of your interest in the Franchised Business and to approve the purchaser upon your payment of a ~~transfer fee equal to \$15,000.~~Transfer Fee equal to \$15,000. If you use a franchise broker that we have a referral Agreement with to find the prospective purchaser, you will also pay us the broker fee (as determined by the broker typically between \$20,000-\$50,000) in addition to the Transfer fee upon closing of the resale to that prospective purchaser and if our franchise development team finds the prospective purchaser, then in addition to the \$15,000 Transfer fee, you must pay us the greater of: (a) \$26,000; (b) 5% of the total purchase price upon closing of the resale to that prospective purchaser. If proposed transferee was referred by a broker or us, you will also pay our Franchise Development Director Fee of \$7,500 per Territory, or 5% of the purchase price, whichever is greater.

You will enter into a “Resale Agreement” with us, the current form of which is attached to this disclosure document as Exhibit E-4.

Note 6. Renewal Fee. You must pay a renewal fee equal to \$6,500 upon exercising your option to renew.

Note 7. Collection Costs, Attorneys' Fees, Interest. Any late payment or underpayment of charges or fees you owe us will bear interest at a rate of 3% per month. If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement between you and us, and we engage an attorney to enforce our respective rights (whether or not we initiate formal judicial proceedings), you must pay all reasonable attorneys’ fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the Franchise Agreement and your claim is denied or the action is dismissed, you must reimburse us our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against the action. We are entitled, under the Franchise Agreement, to have such amount awarded as part of the judgment in the proceeding.

Note 8. Audit/Inspection Costs. You must maintain accurate business records, reports, accounts, books and data relating to the operation of your Franchised Business. We, or our designee, have the right, at any time during normal business hours, to inspect and/or audit your business records, to determine whether you are current with suppliers and/or otherwise are operating in compliance with the terms of the Franchise Agreement or the Operations Manual. ~~If any audit reveals that you have understated your Royalty or Brand Fund payments, online lead generation payments or any other payments due to us by more than 2%, or if you have failed to submit timely reports and/or remittances for any three reporting periods within any 12-month period, you must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), together with the amount(s) due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may be otherwise due under the Franchise Agreement.~~If we conduct an audit/ inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your royalties, brand fund contribution etc.), by 2% or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the audit/ inspection (including any cost of travel, lodging and wages expenses, and reasonable accounting and legal costs).

Note 9. Financial Records and Reports. You must maintain for at least seven fiscal years from their preparation complete financial records for the operation of your Qualicare Business in accordance with generally accepted accounting principles and must provide us with monthly reports in the form and manner we specify, an accounting of royalties, online lead generation payments, [local marketing payments](#), yearly unaudited financial statements, and any other reports and statements we may require. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we, at our discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for you to use. All required financial statements and reports must be in the form and format, and on such software, as we specify. We will have full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense. During the first 12 months of operation of your Qualicare Business, you must use a bookkeeper from our approved list of bookkeepers.

Note 10. Taxes on Payments to Us. If any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment you make to us, in addition to all payments due us, you must pay the tax, levy or assessment.

Note 11. Additional Training. We do not charge a fee for initial training for the first two attendees. Subject to the availability of our training personnel, we will train additional and/or replacement managers at our then-current tuition rate. You will be responsible for the cost of salaries, meals, lodging, and transportation associated with attending such training for the first two attendees and any subsequent attendees. We also recommend (but do not require) that you request and participate in five days of in-the-field training that we can provide during the first six months of the operation of your Qualicare Business.

Note 12. Indemnification. You must indemnify us and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in any case: (a) having anything to do with the operation of your Franchised Business, (b) involving your use of the Proprietary Marks and our other proprietary and confidential information; (c) involving the transfer of any interest in the Franchise Agreement or your Franchised Business in any manner not in accordance with the Franchise Agreement or any other agreement you sign with us; (d) involving your infringement, alleged infringement, or any other violation or alleged violation of others' intellectual property rights, or (e) having anything to do with libel, slander or any other form of defamation against us, the System, or any franchisee or option holder operating under the System. This indemnity will survive the expiration or termination of the Franchise Agreement.

Note 13. Supplier Approval/Testing Costs. If we incur any costs in connection with testing a particular product or evaluating a supplier at your request, you must reimburse us our reasonable testing costs, regardless of whether we subsequently approve the product or supplier. See Item 8 of this Disclosure Document for more information about designated and approved suppliers.

Note 14. Post-Termination and Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or transfer of the Franchise Agreement by either you or us, you are responsible for all costs and expenses associated with your ceasing of and de-identification with the Franchised Business and the Qualicare System.

Note 15. Insufficient Funds. If any check or withdrawal is not honored by your bank, you will be responsible for that payment and any service charges we incur. Payment is due within five days of the date of any invoice via electronic funds transfer, or any other method we may specify.

Note 16. Background Checks. You and all of your employees must (a) undergo a criminal background check, which must be passed to our satisfaction; and (b) provide at least two (2) references meeting our

satisfaction prior to entering into this Agreement and participating in the operation of the Franchised Business. You and your employees must routinely undergo criminal background rescreening during the term of the Franchise Agreement as prescribed in the Operations Manual and immediately upon request. Certain background check services that are available to us, in certain circumstances, may be without cost. We must be provided with copies of all such reports on a periodic basis and immediately upon request. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately. We have the right to terminate the Franchise Agreement immediately in the event you fail a criminal background check.

Note 17. Monthly Technology Fees. You are required to pay us a monthly fee, currently ~~\$350~~425, due on the 15th day of the preceding month (collectively, the “Technology Fees”). The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses. The Technology Fee does not include the cost of third party ERP software or the accounting software.

Note 18. Liquidated Damages. If the Franchise Agreement is terminated before the term of the Franchise Agreement expires, then you will have to pay liquidated damages. You will have to pay these liquidated damages in a lump sum amount, which will be calculated as follows: (a) the average of your monthly Royalties that are due under the Franchise Agreement for the 12 months immediately before your abandonment or our delivery of the notice of default; (b) multiplied by the lesser of 36 months or the number of months remaining in the then-current term of the Franchise Agreement. If we terminate or you abandon the Franchised Business ~~if you do not open~~before opening or within the first 15 months of operation, then liquidated damages are calculated as: (x) the greater of (i) the average of your monthly Royalties that are due for the three months immediately before your abandonment or our delivery of the notice of default, or (ii) \$600; (y) multiplied by 36 months.

Note 19. Annual Conference Fees. We may, in our discretion (which means we may not always), hold annual conference to discuss and review new business, marketing technology and training ideas and concepts. If held, we will provide one free ticket to your first annual conference. After your first year of operation, you will be billed on a monthly basis for the conference fee regardless of your attendance if the conference is to be held. You will also pay for all expenses you and your attendees incur while at the conference. See Section 6.7 of the Franchise Agreement for further information. Under the Community Builder Program, the monthly conference fee due under all 3 Franchise Agreements will be as if under a single Franchise Agreement.

Note 20. Online Lead Generation. You are required to spend a minimum of \$1,000 per month on online lead generating advertising with our designated vendors (the “Online Lead Generation Requirement”), and such minimum expenditure cannot include your internal management costs to administer lead generation. You must spend the Online Lead Generation Requirement in the manner we prescribe in the Operations Manual or as otherwise in writing.

~~REMAINDER OF PAGE LEFT BLANK INTENTIONALLY~~Note 21. National Account Sales Fee. We may provide National Account sales services including the marketing and sales of Services to institutions, associations and organizations that are national or regional in scope, whereby you would be able to deliver services, in your Territory, through that contract or adjacent to a national agreement that we may secure with the National Account. All Gross Sales generated by us and serviced by you in connection with a National Account will be subject to this fee.

Note 22. Accounting Software Fee. Presently, you must pay a minimum fee of \$3,000 per year (the “Accounting Software Fee”) to cover the costs of our mandated third party accounting software

(“Accounting Software”) program. The Accounting Software is currently payable directly to the vendor, based on their billing and payment practices. However, we reserve the right to require you to pay the Accounting Software Fee directly to us (in the same manner as the Royalty), change the required accounting vendor, and/or to increase the amount of the Accounting Software Fee commensurate with increased costs for accounting services.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure¹	Amount	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee ²	\$49,700	Electronic Funds Transfer or Certified check.	25% with Deposit Receipt Agreement and balance upon signing the Franchise Agreement.	Franchisor.
Nurse’s Salary ³ (6-month period)	\$0 to \$35,000	As required.	Payroll.	Nurse.
General Manager Salary ⁴ (3-month period)	\$0 to \$35,000	As required for licensing.	Payroll.	General Manager.
Leases and Security Deposits ⁵	\$0 to \$7,200	As arranged.	As arranged.	Local Suppliers.
Office Equipment and Furniture ⁶	\$500 to \$6,000	As arranged.	As arranged.	Local Suppliers.
Insurance ⁷	\$37,000 to \$6 <u>\$12,000</u>	As arranged.	As incurred.	Insurance Company or Broker.

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is to be made
Training/Travel Expenses ⁸	\$900 to \$3,400	Included for Two Persons. <u>As Arranged</u>	As Arranged.	Suppliers.
Grand Opening Marketing ⁹	\$4,000 to \$7,500	As Arranged.	First three (3) Months of Operation.	Company Approved Suppliers.
Start-Up Marketing Kit ¹⁰	\$2,500 + shipping costs	Electronic Funds Transfer.	Prior to attending Home Office Training.	Franchisor.
Vehicle and Graphics ¹¹	\$2,000 to \$9,400	As Arranged.	Prior to official launch.	Approved Suppliers.
Computer Hardware and Software Requirements ¹²	\$14,600 to \$47,000	As Arranged.	As Arranged.	Approved Suppliers.
Business Licenses and Permits ¹³	\$85,000-\$10,000	As Incurred.	As Incurred.	Governmental Authorities.
Professional Fees ¹⁴	\$3,000 to \$10,000	As Agreed.	As Incurred.	Legal, accounting and consulting professionals.
Technology Fees ¹⁵ <u>Set-up Fee¹⁵</u>	\$2,400 <u>1500</u> to \$4,900 <u>00</u>	As arranged.	Prior to official launch and monthly.	Franchisor.

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment is to be made
Additional Funds ¹⁶ (6 Months)	\$15,000 to \$20,000	As Arranged.	As Incurred.	Various.
Total	\$92,600 \$95,700 to \$204,500 \$218,700 (plus shipping costs)			
Total Community Builder¹⁷	\$224,550 \$237,400 to \$567,900 \$606,400 (plus shipping costs)			

Notes

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The table above provides an estimate of your initial investment and the costs necessary to begin operating a Franchised Business for the first six months. Actual costs will vary for each franchise location depending on a number of factors including market condition, and the geographic location of your Franchised Business. [We make no representation as to whether any of the estimated investment amounts payable to third-parties are refundable. You should review these figures carefully with a business advisor before making any decision to invest in the Franchised Business.](#)

Note 2. Initial Franchise Fee. The Initial Franchise Fee is \$49,700 for a Territory with a population of up to 300,000 people or an otherwise mutually agreed upon total. If your Territory has a population greater than 300,000, your Initial Franchise Fee will increase by \$200 for every additional 1,000 people in excess of 300,000. Twenty-five percent of the Initial Franchise Fee is due and payable upon your submission of a franchise application and completion of the Deposit Receipt Agreement, with the balance due and payable upon your execution of a Franchise Agreement.

Note 3. Nurse's Salary for Nurse-Led Care Delivery. If you choose to hire a nurse, or are required under applicable state or local laws to do so, the high-end of the estimate represents six months' worth of salary at an annual salary of \$70,000 for an RN and \$50,000 for an LPN. The low-end of the estimate represents the cost if you choose to not hire a nurse.

Note 4. General Manager. Some states may require you to employ a manager with healthcare experience in order to secure some selective licenses. If you do not qualify and want to pursue the license immediately, additional costs may apply. The low range reflected above is in the event that your Business is located in a state which does not require a General Manager or where you may elect to pursue the license at a later date. The high range estimate reflects the costs of employing a part time general manager for a three-month period (based on an annual salary of \$90,000) if located in a state which requires you to hire a manager with healthcare experience if you don't have the required experience.

Note 5. Leases and Security Deposits. Before opening, you are required to obtain a registered business address in your Territory that we approve in writing, which must not be the same as your home address. For the first year of operations, you may operate the Franchised Business from your home and using the

registered business address and you will not be required to lease commercial office space unless you choose to or the laws and regulations applicable to your Franchised Business prevent you from operating the Franchised Business from your home. Beginning in your second year of operations, you will be required to lease commercial office space ranging between 500 and 800 sq ft. Your lease costs will vary greatly depending upon location, variance in square footage, and required maintenance costs. We estimate that your initial rent for commercial office space will range from \$0 (if you operate your business out of another commercial space you own) up to approximately \$1,000 per month, including utilities such as heat and water, if you lease in a shared executive office facility. The estimate above includes a security deposit as well as first and last months' rent.

Note 6. Office Equipment and Furniture. You must purchase or lease a minimum of one workstation (including desks and chairs), as well as file cabinets and miscellaneous office furniture. In connection with your lease of commercial space for your Franchised Business, you may need to spend additional funds on building out your office premises. The estimate includes your requirement to set-up a VOIP telephone system with two lines, which you must purchase from our authorized supplier. This system allows our franchise network to operate as an integrated system, which provides extended features across our network of locations. These features include location back-up, uniform messaging, automated attendant and more. The low range assumes that you will begin operating the Franchised Business from your home. The high range assumes that you will begin operations from commercial office space.

Note 7. Insurance. Business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, the prior loss experience of your insurance carrier in the state or locale in which you operate your Franchised Business, and national or local market conditions. This estimate includes the cost of commercial insurance, workers' compensation and employers' liability insurance, as well as errors and omissions professional liability insurance for the first six months of operations. See Item 8 for insurance requirements. [You should check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimum required coverages.](#)

Note 8. Training/Travel Expenses. See Item 11 for a complete explanation of our training program and training costs. The estimate in the chart includes ~~travel expenses, lodging accommodations, and dining expenses for two individuals. In addition, you will also be responsible for payroll for you and your employees while attending~~[the estimated cost for transportation, meals and other expenses associated with pre-opening training and travel to our head office for your initial training for two \(2\) individuals. In addition, we may require that you or your personnel attend and successfully complete additional training and re-training sessions that we may periodically offer and you shall pay us our then current fees for the training. All travel, living and other expenses in connection with the training programs, including wages and any training fees, shall be paid by you in advance of the training.](#)

Note 9. Grand Opening Marketing. You are required to spend between \$4,000 to \$7,500 on grand opening marketing during your first three months of operations in accordance with our mutually agreed upon annual marketing plan. You may expend additional sums on marketing your grand opening, in your sole discretion.

Note 10. Start-Up Marketing Kit. Prior to attending Home Office Training, you must purchase from us our Start-Up Marketing Kit. This Start-Up Marketing Kit includes a short-term supply of marketing collateral and items that will help you start your marketing quickly. It is a sampling of the material available to start your marketing efforts. Additional materials and quantities of marketing materials will have to be ordered, as required. The Franchisee will bear any shipping-related costs attached to the order, handling and shipping of the Start-Up Marketing Kit. Under the Community Builder Program, you will only be required to purchase one Start-Up Marketing Kit.

Note 11. Vehicle and Graphics. Prior to your official opening, you must have the use of an acceptable vehicle that is outfitted, wrapped and/or decaled with our required graphics. You may use your personal vehicle provided it is in good condition free of any major interior or exterior defects, blemishes and mechanical problems. If you do not have an acceptable personal vehicle to use in connection with the operation of the Franchised Business, you will need to purchase or lease an automobile. The low amount of the range assumes that you will use a personal vehicle, and the high range assumes you lease a vehicle requiring a \$5,000 down payment and three months of lease payments of \$300 per month. We estimate that the cost of the vehicle graphics will range between \$2,000 and \$3,500.

Note 12. Computer Software & Hardware Requirements. You must purchase, lease and/or license the computer hardware and software we may designate for use in operating the Franchised Business. See Items 8 and 11 for more details regarding our computer software and hardware requirements.

Note 13. Business Licenses & Permits. The cost of business licenses and permits will depend upon the county, state or other geographic locations within which you operate the Franchised Business. State rules vary on companion care, personal care, home healthcare, and skilled staffing licenses and you must consult with an attorney, consultant or business advisor regarding applicable personal care, home healthcare, and skilled staffing laws or regulations prior to purchasing a franchise from us. ~~We will provide you with a list of third party consultants that can assist you in obtaining all required licenses and permits necessary to operate the Franchised Business.~~

Note 14. Professional Fees. This range reflects the estimated costs of professional services, such as legal, accounting and consulting services, for starting up your Franchised Business.

Note 15. Technology Fees Set-up Fee. This range reflects the initial set-up fee of between \$1,500 and \$4,000 plus three months of monthly fees, currently ~~\$350~~425 a month, which are due on the 15th day of the preceding month. See Item 6 for more information regarding the ongoing Monthly Technology Fees.

Note 16. Additional Funds. The range in the chart reflects the amount of additional working capital you will need during the first six months of operation to pay other expenses including, among other things, payroll and payroll taxes. In the event you are authorized to offer Home Healthcare Services, you will be required to comply with all State laws and regulations regarding the licensing of personal care, home healthcare, and skilled staffing businesses, and may also be required to lease commercial office space. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting the Business. These estimates are based on our and our predecessor's experience in operating a similar business as well as the costs and expenses incurred by our existing franchisees. There may be other costs and expenses that are required to fund accounts receivable as you grow. In addition, additional funds may be used for additional staff, or to use other marketing techniques that are more comprehensive or aggressive than we require.

Note 17. Community Builder Total. If you participate in the Community Builder program, you will purchase three franchises simultaneously, and must pay the Initial Franchise Fee under the first two Franchise Agreements but the Initial Franchise Fee under the third Franchise Agreement will be waived. The total Initial Franchise Fees payable to us under the Community Builder program are \$99,400, based on populations of 300,000 for the ~~4~~1 Territories under each Franchise Agreement. The Community Builder Program Initial Franchise Fee will increase by \$200 for each additional \$1,000 people in excess of 300,000 in each territory. The other estimated initial investment costs (other than the Initial Franchise Fee) for each of the Franchised Businesses you establish under each of the three Franchise Agreements will be the same as for a single Franchised Business as shown in the Table, but multiplied by three.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Products, Services, and Suppliers

You must operate your Franchised Business in strict conformance with our methods, standards, and specifications which we prescribe in our confidential Operating Manual and various other confidential manuals and writings, including our QCentral intranet, prepared for use by you in operating a Franchised Business (collectively the “Operations Manual”), and which we may change at our sole discretion. The Operations Manual covers many aspects of your Franchised Business’ operations, such as processes and procedures for the provision of Personal Services, Home Healthcare Services, 360° Approach Services and techniques for developing a client base. You must offer services and products in the manner we prescribe and authorize, provide quality customer service, and otherwise operate the Franchised Business in such a manner that will serve to emulate and enhance the image intended by us for the System.

You may only offer approved services and products (“Approved Services and Products”) through your Franchised Business. All Approved Services and Products must meet our standards and specifications. We have the right to require you to purchase certain Approved Services and Products only from us or other suppliers or distributors approved or designated by us. If you decide to offer products or services other than those we have authorized in connection with operating your Qualicare Business, you must obtain our prior written consent. We currently are the only approved supplier of the Start-up Marketing Kit that you must purchase prior to attending Home Office Training. Presently, neither we nor our officers have an ownership interest in any approved or designated supplier.

Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We may provide our standards and specifications to you or directly to our approved suppliers. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to the operation of the franchise. We will notify you of any change to our standards and specifications by way of amendments to the on-line Operations Manual. These updates will be delivered electronically.

We estimate that your required purchases will account for approximately 20% to 40% of all purchases and leases necessary to open your Qualicare Business and approximately 10% to 20% of your annual costs to operate your Qualicare Business thereafter. For our fiscal year ended May 31, 2023~~4~~, neither we nor our affiliates received any income from required franchisee purchases or leases.

In the event you wish to purchase any approved item from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating an unapproved supplier at your request, you or the supplier must reimburse our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will notify you of approval or disapproval within 15 business days of receiving all requested information. Nothing in the foregoing will be construed to require us to approve any particular supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or the supplier but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. Our criteria for approving suppliers are not available to franchisees.

We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Our standards criteria for approval of suppliers will be made available to you upon request. You must use products purchased from approved

suppliers solely in connection with the operation of your Qualicare Business and not for any competitive business purpose. We have negotiated purchase arrangements with suppliers of required goods and services for your benefit. You do not receive any other material benefits in the form of renewal rights or rights to additional territories from your use of our designated and approved suppliers. There are currently no purchasing or distribution cooperatives in existence for the System.

Marketing

You must use marketing material prepared and made available by us or we reserve the right to approve or reject the use of any material that you create. All marketing material created by Franchisee must be submitted to Franchisor for review within 10 days before its first use.

Insurance

You are required to obtain and maintain insurance in the amounts we prescribe in the Operations Manual, or otherwise in writing. Our minimum mandatory insurance requirements are:

- ~~Comprehensive~~ General Liability (~~on an occurrence basis when available~~)
- ~~Insurance of not less than \$1 Million, 000,000~~ per occurrence ~~\$3 Million aggregate~~
 - ~~Minimum sublimits of \$1 Million Personal & Advertising Injury, \$3 Million Products/Completed Ops aggregate, \$100,000 damage to rented premises, and \$5,000 medical expense~~
- ~~Abusive or Molestive Conduct~~
 - ~~\$1 Million per occurrence/\$1 Million aggregate~~
 - ~~and \$3,000,000 in the aggregate.~~
- ~~Professional Liability~~ (~~on an~~ ~~Insurance of \$1,000,000 per occurrence~~ ~~basis when available~~) ~~and~~ ~~\$3,000,000 in the~~
 - ~~aggregate.~~
- ~~Sexual Abuse and Molestation Liability Insurance of \$1 Million, 000,000~~ per occurrence ~~\$ and \$3 Million Aggregate, 000,000 in the aggregate.~~
 - ~~Hired and Non-Owned Auto~~
 - ~~\$1 Million Combined Single Limit each accident~~
 - ~~Cyberowned Automobile Liability~~
- ~~\$500,000 minimum with a combined single limit of \$1,000,000.~~
- ~~Property Insurance of no less than 80% of the replacement value of your property with a deductible of no more than \$2,500.~~
- ~~Business Interruption (if you lease commercial office space)~~
 - ~~Minimum of \$100,000 or three~~ ~~Insurance covering a minimum of six months~~ ~~operating of~~ ~~revenue~~
- ~~Damages~~ ~~or a minimum of \$300,000, including coverage of our royalty fees~~ for ~~Breach~~ ~~the same~~ ~~duration.~~
 - ~~Minimum of \$100,000~~
 - ~~Employee Theft~~ ~~Third Party Crime~~ Coverage ~~of~~ (~~also referred to as~~ ~~Client's Property~~ ~~property~~) ~~of at least \$25,000 limit per incident.~~
- ~~Umbrella~~
 - ~~\$1 Million limit excess over Professional, General, Auto and Employers' liability~~

- Workers' Compensation insurance in the amount prescribed by law in your territory, but with limits not less than \$500,000.
- = Employment Practices Liability Insurance with a minimum limit of \$1,000,000 per occurrence.
 - ~~\$500,000~~
 - ~~Workers Compensation and Employers' Liability~~
 - ~~\$500,000/\$500,000/\$500,000~~
- Cyber Insurance of at least \$1,000,000 per occurrence for 1st and 3rd party coverages, including Breach, Business Interruption and Ransomware.
- Umbrella coverage of \$1 million limit to go over the General Liability, Professional Liability, Auto Liability and the Employer's Liability on the Workers' Compensation.
- = Additional coverage(s) or higher limit options should be discussed with your agent.

All insurance policies shall be issued by insurance companies with a financial rating of at least A4 status or better as rated in the most recent edition of AM Best's Insurance Reports. If automobiles are used for business purposes or to assist clients, you will ensure all of your employees maintain valid driver's licenses and have auto insurance in force with liability coverage as we prescribe. You must carry such insurance as may be required by any lender or equipment lessor you select and such worker's compensation insurance as may be required by applicable law. You must name us and our designees and assignees as an additional insured on your Professional General, Abusive Conduct, Automobile and Employment Practices Liability policies, the cost of which is to be paid by you. We have the right to periodically change the amounts and types of insurance you are required to maintain in connection with the Franchised Business upon 30 days' notice to you.

Computer Hardware and Software

You must use all computer hardware and software we designate for use by System Franchisees. All Qualicare franchisees must use the ERP software and purchase, lease or license the required supporting hardware and software to operate their Businesses from us or our approved vendors. Our ERP is a web based enterprise resource planning software which also provides case management functions to track case activities and allow employees to report their time and receive remuneration, as well as the ability to bill clients and share client data with family members.

Leases and Leasehold Improvements

We presently allow System franchisees who obtain a registered business address to begin to operate their Franchised Businesses from a home office, provided that the laws and regulations applicable to your Business allow you to do so. Beginning in your second year of operations, you will be required to secure commercial office space for the operation of the Franchised Business. We have the right to review, evaluate and approve your site and proposed lease for the commercial office space ("Lease") prior to execution, which will not be unreasonably withheld.

ITEM 9
FRANCHISEE'S OBLIGATIONS

The table on the following pages lists your principal obligations under the Franchise Agreement. It will help you to find more detailed information about your obligations in these agreements and other items of this Disclosure Document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	1.2 and 7.1	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.4 <u>5</u> , 7.8 <u>9</u> and 12.4	Items 7 and 8
c. Site development and other pre-opening requirements	7.1 and 7.1.1	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 <u>3</u> and 8	Item 11
e. Opening	7.3	Item 11
f. Fees	1.5.4, 2.2.8, 3, 6.7, 7.5.3, 12.5 12.7, and 12.7 <u>14.3.2</u> ; Community Builder Addendum	Items 5 and 6
g. Compliance with standards and policies/ operations manual	6.1, 7.5 and 7.6.4	Item 8 and 11
h. Trademarks and proprietary information	4 and 5	Items 13 and 14
i. Restrictions on products/ services offered	7.4 <u>5</u> and 7.5 <u>6</u>	Item 8, 12 and 16
j. Warranty and customer service requirements	7.6 <u>7.3</u>	Item 15
k. Territorial development and sales quotas	1.6, 7.11	Items 12 and 17
l. Ongoing product/ service purchases	7.4 <u>5</u> and 7.5 <u>6</u>	Item 8 and 11
m. Maintenance, appearance and remodeling requirements	2.2.3, 6.2, 7.1 and 7.2 <u>21</u>	Item 6, 8 and 11
n. Insurance	9	Items 6 and 8

Obligation	Section in Franchise Agreement	Disclosure Document Item
o. Advertising	12	Items 6 and 11
p. Indemnification	13.2	Item 6
q. Owners participation/ management/staffing	7.67.3, 7.67.4, 7.67.5 and 7.112	Items 11 and 15
r. Records and reports	10 and 11	Item 6
s. Inspections and audits	7.78, 11 and 16.1.9	Items 6 and 11
t. Transfer	14	Item 17
u. Renewal	2.2	Item 17
v. Post term obligations	16, 17.2	Item 17
w. Noncompetition covenants	17	Item 17
x. Dispute resolution	18	Item 17
y. Certification Program	1.7	Item 12

ITEM 10 FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease or other obligations.

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

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

Pre-Opening Obligations.

Before you open the Qualicare Business, we will perform the following:

1. We will provide you with on-line access to our proprietary and confidential Operations Manual, which we may amend periodically. (Section 6.1 of the Franchise Agreement). The Table of Contents of the Operations Manual is included as Exhibit C to this Disclosure Document. The Operations Manual is

presently 309 pages long, and our Outside Sales Playbook is currently 224 pages long, each of which are subject to ongoing modifications and changes as we make changes to our procedures.

2. We will provide specifications and requirements for computer hardware, software and other equipment necessary to operate your Qualicare Business. (Section 6.2 of the Franchise Agreement).

3. We will provide specifications for and designate sources of supply from which you agree to purchase inventory, goods and supplies necessary for the startup and ongoing operations of the Franchised Business, including stationary, client questionnaires, uniforms, and other forms. (Section 6.3 of the Franchise Agreement).

4. We will assist you in the planning and marketing for your grand opening and will also prepare and sell you a Start-Up Marketing Kit. (Section 6.4 of the Franchise Agreement).

5. We will provide you with our initial training program, which includes a pre-opening on-line training course immediately after signing the Franchise Agreement and our initial tuition-free home office training program. (Sections 8.1 and 8.2 of the Franchise Agreement). Prior to opening, you must complete initial training to our satisfaction. If you are a partnership, corporation or limited liability company, at least one of the trainees for the Home Office Training Program must be your ~~general partner, principal shareholder, or manager as appropriate.~~Operating Principal. (Section 8.2 of the Franchise Agreement). If you have a designated General Manager, pursuant to Section 7.6.5 of the Franchise Agreement, then he/she must also attend the Home Office Training Program. You will be responsible for the cost of you and your employees' salaries, lodging, meal, and travel costs. The Home Office Training Program will last up to 5 days (approximately 36 hours). The Home Office Training Program involves classroom and practical experience, as detailed in the training charts below.

PRE-OPENING ON-LINE TRAINING SCHEDULE

Module Name	Total Hours of Online Training	Total Hours of Course Assignments	Location
Business Essentials	60	60	Your home, office, community or online
People Management	20	20	“
Care Delivery	20	20	“
Sales & Marketing	40	40	“
Learning, Action Steps & Final Assessment	20	20	“
Total hours	160	160	

HOME OFFICE PROGRAM SCHEDULE

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Business Planning & Management	2	2	Toronto, Canada, online, or any other location we designate
Marketing	3	1	“
Sales	2	6	“
Care Delivery	4	2	“
Job Shadowing	0	5	“
Caregiver Orientation & Onboarding	1	1	“
ClearCare Workshop	1	1	“
Financial Management	3	1	“
Total Time (hours)	16	19	

All training is instructed and supervised by Megan White, our Vice President of Operations, and Julia Sommers, our Director of Care. Megan is identified in Item 2 above, and has over ~~three~~four years of experience with the subjects taught, and ~~less than one year~~has two years of experience with us. Julia has over 30 years of experience with the subjects taught and more than five years of experience with us. Megan and Julia may use the services of our employees or professional trainers to conduct various aspects of training. The Operations Manual is the principal instructional material.

You will be assigned a licensing coach to review your state specific regulations. You will be required to meet with your coach on a weekly basis to review materials and work on your licensing application.

Failure to complete the Home Office Training Program to our satisfaction within the applicable time period may result in termination of the Franchise Agreement. (Section 8.2 of the Franchise Agreement). Our initial training program is offered tuition free to you and one of your key employees. Any additional personnel may be trained by us at our then current fee for providing such initial training, which is presently \$2,500 per person. (Section 8.3 of the Franchise Agreement). You are responsible for you and your employees' costs to attend our Home Office Program, including travel costs, room and board expenses, and employees' salaries. (Section 8.2 of the Franchise Agreement). All training will occur at Company's headquarters in Toronto, Canada, and/or at your Approved Location, or any other location we may designate, whether in-person or online. The initial training program is offered as frequently as necessary for new franchisees. You must complete the initial training program to our satisfaction (at least one day) prior to opening. (Section 8.2 of the Franchise Agreement). If you have a General Manager, then he/she shall be the other trainee along with you.

You are responsible to ensure that your other personnel are properly trained. Only our approved training materials may be used by you in training your personnel.

Site Selection and Opening

1. We will permit you to begin the operations of your Franchised Business out of your home using a registered business address provided that the laws and regulations applicable to your Franchised Business allow you to do so. However, at the expiration of your first year of operations, you are required to operate

your Qualicare Business from commercial office space. You must obtain commercial office space that is acceptable to us and our approval of which will not be unreasonably withheld. (Sections 1.2 and 7.1 of the Franchise Agreement). If you fail to obtain our approval for commercial office space within the required timeframe, this will be a default under the Franchise Agreement and we will have the right to terminate the Franchise Agreement. See Item 12. We will not typically own the premises for your office space and lease that space back to you.

2. Under the Franchise Agreement, you are required to open your Franchised Business no later than 12 months after we sign the Franchise Agreement. (Section 7.3 of the Franchise Agreement). If the Franchised Business has not been opened within 12 months of signing the Franchise Agreement, we may, at our sole discretion, elect to terminate your Franchise Agreement and retain the full franchise fee. (Sections 7.3 and 15.3.4 of the Franchise Agreement, and the Site Selection Addendum to the Franchise Agreement). The typical length of time it will take to open your Qualicare Business is approximately two to six months after signing the Franchise Agreement. Factors that may affect this time period include: whether you choose to operate your business from home or lease or otherwise obtain commercial office space; whether you can acquire acceptable financing arrangements; whether you secure all necessary licenses and permits with applicable regulatory agencies; and our training schedules.

Post-Opening Assistance.

1. We will provide you continuing consultation and advice as we deem necessary and appropriate regarding the management and operation of the Franchised Business. We will provide such assistance, in our discretion, by telephone, intranet communication e-Learning systems and on-site visits. (Section 6.5 of the Franchise Agreement).

2. We, or our designee, will maintain and update the ERP Software. (Section 7.8.1 of the Franchise Agreement).

3. We will administer the Brand Development Fund. (Section 12.5 of the Franchise Agreement).

4. We may provide National Account Sales Services for the benefit of System franchisees. (Section 1.5 of the Franchise Agreement).

5. We may, in our discretion, hold an annual conference, regional conferences or additional training at locations to be selected by us. (Section 6.7 of the Franchise Agreement).

6. We may provide you with assistance in establishing prices for the products and services offered through your Franchised Business. (Section 7.18 of the Franchise Agreement).

7. We have the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming client inquiries nationwide, customer service, and client follow-up and satisfaction surveys. As we have established a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Operations Manual or otherwise in writing, and you may have to pay a fee related to the establishment, operation and maintenance of the toll free telephone number. (Section 6.6 of the Franchise Agreement).

8. We may, in our sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the Franchise System. We may require you and your employees to attend such training at its then-current fee for providing such training, which is presently \$2,500 per person. (Section 8.2 of the Franchise Agreement). All expenses, including your and your employees' transportation, meal,

and lodging expenses to attend such training shall be your sole responsibility. This will not exceed \$2,000 per year. (Section 6.8 of the Franchise Agreement).

Marketing

We have established a brand development fund (the “Fund”) for the common benefit of the System. You must participate in and contribute 1% of your Gross Sales on a monthly basis to the Fund in the manner we prescribe (Section 12.5 of the Franchise Agreement). Contributions to the Fund by subsequent company owned units will be equal to that provided for in our Franchise Disclosure Document in the year that the company owned unit is established. Should the marketing contribution for the System decrease at any time, we have the right to reduce the contributions from company owned units to the then-current rate specified for franchised locations.

We will use the Fund contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing and to create marketing materials and programs as well as public relations which promote, in our sole judgment, the services offered by System franchisees. (Section 12.5.1 of the Franchise Agreement). We may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing marketing programs, including (a) the cost of preparing and producing television, radio, magazine, and newspaper marketing campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel and other departmental costs for any marketing activities that we internally administer or prepare. (Section 12.5.1 of the Franchise Agreement). While we do not anticipate that any part of Fund contributions will be used for marketing which is principally a solicitation for franchisees, we reserve the right to use the Fund for public relations or recognition of our brand, for the creation and maintenance of a website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.” (Section 12.5.1 of the Franchise Agreement).

We will use the Fund contributions to develop and prepare marketing materials which we will distribute to System Franchisees for their use in their local marketing efforts. (Section 12.5.1 of the Franchise Agreement). The marketing materials will be prepared by us and by outside sources. If we do not spend all fund contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. Other System franchisees may be required to contribute to the Fund at different rates.

We have the sole right to determine how to spend contributions to the Fund, or any funds from any other marketing program, and the sole authority to determine the selection of the marketing materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We will direct and make expenditures on behalf of the Fund, but we are not required, under the Franchise Agreement, to spend any amount of the Fund contributions in your Territory and not all System Franchisees will benefit directly or on a pro rata basis from our expenditures. We have the right to reimbursement from the Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Fund and marketing programs for franchisees and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. (Section 12.5.1 of the Franchise Agreement). There is no requirement that the Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Fund expenditures.

In the fiscal year ended May 31, 2023~~4~~, the Fund contributions were used for the research, creative, development and production of new marketing and promotional materials. ~~The, and its~~ expenditures ~~for the fiscal year ended May 31, 2023,~~ were spent as follows: production of advertising (90.689.63%); general and administrative expenses (9.410.37%).

There is presently a franchisee advisory council associated with the Fund. Currently, our franchisee advisory council is comprised of ~~three~~four franchisees that serve in an advisory capacity. Franchisee members are nominated through a franchisee nomination process and selected by us to serve for a three-year term.

We have the right to require that the marketing cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. (Section 12.5 of the Franchise Agreement). Other than operating the Fund, we are not required to spend any amount on marketing in your area or territory. In addition to the Brand Development Fee, you are required to comply with the Local Marketing Requirement and Online Lead Generation Requirement for marketing in your Territory

Local Marketing Requirement

You must spend a minimum of \$1,000 each month on local marketing and advertisements (the “Local Marketing Requirement”). The Local Marketing Requirement must be spent in the manner we prescribe in the Operations Manual or otherwise in writing, which may include, without limitation, requirements that you place a certain number and/or type(s) of media advertisements, or the medium in which you place the advertisements. You must use any required advertising materials we generate in connection with local advertising; or, should you decide to use materials created by persons other than us, those materials must be approved by us prior to their placement. All marketing must be in accordance with our standards and specifications.

Your local marketing obligation must be expended regardless of the amount(s) spent by other System franchisees on local marketing. We may require you to submit to us an annual plan for your local marketing expenditures. We may require you to send us proof of these expenditures within 15 days of the end of each month. You must use any required local advertising materials designated by us. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks that we may establish from time to time. We may require you to discontinue use of any advertising or marketing materials at any time at your expense.

Online Lead Generation.

You are required to spend a minimum of \$1,000 per month on online lead generating advertising with our designated vendors (the “Online Lead Generation Requirement”). (Section 12.8 of the Franchise Agreement). You must spend the Online Lead Generation Requirement in the manner we prescribe in the Operations Manual or as otherwise in writing. You must send us proof of these expenditures within 15 days of the end of each month. You shall follow up on all customer leads provided to you through this advertising within 24 hours of the potential client enquiry by way of home visit, telephone or by email.

Regional Marketing Cooperative

There are currently no regional cooperatives in existence in our System. However, we will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative (“Cooperative”), and to determine whether a Cooperative is applicable to your Franchised Business. (Section 12.6 of the Franchise Agreement). If a Cooperative has been established applicable to the Franchised Business at the time you begin operating under the Franchise Agreement, you must immediately become a member of such Cooperative. Any contribution made towards a Cooperative will be credited against your Local Marketing Requirement. If a Cooperative applicable to the Franchised Business is established at any later time during the term of the Franchise Agreement, you must become a member of such Cooperative no later than 30 days after the date on which the Cooperative

begins operation. If the Franchised Business is within the territory of more than one Cooperative, you are required to be a member of only one such Cooperative. (Section 12.6 of the Franchise Agreement). Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by us. (Section 12.6.1 of the Franchise Agreement).

Each Cooperative will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized marketing materials for use by the members of the Cooperative. (Section 12.6.2 of the Franchise Agreement). No promotional or marketing plans or materials may be used by a Cooperative or furnished to its members without our prior approval. All such plans and materials will be submitted to us in accordance with the procedure set forth in Section 12.1 of the Franchise Agreement. (Section 12.6.3 of the Franchise Agreement). Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as are determined by the Cooperative; provided, however, that you will not be required to contribute to any Cooperative in excess of your Local Marketing Requirement. (Section 12.6.4 of the Franchise Agreement). Each member franchisee must submit to the Cooperative, no later than the 15th of each month, for the preceding month, its respective contribution as provided in the Franchise Agreement together with such other statements or reports as we may require or as may be required by the Cooperative with our approval. (Section 12.6.5 of the Franchise Agreement). We may grant to any franchisee, in our sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Our decision concerning such request for an exemption will be final. (Section 12.6.6 of the Franchise Agreement).

Computer System

You will purchase and/or lease and use any and all computer software programs (“Software”) which we have developed or may develop and/or designate for use for the System, and will purchase or lease such computer hardware as may be necessary for the efficient operation of the Software.

Presently, our hardware and software requirements include a laptop computer with the current Microsoft operating system, plus MS Office or a compatible software, web camera and ~~QuickBooks online~~.our mandated accounting software. You also need a multi-function printer that prints, scans and faxes.

We have the right to require you to update or upgrade computer hardware components and/or Software as we deem necessary, but not more than two times per calendar year, at your cost. We have no obligation to provide you with ongoing maintenance, repairs, upgrades or updates to the computer hardware or Software. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or Software. We also require you to install or subscribe to a “systems backup solution” which backs up critical data stored in your computer system using an off-premises storage location. Notwithstanding the fact that you must buy or lease, use and maintain the computer hardware and Software under our standards and specifications, you will have the sole and complete responsibility for: 1) the acquisition, operation, maintenance and upgrading of the computer hardware and software; and 2) any and all consequences that may arise if the computer hardware or Software is not properly operated, maintained and upgraded. (Section 7.8 of the Franchise Agreement). We reserve the right to have independent access to any data you collect electronically, and there are no contractual limits imposed on our access to that data (although such access will be limited by applicable HIPAA and related rules and regulations). With respect to client related data collect, you must use such form(s) as required by us and applicable law to obtain consent from clients for the collection and retention of such data. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information.

Through our third party supplier we have identified an executive recording platform (“ERP”) which you must license either directly from the third party supplier or from us, in our sole discretion. Your license to use the ERP software is nonexclusive, and we are presently and may in the future use other software and/or expand the functions of the ERP to support our other business activities.

If and at such time we develop and custom design any software programs in addition to or as a substitute for the ERP or for conducting scheduling, case management, accounting, point-of-sale functions and related activities (“Proprietary Software Program”), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Qualicare Business, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program as provided in the Operations Manual. This software will be proprietary to us and Confidential Information of ours. We or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such software to you at the then current rates published by us. (Section 7.8.1 of the Franchise Agreement).

The initial cost of our required computer hardware and software ranges between ~~\$14,600~~ and ~~\$47,000~~ and is disclosed in further detail in Item 7 of this Disclosure Document. The monthly Software Fee for the ERP ~~S~~software, currently starting at \$120 per month and disclosed in further detail in Item 6 of this Disclosure Document, covers the cost of all required maintenance, support, upgrades and updates to that system. The Software Fee is presently payable directly to our authorized vendor. The Accounting Software Fee is currently \$3,000 per year to cover the costs of our mandated accounting software (“Accounting Software”) program covers the cost of an annual subscription for the Accounting Software. The Accounting Software Fee is presently payable directly to our authorized vendor.

Website and Internet Presence

We will also provide you, through a third party internet marketing company of our choice, an integrated customizable and supported mobile-friendly website, which includes maintenance updates, changes, enhancements, form support and security protection. In addition, the website will have the same Qualicare branding as the corporate site with templated pages, layout and content. All local website pages will be in a subdirectory of the qualicare.com domain formatted as www.qualicare.com/territoryname. We will be the web master, either directly or through a third party, and will have absolute discretion and control over such a web pages. All information on the website must be approved by us prior to posting.

You must pay us a non-refundable initial technology set-up fee of ~~\$1,650~~~~500-~~ ~~\$4,000~~ before attending initial training. (Section 12.3.1 of the Franchise Agreement). This fee covers the initial costs associated with the set-up of your website, intranet connection, and social media profiles. You are required to pay us a monthly Technology Fee, currently ~~\$350~~~~425~~, due on the 15th day of the preceding month. The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses- (excluding the ERP software license and Accounting Software license). We have the right to increase or decrease the Technology Fees based on changes in our vendor’s pricing and our technology needs, impose additional fees, as changes are made to the System’s technology platforms, including computer hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency, or otherwise require you to pay the Technology Fee to a third party vendor. We may also use Branding Fund amounts to pay or reimburse the costs associated with the development, maintenance and updating of our website. (Section 12.3 of the Franchise Agreement).

Other than the ~~authorized~~ website we provide to you for your location, you are not permitted to maintain any other ~~individual website related~~Digital Site relating in any manner whatsoever to the ~~Qualicare Franchised~~ Business; or ~~to establish a URL incorporating any variation of “Qualicare” or the “Qualicare 360” or the “360 Approach” names or~~ referring to the Proprietary Marks, ~~without our prior~~

~~written approval. Any and all URLs incorporating any variation of our marks must be registered and held by Qualicare. (Section 12.3 of the Franchise Agreement).~~ unless we have otherwise approved in writing. You cannot violate our privacy policies or user terms posted on its website. We do not allow you to advertise on the Internet without our prior written approval in accordance with the marketing requirements above. (See Section 12.1 of the Franchise Agreement).

Area Computer Network Business, Intranet or Extranet Participation

You are required to participate in any System-wide area computer network, intranet system or extranet system that we implement and may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view portions of the Operations Manual; (iii) download approved local marketing materials; (iv) communicate with us and other System franchisees; (v) complete any initial and ongoing training; and (vi) view and retrieve standard business forms. You agree to use the facilities of any such area computer network, intranet system, or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

ITEM 12 TERRITORY

You will operate the Franchised Business from a specific location (“Approved Location”). Under the Franchise Agreement, you will receive a protected Territory. There is no minimum sized Territory, but generally, your Territory will have a population of up to 300,000 and will be determined by zip codes. The boundaries of your Territory will not change, even if the population within your Territory increases or decreases during the term of your Franchise Agreement. In some cases, your Territory may have a population of greater than 300,000. Your initial franchise fee for a Territory will increase by \$200 for every additional 1,000 people your Local Territory has in excess of 300,000.

You may not relocate the Franchised Business without our prior written consent. If, for any reason, the term of the lease for the Approved Location is shorter than the term of the Franchise Agreement, or if you can’t continue for any other reason to occupy the Approved Location, you may relocate the Franchised Business to a mutually acceptable site within your Territory. You must notify us of your intention to relocate, procure a site acceptable to us within 90 days before closing operations at the Approved Location, and open for business at the new Approved Location within 30 days of closing business at the existing Approved Location. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

Before you enter into the Franchise Agreement, some franchisees under the System acquired clients outside of their territory, which may have included your Territory. So long as you are actively engaged in the Business and are otherwise not in default of the Franchise Agreement, we will not establish and operate, nor license any party other than you to establish and operate, a Qualicare Business under the System and the Proprietary Marks within your Territory, and other System franchisees who had previously obtained clients outside of their territory shall no longer be authorized to solicit new clients in your Territory once you enter into the Franchise Agreement. However, other System franchisees may continue to service their pre-existing clients located in your Territory, if applicable.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

We and our affiliates shall have the right, in our sole discretion, and without compensation to you, to: (i) own, operate and license others to own and operate, Qualicare Businesses at any location(s) outside your Territory under the same or different marks; (ii) own, operate and license others to own and operate different businesses under different marks inside or outside your Territory; (iii) use the Proprietary Marks and System in connection with ancillary services and products, promotional and marketing efforts without regard to location; (iv) own and operate and license others to own and operate businesses that offer Personal Services and Home Healthcare Services using different marks within or outside of the Territory in any channel of distribution; and (v) use the Proprietary Marks anywhere.

~~You may not solicit clients and/or advertise outside your Territory or deliver any products or services to any destination outside your Territory without our prior written consent.~~ You may offer, advertise, and market the Services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Territory, except as otherwise noted below. The terms “direct solicitation” and “directly solicit” include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. You may not directly solicit customers located outside of the Territory unless you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided.

If we grant our consent for you to directly solicit customers outside of your Territory, you may only perform such direct solicitation, and accept customers from or offer Services and products from the Franchised Business, outside of the Territory if you do so in compliance with our requirements (including the conditions if any that we place on your solicitation of customers outside the Territory).

Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Territory, provided that those customers are not within the territory of another Qualicare Business (an “Open Area”). We will have the right (for example, if another Qualicare Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering Services and products from the Franchised Business to any customers in that area.

If any of your advertising within the Territory is in media that will or may reach a significant number of persons outside of the Territory, you must notify us and obtain our prior written consent. We may periodically establish rules and policies in the Operations Manuals and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the Qualicare Businesses that are affected by the advertising.

If you receive a request for services or products from outside the Territory, you are required to refer that request to the Franchised Business located in the applicable territory (or to us or our affiliate, if we have not assigned the applicable territory to a Franchised Business). However, under certain limited circumstances, you may process a request from outside of the Territory if the requested service is permitted under our policies or otherwise approved by us. If we permit you to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Franchised Business or by us (or our affiliate) (an “Open Territory”), you will be required to comply with all of the conditions and other requirements that we may from time to time specify in the Operations Manuals or otherwise in writing with respect to such activities. We may at any time condition your continued activity in an Open Territory on your agreement to license the franchise rights for the territory in which the sales and services are being performed. At any time upon our demand or upon notice from us that an Open Territory has been assigned to another Franchised Business, you must immediately cease soliciting or advertising to customers in that Open Territory and comply with our procedures for the continuation of providing services to the Open Territory

customers and/or the transition of customer accounts for the former Open Territory. Under no circumstances will we be liable to you for violations by other Franchised Businesses of our policies on out-of-Territory sales and services. Gross Sales received from customers outside your Territory will not be counted toward your Minimum Performance Requirement described below or the Minimum Royalty in Item 6.

You do not have the right to: (i) offer any product or service via e-commerce; (ii) establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) distribute, market, or implement products and services in any channel of distribution not specifically identified in the Franchise Agreement

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

Except for the Qualicare Businesses operated by us or our affiliates ~~do not operate or franchise, or have plans, neither we nor any parent or affiliate has established, or presently intends to operate or franchise, a business~~ establish, other franchised or company owned Qualicare Business which sell our proprietary products or services under a different trade name or trademark ~~that sells or will sell goods or services similar, but we reserve the right to those you will offer~~ do so in the future, without first obtaining your consent.

Under the Community Builder Program you will enter into three Franchise Agreements and be licensed three separate Territories. The parameters for each of these Territories are as described above.

Alternative Services

Although we agree not to distribute your existing services within your Territory, certain other products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in such manner and through such channels of distribution as we, in our sole discretion, will determine. We reserve the right, among others, to any service arrangements relating to our sale of products and services through alternative channels of distribution. The Franchise Agreement grants you no rights: (i) to distribute the services as described in this paragraph; or (ii) to share in any of the proceeds from our activities through alternate channels of distribution.

National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide supplemental healthcare staffing services to institutional clients, including hospitals, nursing homes, governments and hospices, etc., that have office locations or clients in more than one particular franchisee's territory, ~~regardless of the contract amount of the services you want to perform (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you with the option to perform services for the National Account upon the contract terms we negotiate. If you refuse to offer services on such terms, we or any party we may designate will have the right to perform said services for the National Account within your Territory, which include locations within the Territory (a "National Account").~~

After we sign a contract with a National Account, we may, at our option, provide you with the option to perform services for the National Account upon the contract terms we negotiate. To participate in the National Accounts program, you must meet the following qualifications: (i) be in compliance with all agreements you have with us; (ii) submit all required documents to us, including but not limited to proof of insurance, a W-9 form, EIN notice, and any other documentation we may request and/or require from time

to time; (iii) have the necessary training, licenses, certifications etc., to provide service to the National Account; and (iv) satisfy any additional training requirements we designate as a condition of participation in the program. If you refuse to perform the required services or we determine that your Franchised Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

We may provide National Account sales services including the marketing and sales of Qualicare Services to institutions, associations and organizations that are national or regional in scope, whereby ~~the~~ you would be able to deliver services, in your local territory, through that contract or adjacent to a national agreement that we may secure. All ~~sales~~ Gross Sales generated by us and serviced by you in connection with a National Account will be subject to an extra 1% National Account Sales Fee.

Performance Standards

Your right to operate a Franchised Business within a protected Territory is dependent on achieving the following minimum annual ~~gross sales requirement~~ Gross Sales in the operating years listed below (the “Minimum ~~Annual Gross Sales~~ Performance Requirement”) (Section 1.6 of the Franchise Agreement):

Year of Operations	Minimum Annual Gross Sales Requirement
2 nd Year	\$200,000
3 rd Year	\$300,000
4 th Year	\$400,000
<u>5th Year</u>	<u>\$500,000</u>
<u>6th Year</u>	<u>\$500,000</u>
<u>7th Year</u>	<u>\$600,000</u>
<u>8th Year</u>	<u>\$600,000</u>
<u>5⁹th Year & <u>and</u> Thereafter (including any renewal terms)</u>	<u>\$750,000</u>

Your minimum annual Gross Sales is calculated by adding the sum of your Gross Sales during each operating month per Territory during each year of operations. ~~We will notify you of your non-compliance within 30 days after the end of each year of operations. Your failure to achieve the Minimum Annual Gross Sales Requirement will constitute a material default of the Franchise Agreement, unless within 60 days, the Franchisee outlines a plan to achieve the Minimum Annual Gross Sales Requirement, which is agreed to and approved by the Franchisor. Otherwise, the Franchisor has the right to either terminate the Franchise Agreement or to grant additional franchises within your Territory to third parties. If you do not achieve the Minimum Performance Requirement during an operating year, we will have the right to require you to implement a revenue improvement program that we will specify, which may include, among other things, engaging in specified marketing~~

activities. If within the first six months following a year in which you do not achieve the Minimum Performance Requirement you have not (on an annualized basis) achieved the Minimum Performance Requirement (whether or not we required and/or you participate in a revenue improvement program), we will have the right to: (i) reduce the size of the Territory (with a corresponding and commensurate adjustment in the Minimum Performance Requirement); or (ii) terminate this Agreement.

ITEM 13 TRADEMARKS

You will have the limited right to use the Proprietary Marks we designate for use in connection with the System. Our parent, QFCI, is the owner of the following marks and has registered the following marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) and has filed all required affidavits:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
Qualicare	4182966	July 31, 2012	Principal
Qualicare	6543768	November 2, 2021	Principal
OUALICARE HOME CARE	6490405	September 21, 2021	Principal
QUALICARE BREADTH OF SERVICE. DEPTH OF CARE	7026765	April 11, 2023	Principal

Our rights to use the Marks are derived from an irrevocable, perpetual trademark license agreement with QFCI under which we have the exclusive right in the United States to use and to sublicense the Marks in connection with the offer and sale of franchises to third parties.

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We have the exclusive right, but not the obligation, to affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will be required to pay for the defense or to

reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents material to the franchise. We (or our affiliate, in some cases) claim copyright protection covering various materials used in our business and the development and operation of Qualicare Businesses, including the Operations Manual, advertising, and business materials, forms, processes and methodologies, as well as material aspects of the Proprietary Software. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials. It is the responsibility of the Franchisee to ensure that the Operations Manual is kept up-to-date.

During the term of the Franchise Agreement, you will receive information which we consider trade secret and confidential information, such as information regarding clients and suppliers. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business (“Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. You may not divulge personal information regarding clients, except as absolutely necessary to operate your Franchised Business. You must require your manager and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment, and restricting their right to work for a competitor while they are employed by you. Such agreement, which will be in a form that we prescribe and is available in the Operations Manual, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights. ~~You acknowledge and agree that any client lists~~ Any information you or we may develop for use by you in conjunction with operating your Franchised Business are our proprietary information— (See Section 14.7.2 of the Franchise Agreement). You must obtain all necessary consents from your clients, caretakers, employees and contractors to ensure that both you and we have the legal right to collect, use, and disclose their personal information (in accordance with the “Business Associate Agreement” attached to this Disclosure Document as Exhibit E-3).

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts.

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

~~You (or at least one of your principals if you are a corporation or partnership) must personally supervise the day-to-day operations of the Franchised Business. You~~ If you are an entity (a corporation, partnership or LLC), then you must appoint a person who will serve as your “Operating Principal.” The Operating Principal must have at least a 50% ownership interest in the franchisee entity, and have authority over all business decisions related to the Franchised Business and the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval.

You (or your Operating Principal, if you are a corporation or partnership) must devote your personal full-time attention and best efforts to the management and operation of the Franchised Business ~~or you may delegate the day-to-day operation of your Franchised Business to a full-time manager (“General Manager”). We must approve your General Manager and you or your General Manager~~ and will not engage in any other business activity during the Term of the Franchise Agreement and any Renewal Terms thereafter. If You (or your Operating Principal, if you are a corporation or partnership) will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time “General Manager” or other person to serve as a Specially-Trained Management Person, who has qualifications reasonably acceptable to us, to assume responsibility for the daily operation of the Franchised Business. We do not require that your Specially-Trained Management Person have any ownership interest in you. We must approve your Specially-Trained Management Person and your Specially-Trained Management Person must successfully complete our initial training program before assuming any managerial responsibility. ~~The General Manager is not required to have an equity ownership interest~~ All travel, living and other expenses in ~~you or~~ connection with the training programs, including wages and any training fees, shall be paid by you in advance of the training. You must maintain at least two individuals (which may include the Operating Principal) in the employ of your Franchised Business. ~~Your,~~ who have successfully completed, to our satisfaction, our initial training program and any additional training that we may require of such persons. During any time that your Franchised Business must, at all times, be staffed with at least one individual who is operating, it must be under the active full time-management and on-site supervision of your Operating Principal or a Specially-Trained Management Person (who has successfully completed (to our satisfaction) our initial training program. ~~).~~ You are responsible for all additional training fees and expenses for your employees and personnel.

“Specially-Trained Management Personnel” means your General Manager, and/or any other employees of the Franchised Business who have completed Franchisor’s initial training and possess the qualifications necessary to the management and/or service roles that we require for their positions.

In the event that you operate more than one Qualicare Business, you will have a properly trained ~~General Manager~~ Specially-Trained Management Person who has been approved by us at each location. You will keep us informed at all times of the identity of any employees acting as ~~General Manager~~ the Specially-Trained Management Person, as well as others employed by your Franchised Business, and any

change in their employment status. All persons providing Personal Services or Home Healthcare Services must be employed by you and may not work as independent contractors.

In the event that a ~~General Manager~~Specially-Trained Management Person resigns or is otherwise terminated, you must hire a replacement approved by us in writing who meets our then-current standards for ~~General Managers~~Specially-Trained Management Person, who is approved by us in writing before hiring, and who is hired within 30 days after the resignation or termination of the former ~~General Manager~~Specially-Trained Management Person. The new ~~General Manager~~Specially-Trained Management Person must complete ~~initial training~~Initial Training to our satisfaction within 60 days after being hired. If you fail to hire and train a replacement Specially-Trained Management Person within the time period stipulated above, you will be in material default of the Franchise Agreement. All travel, living and other expenses in connection with the training programs, including wages and any training fees, shall be paid by you in advance of the training.

Your ~~General Manager(s)~~Specially-Trained Management Person will devote full time and best efforts to the day-to-day operation and management of the Franchised Business and will not engage in any other business activity. ~~Your General Manager~~Your Specially-Trained Management Person and his/her spouse will be bound by the confidentiality and non-compete covenants of the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to the Franchise Agreement.

If the Franchisee is or will be a business entity, all of its Owners (whether or not they are involved in the operation of the Franchised Business) must sign the Guarantee, Indemnification and Acknowledgement attached to the Franchise Agreement as Exhibit A, making each Owner individually liable for all obligations under the Franchise Agreement. If any of your Owners is also a business entity instead of an individual, we have the right to require that the Guarantee be executed by individuals and any other business entities that have direct or indirect ownership in the Franchisee. The spouse of an Owner is required to sign a Guarantee even if the spouse has no ownership interest in the business entity.

At our request, the Owners, Operating Principals, officers, directors, limited liability company managers and/or members, and executives that we designate are required to sign a separate Confidentiality and Restrictive Covenant Agreement (the form of which is attached to the Franchise Agreement). In addition, you and the Owners authorize us to run credit and background checks and to make inquiries of your bank, suppliers, and trade creditors concerning the Franchised Business. The spouse of an Owner also agrees to be bound by the non-competition and non-disclosure restrictions, dispute resolution provisions, and governing law provision contained in the Franchise Agreement and will execute the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to the Franchise Agreement.

Some state, county or municipal Care Services regulations may require that the Owner of a Care Services company have applicable licenses.

In addition, you and all of your employees must (a) undergo a criminal background check, which you must pass to our satisfaction; and (b) provide at least two (2) references meeting our satisfaction. You and your employees must routinely undergo criminal background rescreening. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately. We have the right to terminate the Franchise Agreement immediately in the event you fail to meet our criteria for a clean criminal background check.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all of the services which we require and only the services which we authorize for the System. You will not offer to sell or provide at or through the Franchised Business any merchandise, products or services that have not been approved in writing, or use the premises for any other business purpose other than the operation of the Franchised Business. You may not offer and sell any products or services which do not meet our standards and specifications.

You will provide ~~Personal Services and Home Healthcare~~ Services in accordance with our standards and specifications. We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so, save and except for where State or Federal law imposes any restrictions. You must stop using or offering disapproved services or products immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

Your grant of a Franchised Business does not include: (i) any right to offer any services via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement our services in any channel of distribution not specifically identified in the Franchise Agreement, unless otherwise approved in writing by us.

See Item 12 of this Disclosure Document for information about other restrictions.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

A. THE FRANCHISE RELATIONSHIP UNDER A FRANCHISE AGREEMENT

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of franchise term	2.1	10 years.
b.	Renewal or extension of the term	2.2	You have the right to renew the Franchise Agreement for 3 successive, additional 5-year periods provided certain conditions are met.

	Provision	Section in Franchise Agreement	Summary
c.	Requirements for you to renew or extend	2.2	<p>Provide timely notice; you must have the right to continue to operate the Franchised Business at the location for the duration of the renewal term; completion of required training, refurbishing, renovating, updating and remodeling of the Franchised Business; you are not in breach of any provision of the Franchise Agreement; you have satisfied all monetary obligations to us, our affiliates, and/or our major suppliers and vendors; you execute our then-current form of Franchise Agreement; pay us a renewal fee; and sign a general release.</p> <p>If you seek to renew your franchise at the expiration of the initial term, you may be asked to sign a new form of franchise agreement that contains terms and conditions materially different from those in your original franchise agreement, such as different royalty fees and branding Fund obligations.</p>
d.	Termination by you	No Provision	You do not have the contractual right to terminate the Franchise Agreement (subject to state law).
e.	Termination by us without cause	No Provision	Not Applicable.
f.	Termination by us with cause	15	We have the right to terminate the Franchise Agreement with cause.
g.	Cause defined - default which can be cured	15.3	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any monies you owe us or our affiliates; (ii) any audit reveals that you have understated your royalty, brand development payments, Online Lead Generation Requirement payments or any other amounts due and payable to us under the Franchise Agreement, by more than 2%, or if you have failed to submit timely reports and/or remittances for any 3 reporting periods within any 12-month period; (iii) you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iv) you fail to open the Franchised Business for business within twelve months from the date you sign the Franchise Agreement; (v) you fail to operate the Franchised Business during the months, days and hours that we prescribe; (vi) you, or your General Manager, fail to personally supervise the Franchised Business' operations or employ adequate personnel; (vii) you fail to maintain our quality controls and standards; (viii) you conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products; or (ix) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Franchised Business.

	Provision	Section in Franchise Agreement	Summary
		15.4	We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the Franchise Agreement.
h.	Cause defined – non-curable defaults	15.1 and 15.2	Bankruptcy, abandonment, conviction of felony, fail to meet the Minimum Annual Gross Sales, and others; see § 15.1 and 15.2 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the Franchise Agreement merely because you make a bankruptcy filing.
i.	Your obligations on termination / non-renewal	16.1	Cease operating; payment of amounts due; return Operations Manual; comply with post term covenants; and others. See § 16.1 of the Franchise Agreement.
j.	Assignment of contract by us	14.5	We have the right to assign our rights under the Franchise Agreement.
k.	"Transfer" by you - definition	14.3	Includes transfer of any interest.
l.	Our approval of transfer by Franchisee	14.1	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m.	Conditions for our approval of transfer	14.3.2	Release, signature of new Franchise Agreement, payment of transfer fee, and others; see § 14.3.2 of the Franchise Agreement.
n.	Our right of first refusal to acquire your business	14.3.1	You must first offer to sell to us on the same terms and conditions as those offered by a third party. We will notify you, within 30 days after receiving the offer, whether we wish to exercise our right to purchase your business.
o.	Our option to purchase your business	16.3	We have an option to purchase your Franchised Business upon termination or expiration of the Franchise Agreement.
p.	Your death or disability	14.2	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or beneficiaries, provided that, within 45 days of your death or disability, they agree to assume your

	Provision	Section in Franchise Agreement	Summary
			obligations under the Franchise Agreement, successfully complete our initial training program, and otherwise meet our requirements.
q.	Non-competition covenants during the term of the franchise	17.1	Includes prohibition of engaging in any business offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or personal care services, or any other products or services offered or authorized for use by System franchisees (subject to state law).
r.	Non-competition covenants after the franchise is terminated or expires	17.2	Includes a two-year prohibition similar to “q” (above) at the Franchised Business premises, within the Territory, or (c) within 20 miles of the Territory or the location of any Qualicare business which we, our affiliates or licensees operate. You may also not solicit business from clients of your former Franchise or contact any of our suppliers or vendors for any competitive business (subject to state law).
s.	Modification of the Franchise Agreement	22.1	The Franchise Agreement may only be modified or amended in writing signed by all parties.
t.	Integration / merger clauses	22.1	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	18.2	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief) in Erie County, New York. The Franchise Agreement contains several provisions that may affect your legal rights, including a waiver of a jury trial, limitations on when claims may be raised, and a waiver of punitive or exemplary damages. See Sections 18.8, 18.9 and 18.10 in the Franchise Agreement.
v.	Choice of forum	18.3	If we ever litigate, you must do so in the courts that have jurisdiction over Erie County, New York (subject to state law).
w.	Choice of law	18.1	The Franchise Agreement is governed by the laws of New York (subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATION

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

BACKGROUND

This Item 19 provides historical Gross Sales information for the Franchised Businesses that were open and in operation (the "Open Franchisees") as of the end of each of the last three of our fiscal years (fiscal years ended May 31, 202~~2~~¹, May 31, 202~~3~~² and May 31, 202~~4~~³). The average net revenue information presented in this Item was provided by the Open Franchisees through sales reports that those Open Franchisees provided to us. Written substantiation for this financial performance representation will be provided to a prospective franchisee upon reasonable request.

Fiscal Year (ended May 31)	Total # of Open Franchisees	Total # of Open Franchised Units	Average Net Revenue	Number & Percentage of Franchises that Attained or Exceeded Average	Median Net Revenue	High Amount	Low Amount	% Increase of Avg. Net Revenue from prior year
<u>2024</u>	<u>11</u>	<u>25</u>	<u>\$589,605</u>	<u>3 (27%)</u>	<u>\$224,770</u>	<u>\$2,689,905</u>	<u>\$9,524</u>	<u>23%</u>
2023	11	24	\$477,549	6 (55%)	\$467,929	\$1,944,962	\$11,388	-26%
2022	8	17	\$649,240	4 (50%)	\$577,232	\$2,265,812	\$59,295	-14%
2021	7	15	\$757,937	4 (57%)	\$885,873	\$2,489,096	\$0	-14%

Notes:

- "Net Revenue" includes all revenues generated from all business during the relevant years, including amounts received from the sale and delivery of services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. "Net Revenue" does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority.
- The Open Franchisees included in the results entered into between one and four Franchise Agreements (each, a "unit") with us. Additional Franchise Agreements grant a franchisee additional areas ("Territories") within which to expand and operate their Franchised Business in a single market. All Open Franchisees included in the results operate from a single location and in a single market, with similarly sized staff, regardless of the number of units. Typically, the longer a franchisee remains in

our System the more Franchise Agreements they sign with us in order to expand and grow their Franchised Business with more units, but there is no obligation to do so.

- ~~3.—3. There were a total of 16 Franchised Businesses and no company or affiliate-owned Qualicare Businesses that existed during the 2024 fiscal year. For the period from June 1, 2023 - May 31, 2024, we did not include five Franchised Businesses in the results because they were not open and in operation for the full period. There were a total of 18 Franchised Businesses and no company or affiliate-owned Qualicare Businesses that existed during the 2023 fiscal year. For the period from June 1, 2022 to May 31, 2023, we did not include seven Franchised Businesses in the results because they were not open and in operation for the full period. There were a total of ten Franchised Businesses and no company or affiliate-owned Qualicare Businesses that existed during the 2022 fiscal year. For the period from June 1, 2021 to May 31, 2022, we did not include two Franchised Businesses in the results because they were not open and in operation for the full period. ~~There were a total of nine Franchised Businesses and no company or affiliate Qualicare Businesses that existed during the 2021 fiscal year. For the period from June 1, 2020 to May 31, 2021, we did not include two Franchised Businesses in the results because they were not open and in operation for the full period.~~~~
4. The results do not contain information concerning the operating costs and expenses that you will incur in operating your Franchised Business, including royalties, Brand Development Fund contributions, local marketing, Software Fees, rent, payroll, payroll taxes, credit card processing fees, owner compensation/salary, healthcare, employee benefits, office supplies, postage, travel and entertainment expenses, utilities and telephone charges, late fees, training fees, professional fees, and other fees and operating expenses which you may incur as a franchisee.
 5. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from business to business, depending on the amount and kind of financing you obtain to establish your Franchised Business. You should consult with your tax advisor regarding depreciation and amortization schedules and the period over which assets of your Franchised Business may be amortized or depreciated, as well as the effect, if any, of any recent or proposed tax legislation.
 6. **Some outlets have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**
 7. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a Franchised Business.

Other than the preceding financial performance representation, 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 Tony Valle, Qualicare of America, Inc., 91 Skyway Ave, Unit 104, Etobicoke, Ontario, M9W 6R5, Canada, Telephone: (888) 561-0616.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System-Wide Outlet Summary
For Fiscal Years Ending May 31, ~~2021~~, 2022, 2023 and 2023~~4~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	202 1 <u>2</u>	21 <u>23</u>	23 <u>26</u>	+2 <u>3</u>
	202 2 <u>3</u>	23 <u>26</u>	26 <u>36</u>	+3 <u>10</u>
	202 3 <u>4</u>	26 <u>36</u>	36 <u>44</u>	+10 <u>8</u>
Company-Owned	202 1 <u>2</u>	0	0	0
	202 2 <u>3</u>	0	0	0
	202 3 <u>4</u>	0	0	0
Total Outlets	202 0 <u>2</u>	21 <u>23</u>	23 <u>26</u>	+2 <u>3</u>
	202 1 <u>3</u>	23 <u>26</u>	26 <u>36</u>	+3 <u>10</u>
	202 2 <u>4</u>	26 <u>36</u>	36 <u>28</u>	+10 <u>-8</u>

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years Ending May 31, ~~2021~~, 2022, 2023 and 2023~~4~~

State	Year	Number of transfers
Any State	202 1 <u>2</u>	0
	202 2 <u>3</u>	0
	202 3 <u>4</u>	0 <u>1</u>
TOTALS	202 1 <u>2</u>	0
	202 2 <u>3</u>	0
	202 3 <u>4</u>	0 <u>1</u>

TABLE 3
Status of Franchised Outlets
For Fiscal Years Ending May 31, ~~2021~~, 2022, 2023 and 2023

State	Year	Outlets at the Start of the Year	<u>New</u> Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased operations other reasons	Outlets at End of the Year
California	2021 <u>2</u>	13	0	0	0	0	0	13
	2022 <u>3</u>	13	0	0	0	0	0	13
	2023 <u>4</u>	13	0	0	0	0	0 <u>4</u>	13 <u>9</u>
Florida <u>Conn</u> ecticut	2021 <u>2</u>	0	0	0	0	0	0	0
	2022 <u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023 <u>4</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Florida	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Georgia	2021 <u>4</u>	3 <u>0</u>	1 <u>3</u>	0	0	0	0	4 <u>3</u>
Georgia	2022	4	0	0	0	0	0	4
	2023	4	0 <u>3</u>	1	0	0	0	6
	2023 <u>4</u>	<u>6</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Illinois	2021 <u>2</u>	0 <u>1</u>	1 <u>0</u>	0	0	0	0	1
	2022 <u>3</u>	1	0	0	0	0	0	1
	2023 <u>4</u>	1	0	0	0	0	0	1
Indiana	2021 <u>2</u>	2	0	0	0	0	0	2
	2022 <u>3</u>	2	0	0	0	0	0	2
	2023 <u>4</u>	2	0	0	0	0	0	2
Michigan	2021 <u>2</u>	2	0	0	0	0	0	2
	2022 <u>3</u>	2	0	0	0	0	0	2
	2023 <u>4</u>	2	0	0 <u>2</u>	0	0	0	2
Missouri	2021 <u>2</u>	0	0 <u>2</u>	0	0	0	0	0 <u>2</u>
	2022 <u>3</u>	0 <u>2</u>	2 <u>0</u>	0	0	0	0	2
	2023 <u>4</u>	2	0	0	0	0	0	2
Montana	2021 <u>2</u>	1	0	0	0	0	0	1
	2022 <u>3</u>	1	0	0	0	0	0	1
	2023 <u>4</u>	1	0	0	0	0	0	1

<u>Texas</u>	2022	0	1	0	0	0	0	1
	2023	1	5	0	0	0	0	6
	<u>2024</u>	<u>6</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Totals	2021 <u>2</u>	21 <u>22</u>	14	0	0	0	0	22 <u>26</u>

Texas	2021	0						
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	2023	26	11	1	0	0	0	36
	<u>2024</u>	<u>36</u>	<u>3</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>28</u>

	2021	22	4	0	0	0	0	26
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TABLE 4
Status of Company-Owned and Affiliate-Owned Outlets
For Years Ending May 31, ~~2021~~, 2022, 2023 and 2023~~4~~

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
ANY STATE	2021 <u>2</u>	0	0	0	0	0	0
	2022 <u>3</u>	0	0	0	0	0	0
	2023 <u>4</u>	0	0	0	0	0	0
TOTAL	2021 <u>2</u>	0	0	0	0	0	0
	2022 <u>3</u>	0	0	0	0	0	0
	2023 <u>4</u>	0	0	0	0	0	0

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TABLE 5
Projected Openings as of May 31, 202~~3~~4

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE CURRENT FISCAL YEAR
Arizona	9	0	0
Colorado	0	1	0
Connecticut	0 <u>3</u>	1 <u>0</u>	0
<u>Georgia</u>	<u>0</u>	<u>3</u>	<u>0</u>
New Jersey <u>Louisiana</u>	0	1	0
<u>Texas</u>	<u>0</u>	<u>3</u>	<u>0</u>
Total	9 <u>12</u>	3 <u>7</u>	0

Several of our franchisees operate multiple “outlets” in that they have entered into multiple Franchise Agreements with us. A list of our existing franchisees, and the number of outlets each of those franchisees operate, is attached as Exhibit I to this Franchise Disclosure Document. A list of the names, cities and states and last known business telephone numbers (or, if unknown, home telephone number) of every franchisee who has had a franchise agreement 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 who has not communicated with us within ten weeks of our application date is attached to this Disclosure Document at the end of Exhibit I.

There are presently no trademark specific franchisee organizations associated with the System. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit D is our audited financial statements as of May 31, ~~2021~~, ~~2022~~, 2023 and 2023~~4~~. Also attached to this disclosure document as Exhibit D is our unaudited financial statement for the period ended August 31, 2023~~4~~.

Our fiscal year ends on May 31.

ITEM 22 CONTRACTS

Exhibits E, F and H of this Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit E-1 – Franchise Agreement

Exhibit A - Personal Guaranty

Exhibit B - ~~Conditional Assignment of Franchisee's~~ Telephone Numbers [and Digital Sites Agreement, Assignment and POA](#)

Exhibit C - Confidentiality and Restrictive Covenant Agreement

Exhibit D – Electronic Funds Withdrawal Authorization

Exhibit E -2 – Community Builder Addendum

[Exhibit E-3 - Business Associate Agreement](#)

[Exhibit E-4 – Resale Agreement](#)

[Exhibit E-5 – Renewal Agreement](#)

Exhibit F – ~~Sample~~ Termination and Release Agreement

Exhibit H – Deposit Receipt Agreement

ITEM 23 RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us at 91 Skyway Ave, Suite 104 Etobicoke, ON M9W 6R5 Canada.

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EXHIBIT A
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK_DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK New York State NYS Department of Law Investor Protection Bureau 28 Liberty Street, St. 21st Floor New York, New York NY 10005 (212) 416-8285 22</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 +(808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Fourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division—3rd Floor 150 Israel Road, Southwest Tumwater P.O. Box 41200 Olympia, Washington 98501 98504-1200 (360) 902-8760</p>

MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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EXHIBIT B
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov</p>	<p>NEW YORK New York Secretary of State New York Department of State One Commerce Plaza; 99 Washington Avenue, 6th Floor Albany, New YorkNY 12231 9001-(518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 +(808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol Department 414 600 East Boulevard Avenue, FifthFourteenth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 +(517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>

MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
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EXHIBIT C
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

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TOTAL PAGES IN OPERATIONS MANUAL: 309

**EXHIBIT D
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT**

FINANCIAL STATEMENTS

Qualicare of America Inc.
Financial Statements
(Expressed in U.S. Dollars)
For the year ended May 31, 2024

Qualicare of America Inc.
Financial Statements
(Expressed in U.S. Dollars)
For the year ended May 31, 2024

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360 Oakville Place Drive, Suite 500
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Independent Auditor's Report

To the Board of Directors of
Qualicare of America Inc.

Opinion

We have audited the accompanying financial statements of Qualicare of America Inc. (the "Company"), which comprise the balance sheet as at May 31, 2024, and the related statements of operations and retained earnings and cash flows for the year then ended, and the related notes, including a summary of accounting policies, to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 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.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
September 04, 2024

Qualicare of America Inc.
Balance Sheet
(Expressed in U.S. Dollars)

May 31	2024	2023
Assets		
Current		
Cash	\$ 122,555	\$ 87,397
Accounts receivable	48,621	30,029
Deferred costs	14,317	11,071
Due from related party (Note 1)	443,987	296,049
	629,480	424,546
Deferred costs	369,073	285,456
Deferred tax asset (Note 3)	79,571	41,145
	\$ 1,078,124	\$ 751,147
Liabilities and Shareholder's Equity		
Current		
Accounts payable and accrued liabilities	\$ 127,939	\$ 20,723
Income taxes payable	31,540	15,237
Deferred revenue	38,320	33,350
	197,799	69,310
Deferred revenue	693,199	524,854
	890,998	594,164
Shareholder's equity		
Share capital (Note 2)	92,000	92,000
Retained earnings	95,126	64,983
	187,126	156,983
	\$ 1,078,124	\$ 751,147

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Qualicare of America Inc.
Statement of Operations and Retained Earnings
(Expressed in U.S. Dollars)

For the year ended May 31	2024	2023
Revenue		
Royalties	\$ 342,568	\$ 277,071
Franchise fees	86,460	325,021
Brand fund fees	155,516	68,022
Technology fees	44,750	38,500
Other	3,816	2,829
	<u>633,110</u>	<u>711,443</u>
Expenses		
Management fees (Note 1)	392,934	427,153
Commissions	42,957	143,130
Advertising	9,612	88,495
Professional fees	153,731	38,145
Bank charges and interest	4,056	4,161
	<u>603,290</u>	<u>701,084</u>
Income before income taxes	<u>29,820</u>	<u>10,359</u>
Income taxes (recovery) (Note 3)		
Current	38,103	15,424
Deferred (recovery)	(38,426)	(5,261)
	<u>(323)</u>	<u>10,163</u>
Net income for the year	<u>30,143</u>	<u>196</u>
Retained earnings, beginning of year	<u>64,983</u>	<u>64,787</u>
Retained earnings, end of year	<u>\$ 95,126</u>	<u>\$ 64,983</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Qualicare of America Inc.
Statement of Cash Flows
(Expressed in U.S. Dollars)

For the year ended May 31	2024	2023
Cash flows from operating activities		
Net income for the year	\$ 30,143	\$ 196
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred taxes (recovery)	(38,426)	(5,261)
Changes in non-cash working capital balances		
Accounts receivable	(18,592)	6,137
Deferred costs	(86,863)	(275,760)
Accounts payable and accrued liabilities	107,216	(6,999)
Income taxes payable	16,303	10,924
Deferred revenue	173,315	369,829
	183,096	99,066
Cash flows from investing activity		
Advances to related party	(147,938)	(159,203)
Increase (decrease) in cash during the year	35,158	(60,137)
Cash, beginning of year	87,397	147,534
Cash, end of year	\$ 122,555	\$ 87,397

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Qualicare of America Inc.
(Expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2024

Nature of Business	Qualicare of America Inc. (the "Company") was incorporated under the General Corporation Law of the State of Delaware on May 31, 2011 and operates as the franchisor of the Qualicare franchise. The primary business activity relates to the development of the Qualicare franchise and the offer, sale and support of the franchised business in the private homecare sector. The Company's parent company is Qualicare Franchise Corporation, a company incorporated in Ontario, Canada and its ultimate parent entity is Clear Summit Group Inc. As of May 31, 2024, the Company had 17 (2023 - 15) franchised stores in the U.S.
Basis of Accounting	The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").
Revenue Recognition	<p>In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers: Topic 606" ("ASC 606"), under which revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive for those goods or services. The Company adopted ASC 606 effective June 1, 2020 using the modified retrospective method, whereby the new standard was applied to all contracts initiated after the effective date.</p> <p>Initial franchise fee revenue is recognized based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring service to a customer. The total transaction price is allocated to the performance obligations based on the standalone selling price, which is estimated using the relative cost of each performance obligation. As such, the revenue is recognized when the following criteria have been met:</p> <ul style="list-style-type: none"> • final payment has been received or is receivable; • the franchise has executed a franchise agreement or evidence of an agreement exists; • all substantive performance obligations relating to the sale of a franchise have been performed; and • the price to the customer is fixed and determinable.

Qualicare of America Inc.
(Expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2024

Revenue Recognition
(continued)

During the year, *ASU 2021-02 Franchisors - Revenue from Contracts with Customers* was released which provided a practical expedient to non-public franchisors to account for pre-opening services provided to a franchisee as distinct from the franchise licenses if the services were consistent with those included in a predefined list within the guidance. The Company has elected to apply this practical expedient retrospectively to January 1, 2019, the date *ASU 2019-09 Revenue from Contracts with Customers* was adopted. As part of the application of the practical expedient the Company recognizes pre-opening services as a single performance obligation. Accordingly, the Company recognizes initial franchise fees once the service related to the performance obligation is performed, which coincides with the completion of the corresponding training of the franchisee's personnel.

Revenue from royalties is recognized over the term of the franchise agreement. The Company satisfies the following conditions under topic ASC 606-10-55-65:

- franchisor uses the IP over the life of the agreement; and
- the performance obligation to provide the continuous services to franchises is satisfied on monthly basis for which it receives sales-based royalty

Accordingly, revenue from royalties are considered as sales-based royalties received in exchange for a license of intellectual property and recognized on monthly basis.

Deferred revenue consists of royalties collected up front and are being recognized over the term of the franchise agreement. Significant changes in the contract liability balances during the year are as follows:

	<u>2024</u>	<u>2023</u>
Deferred revenue - beginning of year	\$ 558,204	\$ 188,375
Amounts billed not recognized	259,775	647,900
Amounts recognized in the year	<u>(86,460)</u>	<u>(278,071)</u>
Deferred revenue - end of year	<u>\$ 731,519</u>	<u>\$ 558,204</u>

Qualicare of America Inc.
(Expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2024

Revenue Recognition
(continued)

The Company requires brand payments from franchisees based on a percent of net sales. Brand funds collected are required to be spent for specific advertising purposes. Brand fund revenue is recognized as the underlying sales occur. Advertising expenses are recorded as incurred. Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the statement of operations and retained earnings. When brand fund revenues exceed the related advertising expenses, there is no recovery of a previously recognized deficit of brand fund revenues, advertising costs are accrued up to the amount of revenues.

Technology fees are recognized on the same basis as royalties as the underlying services rendered are not considered distinct from the license of intellectual property.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Income Taxes

The Company provides for income taxes using the asset and liability method. This approach recognizes the amount of taxes payable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the financial statements and income tax returns.

Deferred income tax assets, net of valuation allowances, are recognized only to the extent that, in the opinion of management, it is more likely than not that deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment of the change.

Qualicare of America Inc.
(Expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2024

Use of Estimates

The preparation of these financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period.

These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the year in which they become known. Significant estimates and assumptions are used for, but are not limited to the allocation of consideration to performance obligations based on relative stand alone selling price.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-12 "Financial Instruments - Credit Losses (Topic 326)" effective for years beginning after December 31, 2022 for current expected credit losses. The Company has adopted the methodology that reflects current expected credit losses and measures expected credit losses primarily utilizing credit loss history. Such expected credit losses consider current conditions and reasonable and supportable forecasts.

Qualicare of America Inc.
Notes to Financial Statements
(Expressed in U.S. Dollars)

May 31, 2024

1. Related Party Balances, Transactions and Economic Dependence

The following table summarizes the Company's related party balances as at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Qualicare Franchise Corporation	<u>\$ 443,987</u>	<u>\$ 296,049</u>

The amount due from related party as summarized above is unsecured, non-interest bearing and due on demand.

The Company has an agreement with Qualicare Franchise Corporation ("QFC"), whereby QFC will provide certain services to the Company. The services provided by QFC are subject to management fees for franchise assistance, operating support services and licence services. During the year, the Company incurred management fees of \$392,934 (2023 - \$427,153) related to these services.

Approximately 65% (2023 - 60%) of the costs were paid to related entities and management expects this relationship to continue.

All related party transactions were carried out in the normal course of operations at the amount of consideration established and agreed to by the related parties.

2. Share Capital

	<u>2024</u>	<u>2023</u>
Authorized		
1,500 Common shares		
Issued		
1,500 Common shares, no par value	<u>\$ 92,000</u>	<u>\$ 92,000</u>

Qualicare of America Inc.
Notes to Financial Statements
(Expressed in U.S. Dollars)

May 31, 2024

3. Income Taxes

A reconciliation between income tax expense and the product of accounting income before income taxes multiplied by the Company's blended income tax rate for the years ending May 31 are as follows:

	<u>2024</u>	<u>2023</u>
Income before income taxes	\$ 29,820	\$ 10,359
Effective statutory combined rate	<u>21.0 %</u>	<u>21.0 %</u>
Income taxes	6,262	2,175
Deferred revenue	-	6,757
Other	<u>(6,585)</u>	<u>1,231</u>
Income tax (recovery)	<u>\$ (323)</u>	<u>\$ 10,163</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets is as follows:

	<u>2024</u>	<u>2023</u>
Deferred revenue	\$ 79,571	\$ 44,820
Other	-	(3,675)
	<u>\$ 79,571</u>	<u>\$ 41,145</u>

4. Contingencies

Currently, the Company is not involved in any litigation or claims; however, they do arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such claims would not have a significant adverse effect on the financial statements of the Company.

Qualicare of America Inc.
Notes to Financial Statements
(Expressed in U.S. Dollars)

May 31, 2024

5. Financial Instruments

Fair Value

The Company accounts for certain financial assets and liabilities at fair value following the provisions of ASC 820. This Topic applies to certain assets and liabilities that are being measured and reported on a fair value basis. The Topic defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that financial assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 - quoted market prices in active markets for identical assets or liabilities

Level 2 - observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - unobservable inputs that are not corroborated by market data

The fair value of cash, accounts receivable, due from related party and accounts payable and accrued liabilities approximates the carrying value due to the short-term nature of these financial instruments.

Credit Risk

The Company is exposed to credit risk on its cash, accounts receivable and due from related party. The risk is mitigated by maintaining cash with major financial institutions and credit policies that include regular monitoring of the debtor's payment history, aging of the accounts receivable and performance to assess collectibility.

The Company uses the current expected credit loss model in determining provisions for accounts receivable that measures lifetime expected credit losses based on historical loss rates, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

An analysis of accounts receivable, net of impairment provisions, is as follows:

	<u>2024</u>	<u>2023</u>
0 - 30 days	\$ 40,517	\$ 29,679
31 - 60 days	1,634	-
61 - 90 days	3,693	-
91 + days	2,777	350
	<u>\$ 48,621</u>	<u>\$ 30,029</u>

**Qualicare of America Inc.
Notes to Financial Statements
(Expressed in U.S. Dollars)**

May 31, 2024

5. Financial Instruments (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover financial assets. Liquidity risk arises from accounts payable and accrued liabilities. The Company manages this risk by maintaining adequate liquidity to meet operating working capital requirements and regular monitoring of forecasted and actual cash flows.

Qualicare of America Inc.
Financial Statements
(expressed in U.S. Dollars)
For the year ended May 31, 2023

Qualicare of America Inc.
Financial Statements
(expressed in U.S. Dollars)
For the year ended May 31, 2023

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BDO Canada LLP
360 Oakville Place Drive, Suite 500
Oakville ON L6H 6K8 Canada

Independent Auditor's Report

To the Board of Directors of
Qualicare of America Inc.

Opinion

We have audited the accompanying financial statements of Qualicare of America Inc. (the "Company"), which comprise the balance sheet as at May 31, 2023, and the related statements of operations and retained earnings 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 at May 31, 2023, 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.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

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

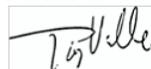
BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
September 13, 2023

Qualicare of America Inc.
Balance Sheet
(expressed in U.S. Dollars)

May 31	2023	2022
Assets		
Current		
Cash	\$ 87,397	\$ 147,534
Accounts receivable	30,029	36,166
Deferred costs	11,071	10,757
Due from related party (Note 1)	296,049	136,846
	424,546	331,303
Deferred costs	285,456	10,010
Deferred tax asset (Note 3)	41,145	35,884
	\$ 751,147	\$ 377,197
Liabilities and Shareholder's Equity		
Current		
Accounts payable and accrued liabilities	\$ 20,723	\$ 27,722
Income taxes payable	15,237	4,313
Deferred revenue	33,350	68,490
	69,310	100,525
Deferred revenue	524,854	119,885
	594,164	220,410
Shareholder's equity		
Share capital (Note 2)	92,000	92,000
Retained earnings	64,983	64,787
	156,983	156,787
	\$ 751,147	\$ 377,197

On behalf of the Board:



Director_____
Director

Qualicare of America Inc.
Statement of Operations and Retained Earnings
(expressed in U.S. Dollars)

For the year ended May 31	2023	2022
Revenue		
Royalties	\$ 277,071	\$ 261,051
Franchise fees	325,021	68,490
Brand fund fees	68,022	51,920
Technology fees	38,500	30,800
Other	2,829	1,398
	<u>711,443</u>	<u>413,659</u>
Expenses		
Management fees (Note 1)	427,153	196,880
Commissions	143,130	70,993
Advertising	88,495	86,163
Professional fees	38,145	50,181
Bank charges and interest	4,161	3,624
	<u>701,084</u>	<u>407,841</u>
Income before income taxes	<u>10,359</u>	<u>5,818</u>
Income taxes (recovery) (Note 3)		
Current	15,424	4,313
Deferred (recovery)	(5,261)	(5,382)
	<u>10,163</u>	<u>(1,069)</u>
Net income for the year	196	6,887
Retained earnings, beginning of year	<u>64,787</u>	<u>57,900</u>
Retained earnings, end of year	<u>\$ 64,983</u>	<u>\$ 64,787</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Qualicare of America Inc.
Statement of Cash Flows
(expressed in U.S. Dollars)

For the year ended May 31	2023	2022
Cash flows from operating activities		
Net income for the year	\$ 196	\$ 6,887
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred taxes (recovery)	(5,261)	(5,382)
Changes in non-cash working capital balances		
Accounts receivable	6,137	(4,590)
Deferred costs	(275,760)	49,534
Accounts payable and accrued liabilities	(6,999)	6,386
Income taxes payable	10,924	(2,978)
Deferred revenue	369,829	30,910
	99,066	80,767
Cash flows from investing activity		
Advances to related party	(159,203)	(1,705)
Increase (decrease) in cash during the year	(60,137)	79,062
Cash, beginning of year	147,534	68,472
Cash, end of year	\$ 87,397	\$ 147,534

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Qualicare of America Inc.
(expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2023

Nature of Business

Qualicare of America Inc. (the "Company") was incorporated under the General Corporation Law of the State of Delaware on May 31, 2011 and operates as the franchisor of the Qualicare franchise. The primary business activity relates to the development of the Qualicare franchise and the offer, sale and support of the franchised business in the private homecare sector. The Company's parent company is Qualicare Franchise Corporation, a company incorporated in Ontario, Canada and its ultimate parent entity is Clear Summit Group Inc. As of May 31, 2023, the Company had 16 (2022 - 11) franchised stores in the U.S.

Basis of Accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers: Topic 606" ("ASC 606"), under which revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive for those goods or services. The Company adopted ASC 606 effective June 1, 2020 using the modified retrospective method, whereby the new standard was applied to all contracts initiated after the effective date.

Initial franchise fee revenue is recognized based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring service to a customer. The total transaction price is allocated to the performance obligations based on the standalone selling price, which is estimated using the relative cost of each performance obligation. As such, the revenue is recognized when the following criteria have been met:

- final payment has been received or is receivable;
- the franchise has executed a franchise agreement or evidence of an agreement exists;
- all substantive performance obligations relating to the sale of a franchise have been performed; and
- the price to the customer is fixed and determinable.

Qualicare of America Inc.
(expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2023

Revenue Recognition
 (continued)

During the year, *ASU 2021-02 Franchisors - Revenue from Contracts with Customers* was released which provided a practical expedient to non-public franchisors to account for pre-opening services provided to a franchisee as distinct from the franchise licenses if the services were consistent with those included in a predefined list within the guidance. The Company has elected to apply this practical expedient retrospectively to January 1, 2019, the date ASU 2019-09 *Revenue from Contracts with Customers* was adopted. As part of the application of the practical expedient the Company recognizes pre-opening services as a single performance obligation. Accordingly, the Company recognizes initial franchise fees once the service related to the performance obligation is performed, which coincides with the completion of the corresponding training of the franchisee's personnel.

Revenue from royalties is recognized over the term of the franchise agreement. The Company satisfies the following conditions under topic ASC 606-10-55-65:

- franchisor uses the IP over the life of the agreement; and
- the performance obligation to provide the continuous services to franchises is satisfied on monthly basis for which it receives sales-based royalty

Accordingly, revenue from royalties are considered as sales-based royalties received in exchange for a license of intellectual property and recognized on monthly basis.

Deferred revenue consists of royalties collected up front and are being recognized over the term of the franchise agreement. Significant changes in the contract liability balances during the year are as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenue - beginning of year	\$ 188,375	\$ 157,465
Amounts billed not recognized	647,900	49,700
Amounts recognized in the year	<u>(278,071)</u>	<u>(18,790)</u>
Deferred revenue - end of year	<u>\$ 558,204</u>	<u>\$ 188,375</u>

Qualicare of America Inc.
(expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2023

Revenue Recognition
(continued)

The Company requires brand payments from franchisees based on a percent of net sales. Brand funds collected are required to be spent for specific advertising purposes. Brand fund revenue is recognized as the underlying sales occur. Advertising expenses are recorded as incurred. Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the statement of operations and retained earnings. When brand fund revenues exceed the related advertising expenses, there is no recovery of a previously recognized deficit of brand fund revenues, advertising costs are accrued up to the amount of revenues.

Technology fees are recognized on the same basis as royalties as the underlying services rendered are not considered distinct from the license of intellectual property.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued and subsequently measured at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Income Taxes

The Company provides for income taxes using the asset and liability method. This approach recognizes the amount of taxes payable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the financial statements and income tax returns.

Deferred income tax assets, net of valuation allowances, are recognized only to the extent that, in the opinion of management, it is more likely than not that deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment of the change.

Qualicare of America Inc.
(expressed in U.S. Dollars)
Summary of Significant Accounting Policies

May 31, 2023

Use of Estimates

The preparation of these financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period.

These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the year in which they become known. Significant estimates and assumptions are used for, but are not limited to the allocation of consideration to performance obligations based on relative stand alone selling price.

Recent Accounting Pronouncements

Adoption of ASC 842 Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which supersedes ASC Topic 840, Leases and creates a new topic, ASC 842 , Leases. The new guidance requires the recognition of lease assets and liabilities for operating leases with terms of more than 12 months. The new standard is effective for the Company as of June 1, 2022.

Issued but not yet adopted

In November 2019, the FASB issued 2019-10 "Financial Instruments - Credit Losses (Topic 326)" to defer the effective dates for private companies, not-for-profit organizations and certain smaller reporting companies applying standards on current expected credit losses. The new effective dates are annual periods beginning after December 15, 2022 for current expected credit losses. In addition, the FASB also issued 2019-11 to address issues raised during the implementation of ASU 2016-03 "Financial Instruments - Credit Losses" (Topic 326): Measurement of Credit Losses on Financial Instruments. The Company is currently in the process of evaluating the impact of adoption of the guidance on the financial statements.

Qualicare of America Inc.
Notes to Financial Statements
(expressed in U.S. Dollars)

May 31, 2023

1. Related Party Balances, Transactions and Economic Dependence

The following table summarizes the Company's related party balances as at May 31, 2023 and 2022:

	2023	2022
Qualicare Franchise Corporation	\$ 296,049	\$ 136,846

The amount due from related party as summarized above is unsecured, non-interest bearing and due on demand.

The Company has an agreement with Qualicare Franchise Corporation ("QC"), whereby QFC will provide certain services to the Company. The services provided by QFC are subject to management fees for franchise assistance, operating support services and licence services. During the year, the Company incurred management fees of \$427,153 (2022 - \$196,880) related to these services.

Approximately 60% (2022 - 48%) of the costs were paid to related entities and management expects this relationship to continue.

All related party transactions were carried out in the normal course of operations at the amount of consideration established and agreed to by the related parties.

2. Share Capital

	2023	2022
Authorized 1,500 Common shares		
Issued 1,500 Common shares, no par value	\$ 92,000	\$ 92,000

Qualicare of America Inc.
Notes to Financial Statements
(expressed in U.S. Dollars)

May 31, 2023

3. Income Taxes

A reconciliation between income tax expense and the product of accounting income before income taxes multiplied by the Company's blended income tax rate for the years ending May 31 are as follows:

	<u>2023</u>	<u>2022</u>
Income (loss) before income taxes	\$ 10,359	\$ 5,818
Effective statutory combined rate	<u>21.0 %</u>	<u>21.0 %</u>
Income taxes	2,175	1,222
Deferred revenue	6,757	(2,444)
Other	<u>1,231</u>	<u>153</u>
Income tax (recovery)	<u>\$ 10,163</u>	<u>\$ (1,069)</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets is as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenue	\$ 44,820	\$ 39,559
Other	<u>(3,675)</u>	<u>(3,675)</u>
	<u>\$ 41,145</u>	<u>\$ 35,884</u>

4. Contingencies

Currently, the Company is not involved in any litigation or claims; however, they do arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such claims would not have a significant adverse effect on the financial statements of the Company.

Qualicare of America Inc.
Notes to Financial Statements
(expressed in U.S. Dollars)

May 31, 2023

5. Financial Instruments

Fair Value

The Company accounts for certain financial assets and liabilities at fair value following the provisions of ASC 820. This Topic applies to certain assets and liabilities that are being measured and reported on a fair value basis. The Topic defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. This Topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that financial assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 - quoted market prices in active markets for identical assets or liabilities

Level 2 - observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - unobservable inputs that are not corroborated by market data

The fair value of cash, accounts receivable, due from related party and accounts payable and accrued liabilities approximates the carrying value due to the short-term nature of these financial instruments.

Credit Risk

The Company is exposed to credit risk on its cash, accounts receivable and due from related party. The risk is mitigated by maintaining cash with major financial institutions and credit policies that include regular monitoring of the debtor's payment history and performance.

Liquidity Risk

Liquidity risk is the risk that the Company encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover financial assets. Liquidity risk arises from accounts payable and accrued liabilities. The Company manages this risk by maintaining adequate liquidity to meet operating working capital requirements and regular monitoring of forecasted and actual cash flows.

6. Comparative figures

Certain comparative figures have been reclassified to conform with the method of presentation adopted for the current year.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Qualicare of America Inc.

Unaudited Financial Statements

August 31, 2024

(expressed in U.S. Dollars)

Qualicare of America Inc. (Unaudited)
 Balance Sheets
 At Aug 31, 2024 and May 31, 2024
 (expressed in U.S. Dollars)

	Aug 31, 2024 \$	May 31, 2024 \$
Assets		
Current Assets		
Cash	90,082	122,555
Accounts Recievable	44,011	48,621
Deferred Cost	14,317	14,317
Receivable from associated companies	504,703	443,987
	<u>653,113</u>	<u>629,480</u>
Deferred Cost	369,073	369,073
Deferred tax asset	79,571	79,571
	<u>1,101,757</u>	<u>1,078,124</u>
Liabilities		
Current Liabilities		
Accounts pyable and accrued liabilities	119,258	127,939
Income tax payable	31,540	31,540
Deferred revenue	40,230	38,320
	<u>191,028</u>	<u>197,799</u>
Deferred revenue	722,449	693,199
	<u>913,477</u>	<u>890,998</u>
Shareholder's Equity		
Capital stock	92,000	92,000
Retained earnings	96,281	95,126
	<u>188,281</u>	<u>187,126</u>
	<u>1,101,757</u>	<u>1,078,124</u>

Qualicare of America Inc. **(Unaudited)**
Statements of Income and Retained Earnings
For the period ended Aug 31, 2024 and May 31, 2024
(expressed in U.S. Dollars)

	Aug 31,	May 31,
	2024	2024
	\$	\$
Revenue		
Royalties	108,748	342,568
Franchise fees	-	86,460
Brand fund fees	27,772	155,516
Technology fees	11,550	44,750
Service Revenue	976	3,816
	<u>149,047</u>	<u>633,110</u>
Expenses		
Management and licensing fees	56,562	392,934
Commissions	-	42,957
Advertising	47,370	9,612
Professional fees	42,917	153,731
Bank interest, and service charges	1,042	4,056
	<u>147,892</u>	<u>603,290</u>
Income (loss) before income taxes	<u>1,155</u>	<u>29,820</u>
Income taxes		
Current	-	38,103
Deferred	-	(38,426)
	<u>-</u>	<u>(323)</u>
Net income (loss)	<u>1,155</u>	<u>30,143</u>
Retained earnings - Beginning of year	<u>95,126</u>	<u>64,983</u>
Retained earnings - End of year	<u>96,281</u>	<u>95,126</u>

EXHIBIT E-1
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT



QUALICARE OF AMERICA, INC.

FRANCHISE AGREEMENT

QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

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DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

Territory: _____

Telephone Number: _____

Facsimile Number: _____

Initial Franchise Fee: _____

IF FRANCHISEE IS AN ENTITY:

Type of Business Entity (check one):

Limited Liability Company

Corporation (C Corp or S Corp)

Partnership or Limited Liability Partnership

Other: _____

State in which organized: _____

Owner Name: Ownership Percentage:

_____ %

_____ %

QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective this _____ day of _____, ~~20~~, _____ (the “Effective Date”), by and between Qualicare of America, Inc., a Delaware corporation, with its principal business address at _____ (“Franchisor” or “we”) and the Franchisee identified in the attached Data Sheet (“Franchisee” or “you”).

RECITALS

A. Franchisor and its principals and affiliates have expended a considerable amount of time, effort, and money to develop a system for the operation of a unique business (the “Franchised Business” or “Qualicare Business”) which offers personal care and companion care services, including companionship and conversation, meal preparation, light housekeeping, transportation, and telephone answering services the (“Personal Services”), medical services (the “Home Healthcare Services”) provided by healthcare personnel, including nurses, licensed practical nurses, certified nursing assistants, home health aides, personal care aides and companions to seniors and other adults with chronic or acute illnesses and supplemental healthcare staffing services provided to institutional clients (which include, without limitation, facilities such as hospitals, nursing homes, rehabilitation centers, long term healthcare centers and clinics) or government clients (collectively, the “Services”); and

B. Franchisor is engaged in the business of granting franchises to operate Qualicare Businesses; and

C. Franchisee desires to enter into an agreement with Franchisor to obtain the rights to operate a Franchised Business using the system developed by Franchisor or its affiliate, including standards and procedures for the provision ~~Personal Services and Home Healthcare~~ of the Services, and strategies for client management in the manner set forth in this Agreement and in the Operations Manual provided by Franchisor and modified from time to time (the “System”). The System also offers unique sales techniques, marketing and advertising programs, and procedures for the operation and management of a Qualicare Business; and

D. Franchisor and its franchisees use various trade names, trademarks and service marks including, without limitation, the trademark “Qualicare,” “Qualicare 360” and “360°CaseManagement” in connection with the System (the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System shall be owned exclusively by Franchisor or its affiliate and be used for the benefit of Franchisor, its affiliate and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder; and

E. Franchisee has applied to Franchisor for a franchise to operate a Qualicare Business and such application has been approved in reliance upon all of the representations made therein; and

F. Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor are essential to the operation of the Qualicare Business and to the operations of the System.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a franchise for the right to establish and operate one Qualicare Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different services and ancillary products as Franchisor may specify.

1.2 **Approved Location.** Franchisee may operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

1.3 Territory.

1.3.1 Franchisee shall acquire the right to offer and sell the services of the Franchised Business only to clients who are located in Franchisee's "Territory," as identified in the Data Sheet of this Franchise Agreement. The boundaries of the Territory will not change, even if the population within the Territory increases or decreases. Provided that Franchisee is actively engaged in the Franchised Business and in good standing, Franchisor will not establish or license any other party to establish a Qualicare Business within Franchisee's Territory, and will no longer authorize other System franchisees who previously obtained clients in Franchisee's Territory to solicit new clients in Franchisee's Territory. Prior to entering into this Agreement, certain franchisees under the System acquired clients located outside of their territories, which may include areas within Franchisee's Territory. Franchisee acknowledges and agrees that other System franchisees may continue to service their pre-existing clients located in Franchisee's Territory, if applicable.

1.3.2 Franchisor reserves all rights not specifically granted in this Agreement. Franchisee expressly understands and agrees that this means that Franchisor and Franchisor's affiliates shall, among other things, have the right, in Franchisor's sole discretion, to: (i) own, operate and license others to own and operate, Qualicare Businesses at any location(s) outside Franchisee's Territory under the same or different marks; (ii) own, operate and license others to own and operate different businesses under different marks inside or outside Franchisee's Territory; (iii) use the Proprietary Marks and System in connection with ancillary services and products, promotional and marketing efforts without regard to location; (iv) own and operate and license others to own and operate businesses that offer Personal Services and Home Healthcare Services using different proprietary marks within or outside of the Territory; and (v) use the Proprietary Marks, Proprietary Software, and System, and license others to use the Proprietary Marks, Proprietary Software, and System to engage in any other activities not expressly prohibited in this Agreement.

1.3.3 Franchisee may not solicit clients and/or advertise outside the Territory or deliver any products or services to any destination outside the Territory without Franchisor's prior written consent. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iii) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically identified in this Agreement.

1.4 **Alternative Services.** Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Territory by Franchisor, Franchisor's affiliates, or Franchisor's franchisees, licensees or designees, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute

such products or services as described in this Section 1.4; or (ii) to share in any of the proceeds received by any such party therefrom.

1.5 **National Account Sales.** Franchisor shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to “National Account” clients, including any affiliate, Franchisor owned, or franchised locations within the Territory.

1.5.1 The term National Account means any client which on its own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including institutional clients such as hospitals, senior citizen centers, senior day care facilities, nursing homes, and hospices, whose physical presence and/or clientele are not confined within any one particular franchisee’s Territory regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular client is a National Account shall be determined by Franchisor in its sole discretion and Franchisor’s determination shall be final and binding.

1.5.2 Following the execution of a contract with or the acceptance of a bid by a National Account client which contemplates the provision of services to one or more National Account locations or National Account clientele within or outside of the Territory, Franchisor will, if Franchisee is qualified to perform the services ~~and conditioned upon Franchisee’s substantial compliance with the terms of this Agreement and any addenda~~, provide Franchisee the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its discretion determines is appropriate. To participate in the National Accounts program, Franchisee must meet the following qualifications: (i) be in compliance with this Agreement and all other agreements you have entered into with us; (ii) submit all required documents to us, including but not limited to proof of insurance, a W-9 form, EIN notice, and any other documentation we may request and/or periodically require; (iii) have the necessary training, licenses, certifications etc., to provide Services to the National Account; and (iv) satisfy any additional training requirements we designate as a condition of participation in the National Account program.

1.5.3 If Franchisee elects not to provide services to a National Account client in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by Franchisor, after being offered the opportunity by Franchisor, Franchisor shall have the right, exercisable in its sole discretion, to:

1.5.3.1 Provide, directly or through any affiliate, other licensee or franchisee utilizing the Proprietary Marks, services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

1.5.3.2 Contract with another party to provide such services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account client, utilizing the Franchisor’s Proprietary Marks or any other trademarks, service marks or trade names.

1.5.3.3 Neither the direct provision by Franchisor (or an affiliate, franchisee, licensee, or agent of Franchisor) of services to National Account clients as authorized in Section 1.5.3.1 above, nor Franchisor’s contracting with another party to provide such services as authorized in 1.5.3.2 above, shall constitute a violation of this Section 1 relating to territorial ~~exclusivity rights~~ even if such services are delivered from a location within the Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Territory pursuant to this section.

~~compensation or consideration for work performed by others in the Exclusive Territory pursuant to this section.~~

1.5.4 Franchisor may provide National Account sales services including the marketing and sales of Services to institutions, associations and organizations that are national or regional in scope, whereby Franchisee would be able to deliver services, in the Territory, through that contract or adjacent to a national agreement that Franchisor may secure with the National Account. All Gross Sales generated by Franchisor with a National Account and serviced by Franchisee will be subject to a fee of one percent (1%).

1.6 **Minimum Annual Gross Sales Requirement.** Franchisee’s right to operate a Qualicare Business within the protected Territory is dependent upon Franchisee’s achievement of the following minimum annual ~~gross sales~~Gross Sales requirements in the operating years listed below (the “~~Minimum Annual Gross Sales~~Performance Requirement”):

Year of Operations	Minimum <u>Performance Requirement of Annual Gross Sales</u> Requirement Per Territory
2 nd Year	\$200,000
3 rd Year	\$300,000
4 th Year	\$400,000
<u>5th Year</u>	<u>\$500,000</u>
<u>6th Year</u>	<u>\$500,000</u>
<u>7th Year</u>	<u>\$600,000</u>
<u>8th Year</u>	<u>\$600,000</u>
<u>9th Year & and Thereafter (including any renewal terms)</u>	<u>\$750,000</u>

1.6.1 Franchisee’s minimum annual Gross Sales will be calculated by adding the sum of Franchisee’s monthly gross sales per Territory during each operating year. ~~Franchisor will notify Franchisee of its non-compliance within 30 days after the end of each operating year.~~

1.6.2 ~~Failure to~~If you do not achieve the Minimum ~~Annual Gross Sales~~Performance Requirement ~~during an operating year, we will constitute~~have the right to require you to implement a material default of this Agreement unless revenue improvement program that we will specify, which may include, among other things, engaging in specified marketing activities. ~~If~~ within ~~60 days, the Franchisee outlines the~~ first six (6) months following a ~~plan to year in which you do not~~ achieve the Minimum ~~Annual Gross Sales~~Performance Requirement, ~~which is agreed to~~ you have not (on an annualized basis) achieved the Minimum Performance Requirement (whether or not we required and approved by the Franchisor. Otherwise, Franchisor has the right to /or you participate in a revenue improvement program), we will have the right to: (i) reduce the size of the Territory (with a corresponding and commensurate adjustment in the Minimum Performance Requirement); or (ii) terminate this Agreement ~~and/or to grant additional franchises within the Territory to third parties. Upon termination of this Agreement, all rights granted to Franchisee end.~~

1.7 **Certification Program and Qualification Requirements.** Franchisor reserves the right, but is not obligated to, establish one or more certificate programs through which franchisees may be authorized to provide any additional services which Franchisor may now or in the future designate in connection with System (“Certification Program”), including comprehensive care and medical services to in-home clients or institutional clients, such as hospitals, nursing homes and clinics. All certificate programs will be designated as such in Franchisor’s Operations Manual, as amended from time to time.

1.7.1 **Program Participation Requirements.** Franchisee acknowledges and agrees that Franchisee's participation in any Certification Program will be subject to the terms and conditions of such programs. Those terms and conditions may include, but will not be limited to the following:

1.7.1.1 Franchisee's compliance with the provisions of this Agreement and any other agreement between Franchisee and Franchisor, Franchisor's affiliates and Franchisee's substantial compliance with all such agreements during their respective terms;

1.7.1.2 Execution of Franchisor's then-current Certification Program Addendum, Which may require a Certification Program initial fee, additional or alternative Program Fees or royalty payments, and additional marketing requirements;

1.7.1.3 Franchisee's purchase or lease of additional equipment, inventory, and insurance meeting Franchisor's then-current standards and specifications;

1.7.1.4 Franchisee's satisfactory completion of Franchisor's training program, if any, for any Certification Program. Franchisee hereby acknowledges and agrees that Franchisee will be responsible for all travel, meal and lodging costs associated with Franchisee and Franchisee's employees' attendance at such training programs;

1.7.1.5 Franchisee's acquisition of any required licenses and permits necessary for the provision of Certification Program products and services; and

1.7.1.6 Any other requirements Franchisor deems necessary and appropriate in connection with Franchisor's Certification Program.

1.7.2 Franchisee hereby acknowledges and agrees that Franchisor may include a particular Certification Program as part of its standard offering now or in the future, or offer a Certification Program through a separate franchise offering using the Proprietary Marks or any other marks Franchisor may designate.

1.7.3 In the event that Franchisee is in default of this Agreement, or the Certification Program Addendum, and fails to cure such defaults within the time frame prescribed in such agreements, Franchisor may revoke Franchisee's Certification and/or require re-Certification if, in Franchisor's judgment, Franchisee's performance warrants such action(s).

1.7.4 In the event that Franchisee is unable or unwilling to participate in a Certification Program, Franchisee acknowledges and expressly understands and agrees that Franchisor, Franchisor's other franchisees, or any third party designated by Franchisor may perform Certification Program services within Franchisee's Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Territory pursuant to this Section.

1.7.5 This Section 1.7 does not constitute a right of first refusal for any additional franchise programs which Franchisor may now or in the future create.

2. **TERM AND RENEWAL**

2.1 **Term.** The initial term of the Franchise is for a period of ten (10) years, which will begin on the date that Franchisor signs this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for three (3) successive,

additional five (5) year periods, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least one hundred eighty (180) days prior to the expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, no later than ninety (90) days prior to the expiration of the then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business premises, and any updates to QPID and accompanying Third Party materials, required to bring the Business and all equipment into full compliance with Franchisor's then-current System standards and specifications;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees and branding fund obligations;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, as of the date of such renewal, if any;

2.2.8 Franchisee signs a general release, in the form Franchisor prescribes. The release shall not be inconsistent with any applicable state statute regulating franchises; and

2.2.9 Franchisee pays Franchisor a renewal fee of six thousand five hundred dollars (\$6,500).

3. FEES

3.1 **Initial Franchise Fees.** Upon execution of this Agreement, Franchisee shall pay an initial franchise fee in the amount set out in the Data Sheet at the beginning of this Agreement via certified check or wire transfer in immediately available federal funds ("Franchise Fee") to Franchisor. The ~~initial franchise fee~~ [Franchise Fee](#) is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others.

3.2 **Royalty Fee.** From the commencement of operations, for each territory, Franchisee must pay Franchisor a royalty on or before the 15th of each month in the amount of five percent (5%) of Franchisee's "Gross Sales" from the prior month (the "Royalty"). Beginning the 7th month of operation, Franchisee must pay Franchisor a [minimum](#) monthly Royalty in an amount which is the greater of: (i) five percent (5%) of Gross Sales, or (ii) six hundred dollars (\$600) per Territory. Beginning with the 13th month of operation, Franchisee must pay Franchisor a [minimum](#) monthly Royalty in an amount [which is](#) the greater of: (i) five percent (5%) of Gross Sales, or (ii) one thousand two hundred dollars (\$1,200) per Territory.

“Gross Sales” includes all revenues Franchisee generates from all business conducted at, from, or through the Franchised Business during the preceding reporting period, including amounts received from the sale and delivery of services, products, merchandise, and tangible property of any nature whatsoever, whether in cash or for credit, and whether collected or uncollected. “Gross Sales” does not include the amount of any applicable sales tax imposed by any federal, state, municipal or other governmental authority if such taxes are stated separately when the client is charged, and Franchisee pays such amounts as and when due to the appropriate taxing authority. Gross Sales also does not include corrections for errors and billings, and any reductions Franchisee may choose to make to maintain client relationships and goodwill. Also excluded from Gross Sales are the amount of any documented refunds, charge backs, disbursements paid on behalf of clients, as well as credits and allowances given to clients in good faith pursuant to Franchisor’s standard procedures for issuing such refunds. All barter and exchange transactions for which Franchisee furnishes services or products in exchange for goods or services to be provided to Franchisee by a vendor, supplier or client will be valued at the full retail value of the goods or services provided to Franchisee.

3.3 ERP Software Maintenance Fee. Franchisee must pay a monthly fee for licensing of our ERP, our operational software program (the “Software License Fee,” \$12.00 per active client per month with a minimum monthly payment of \$120.00). The Software License Fee is presently payable on the 1st of each month. Franchisee must pay the Software License Fee directly to our Approved Supplier. Franchisee shall pay the Software License Fee according to the then-current payment schedule; provided, however that Franchisor reserves the right, in Franchisor’s sole and absolute discretion, to require Franchisee to pay the fee directly to Franchisor in the same manner as the Royalty Fees are due under this Agreement, to change the designated service provider, and/or to increase the amounts of the Software License Fee.

3.4 Manner of Payment. Unless otherwise agreed between Franchisor and Franchisee, all fees and other amounts paid to Franchisor or any affiliate shall be made in the form of an electronic or similar funds transfer in the appropriate amount(s) from Franchisee’s bank account. Franchisor reserves the right to require Franchisee to pay any fees due under this agreement at any intervals Franchisor may designate and by such means as Franchisor may specify from time to time. Franchisee agrees to execute and deliver to its bank and to Franchisor those documents necessary to authorize such withdrawals and to make payment or deposit as directed by Franchisor. A form of authorization for electronic transfer of funds is attached hereto as Exhibit D. Franchisee further agrees that it will not thereafter terminate such authorization so long as the Franchise Agreement is in effect. Franchisee agrees that it will not close such bank account without prior notice to Franchisor and the establishment of a substitute bank account permitting such withdrawals. Franchisee also agrees that in the event that a direct electronic funds transfer or other withdrawal program is not available at the bank at which it currently does its business, it will take all reasonable and necessary steps to establish an account at a bank which does have such a program.

3.5 Insufficient Funds. If any check or other form of payment is not honored, Franchisee will be responsible for the amount of the payment plus any service charges Franchisor incurs.

3.6 Failure to Pay Fees in a Timely Manner. Any late payment or underpayment of the Royalty, Brand Development Fee, Invoicing Fee, and any other charges or fees Franchisee owes Franchisor or Franchisor’s affiliates, will bear interest from the due date until paid at a rate of three (3%) per month. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor’s sole judgment, any other rights or remedies available to Franchisor under this Agreement.

3.7 Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

3.8 **Technology Fee.** In addition to the fees set forth above, Franchisee agrees to pay Franchisor or Franchisor's designated vendor(s) a fee associated with website maintenance, intranet, social media profiles, telephone system setup, software licenses, ongoing website marketing and required technology used in the operation of the Franchised Business. Such payment shall be made in the manner prescribed by Franchisor or Franchisor's designated vendor(s), as applicable. Franchisee must pay Franchisor a non-refundable initial technology set-up fee of between \$1,500 and \$4,000 (depending on the Services to be provided by the Franchised Business) before attending initial training. This fee covers the initial costs associated with the set-up of your website, intranet, and social media profiles. Franchisee agrees to pay and authorizes Franchisor and/or its designated vendors to charge a recurring monthly technology fee, currently ~~\$350~~425 and currently due on the 15th day of the preceding month (the "Technology Fee"). The Technology Fee covers the ongoing monthly costs for website maintenance, intranet, and software licenses- (but not including third party accounting software and ERP software). Franchisor has the right to increase or decrease the Technology Fees based on changes in Franchisor's vendor's pricing and Franchisor's technology needs. Franchisor reserves the right to impose, and Franchisee agrees to pay, additional fees, as changes are made to the System's technology platforms, including computer hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency, or otherwise require Franchisee to pay the Technology Fee to a third party vendor.

4. PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only at the Approved Location and in marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name followed by the phrase "an independently owned and operated Qualicare business." Franchisee must promptly register at the office of the county in which ~~Franchisee's~~the Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Approved Location is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, client forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Approved Location.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or

indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, or any ~~proprietary software~~ Proprietary Software (as defined in Section 7.~~8~~9.1 below). Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks.

4.1.~~9~~8.1 Franchisee expressly understands and acknowledges that ÷

~~4.1.9.1~~—Franchisor owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Marks or Proprietary Materials does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks or Proprietary Materials;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks and Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Proprietary Marks itself in connection with selling products and services; (ii) to grant other licenses for the Proprietary Marks; and (iii) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

4.2 Litigation Involving the Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

5. CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers a trade secret and confidential information, including the Proprietary Software (“Confidential Information”). Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, methods and techniques for providing Personal Services, Home Healthcare Services or 360⁰ Case Management trade secrets, online and Home Office Training, the company’s client lists, copyrighted materials, methods, processes and other techniques and know-how concerning the operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee’s operation of the Business. ~~Franchisee acknowledges~~ The parties acknowledge and agree that certain ~~information regarding clients, including~~

~~(i) current client and prospective client names and addresses, (ii) information about credit extensions to clients, (iii) client service purchasing histories, (iv) rates charged to clients (subsections (i)-(iv) collectively “Client Lists”);~~ Data (as defined below) is PHI (as that term is defined under the Health Insurance Portability and Accountability Act of 1996 and ~~(v)~~ the rules and the regulations thereunder, as amended (“HIPAA”), and to the extent particular Client Data is PHI, it is subject to the Business Associate Agreement between Franchisor and Franchisee. All other Client Data, as well as sources of suppliers ~~also,~~ constitute Franchisor’s trade secrets and ~~confidential information.~~ Confidential Information. Franchisee may divulge ~~such~~ Franchisor’s Confidential Information and trade secrets only to such of Franchisee’s employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement. Franchisee further acknowledges and agrees to maintain the full and strictest confidentiality of all ~~client information~~ Client Data. In this Agreement, “Client Data” means all information regarding clients, including: (i) current client and prospective client names and addresses, (ii) information about credit extensions to clients, (iii) client service purchasing histories, and (iv) rates charged to particular clients.

5.2 **Employees.** At Franchisor’s request, Franchisee must require Franchisee’s officers, directors, 360⁰ Case Managers, General Manager, Specially-Trained Management Person (s), and any personnel having access to any of Franchisor’s Confidential Information to execute the Confidentiality and Restrictive Covenant Agreement attached ~~hereto~~ to this Agreement as Exhibit C. The Confidentiality and Restrictive Covenant Agreement provides that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee.

5.3 **New Concepts.** If Franchisee, Franchisee’s employees, or principals develop any new concept, processes, or improvements in the operation or promotion of the Franchised Business or Proprietary Software, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee’s principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee’s principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee’s principals hereby irrevocably designate and appoint Franchisor as Franchisee’s agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.3 are found to be invalid or otherwise unenforceable, Franchisee and

Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6. FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual.** Franchisor will provide Franchisee with on-line access to Franchisor's proprietary and confidential Operations Manual and any other manual Franchisor may now or hereafter designate for use in operating a Business (collectively the "Operations Manual"). Franchisee shall operate the Franchised Business in strict compliance with the Operations Manual, as it may be reasonably changed from time to time. The Operations Manual shall remain confidential and Franchisor's exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Operations Manual. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. If there is a dispute relating to the contents of the Operations Manual, the master on-line copy, which Franchisor maintains, will control. Franchisor reserves the right to disclose updates to the Operations Manual in writing in any manner, including electronic means such as e-mail, Franchisor's website and any intranet or extranet that Franchisor establishes in connection with the System. Franchisee must operate the Franchised Business in accordance with all applicable federal, state, and local laws, regulations, and ordinances. Franchisee acknowledges that Franchisee has conducted a thorough independent investigation into all such laws and regulations with the advice of an attorney or other qualified advisor. Franchisee must obtain Franchisor's written consent prior to deviating from any of Franchisor's standards and specifications to comply with any law or regulation, which approval will not be unreasonably withheld.

6.2 **Equipment Selection.** Franchisor will provide Franchisee with specifications and requirements for computer hardware, software, and other electronic equipment required to operate the ~~Franchisee's Qualicare~~ Franchised Business.

6.3 **Start-up and Ongoing Inventory and Supplies.** Franchisor will provide specifications for and designate sources of supply from which Franchisee agrees to purchase inventory and other supplies necessary for the start-up and ongoing operations of ~~Franchisee's~~ Franchised Business, including stationery, marketing collateral and display materials.

6.4 **Pre-opening Marketing.** Franchisor will help plan Franchisee's grand opening campaign. Franchisor, at its sole discretion, may provide graphic designs, layouts and written copy for marketing material, which Franchisee may use (Franchisee must pay production costs for items such as advertisements and other promotional material for ~~Franchisee's~~ the Franchised Business address). Franchisor will make available for sale the Start-Up Marketing Kit (as described in Section 12.4).

6.5 **Ongoing Assistance.** Franchisor will provide Franchisee continuing consultation and advice as Franchisor deems necessary and appropriate regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, in person or by intranet communication.

6.6 **Toll Free Telephone Number.** Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming client orders nationwide, customer service, and client follow-up and satisfaction surveys. If Franchisor establishes a toll free number, Franchisee must comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Operations Manual or otherwise in writing and Franchisee may have to pay a fee related to the establishment, operation and maintenance of the toll free telephone number.

6.7 **Conferences.** Franchisor may, in Franchisor's discretion, hold an Annual Conference,

Regional Conferences or other training sessions at locations to be selected by Franchisor. Franchisor shall determine the topics and agenda for any such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding Business operations and programs, and recognizing franchisees for their achievements. We will provide one free ticket to your first annual conference. After your first year of operation, you will be billed on a monthly basis for the cost of one ticket to the upcoming annual conference. If you fail to attend the annual conference, the cost of the ticket will not be refunded to you. Franchisor may require Franchisee to attend the Annual Conference, Regional Conferences or other training sessions and to pay Franchisor's then-current registration fee. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the conference or training session, and lodging, meals, and salaries during the event, are Franchisee's sole responsibility. Franchisor may use expenditures from the Branding Fund for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

6.8 Refresher/On-going Training. Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses upon a significant change to the Franchise System. Franchisor may require Franchisee and Franchisee's employees to attend such training at its then-current fee for providing such training. All expenses, including Franchisee and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility provided that such expenses shall not exceed \$2,000.00 per year.

7. FRANCHISEE'S OBLIGATIONS

7.1 Site Location and Lease Approval. Before opening, you are required to obtain a registered business address in your Territory that we approve in writing, which must not be the same as your home address. For the first year of operations, you may operate the Franchise Business from home using the registered business address and will not be required to lease commercial office space unless you choose to or the laws and regulations applicable to your Business prevent you from operating the Business from your home. Beginning in the second year of operations, you must secure commercial office space for the operation of the Franchised Business. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the commercial office space ("Lease") prior to execution, approval of which will not be unreasonably withheld. Neither Franchisor's review of the Lease, nor Franchisor's acceptance of the site Franchisee has selected, constitutes a representation or guarantee that Franchisee will succeed at the selected Approved Location or an expression of Franchisor's opinion regarding the terms of the Lease. Franchisor encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Franchised Business premises.

7.1.2 Relocation. If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate ~~Franchisee's~~ the Franchised Business to a mutually acceptable site within Franchisee's Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location.

7.23 Training. Franchisee (or Franchisee's principal, as applicable) or Franchisee's lead manager for the Franchised Business (the "General Manager,") if applicable and Franchisee's Nurse (if applicable), must attend and successfully complete Franchisor's Initial Training Program, as set forth in Section 8 of this Agreement.

7.34 Opening Requirements. Franchisee shall commence operations of the Franchised Qualicare of America, Inc. Franchise Agreement PK229179.3 Oct. 12, 2023)

Business within 12 months from the date Franchisor signs this Agreement.

7.45 **Purchasing Requirements.**

7.45.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use signs, furnishings, supplies, fixtures, equipment and inventory which comply with Franchisor's then-current standards and specifications (including, without limitation, standards and specifications for computer hardware and software, as well as other equipment and inventory items, furnishings, fixtures, and signage) which Franchisor establishes from time to time. Franchisor has the right to change Franchisor's standards and specifications in Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.45.2 Designated and Approved Suppliers. Recognizing that preservation of the System depends upon service and product uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase products and services, including (but not limited to) certain signs, furnishings, supplies, fixtures, computer hardware and software, and services from Franchisor or from approved or designated third party suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing. Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, approved supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit on any items that Franchisor, Franchisor's affiliates or Franchisor's approved suppliers provide to Franchisee.

7.45.3 Supplier Approval. In the event Franchisee wishes to purchase any approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee or the supplier must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will notify Franchisee of approval or disapproval within 15 business days of receiving all requested information. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's the Franchised Business and not for any competitive business purpose.

7.45.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may offer certain services (such as credit and background check services and asset identification services) or certain products such as furnishings, supplies, fixtures, equipment and inventory

according to Franchisor's proprietary standards and specifications or private label goods which Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such services and products are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due.

7.56 Authorized Products and Services. Franchisee shall offer for sale all services and products which Franchisor prescribes and only those services and products which Franchisor prescribes. Franchisee may not offer any other services for sale or products for sale, rent, or lease without having received Franchisor's prior written authorization.

7.67 Operations.

7.67.1 Franchisee must operate ~~Franchisee's~~the Franchised Business for at least those months, hours and days that Franchisor specifies in the Operations Manual.

7.67.2 Franchisee must operate the Franchised Business in accordance with all applicable requirements of law, including all federal, state and local laws or regulations, and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

~~7.6.2-17.3~~ Franchisee shall provide ~~Personal Services, Home Healthcare~~ Services and our 360⁰ Approach strictly in accordance with Franchisor's techniques and processes for providing such services, as Franchisor may state in the Operations Manual or otherwise in writing and in compliance with all applicable laws and regulations. Such services may only be sold using Franchisor's marketing plan and concept. Franchisee acknowledges that such operational procedures are integral to the System and failure to strictly adhere to such procedures shall be detrimental to the System and Proprietary Marks and shall constitute a default of this Agreement.

~~7.6.3~~**7.4** Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System and to receive any necessary state healthcare licensing. All employees, engaged in the operation of ~~Franchisee's~~the Franchised Business during working hours shall dress conforming to Franchisor's standards, shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the clients of the Business.

~~7.6.4~~**7.5** Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual, and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized in ~~Franchisee's~~the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed and promulgated as part of Franchisor's Franchise System.

~~7.7.6-5~~ ~~Franchisee (or at least one of Franchisee's principals if Franchisee is~~ Operating Principal and Management

7.7.6.1 If you are a corporation or partnership or LLC, you must personally have an individual owner serve as your "Operating Principal." The Operating Principal must supervise the day-
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~~to-day operations~~ operation of the Franchised Business and must own at least fifty percent (50%) of the Franchised Business. ~~Franchisee (or~~ voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Operating Principal to hold a smaller interest. The Operating Principal must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit A. You may not change the Operating Principal without our prior written approval.

7.7.6.2 The Franchised Business must ~~at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote~~

~~Franchisee's personal~~ all times be under the active full-time ~~attention~~ management of either you (or, if you are an entity, the Operating Principal) who has successfully completed (to our satisfaction) our initial training program. You (or, if you are an entity, the Operating Principal) shall devote, full time and best efforts to the management and operation of the Franchised Business.

7.7.6.3 Franchisee may, however, delegate the day-to-day operation of the Franchised Business to a ~~manager~~ (“Specially-Trained Management Person. Specially-Trained Management Personnel” is agreed to mean your General Manager”), and/or any other employees of the Franchised Business who have completed all training and possess the qualifications necessary to the management and/or service roles that we require for their positions. Franchisor must approve Franchisee’s ~~General Manager~~ Specially Trained Management Person in writing prior to hiring and ~~Franchisee or Franchisee’s General Manager~~ You (or, if you are an entity, the Operating Principal) and your Specially-Trained Management Person must successfully complete Franchisor’s initial training program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor’s initial training program as set forth in Section 8.2. In the event that Franchisee operates more than one Franchised Business, Franchisee shall have a ~~properly trained General Manager who has been approved by Franchisor~~ Specially-Trained Management Person at each location. Franchisee shall keep Franchisor informed at all times of the identity of any employee acting as ~~General Manager~~ a Specially-Trained Management Person of the Franchised Business. In the event that a ~~General Manager~~ Specially-Trained Management Person resigns or is otherwise terminated from the Franchised Business, Franchisee shall hire a replacement approved of in writing by Franchisor who meets Franchisor’s then current standards for ~~General Managers~~ Specially-Trained Management Persons within thirty (30) days after termination or resignation of the prior ~~General Manager~~ Specially-Trained Management Person. The new ~~General Manager~~ Specially-Trained Management Person must complete initial training to Franchisor’s satisfaction within sixty (60) days of hiring, subject to the availability of Franchisor’s personnel. ~~Any General Manager~~ Any Specially-Trained Management Person(s) shall devote full time and best efforts to the day-to-day operation and management of the Business and shall not engage in any other business activity without Franchisor’s prior written consent.

~~7.6.7.7~~ Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee’s duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

~~7.6.7.8~~ All persons providing services to clients must be employed by Franchisee and be covered under Franchisee’s insurance policies, and may not be classified as independent contractors.

~~7.6.8.7.9~~ Not later than thirty (30) days after the opening of the Franchised Business, Franchisee shall purchase or lease the automobile required and specified by Franchisor for the Franchised Business. Such vehicle shall be outfitted, wrapped and/or decaled to Franchisor’s specifications. Franchisee shall ensure that, at all times, the automobile is properly insured, according to Franchisor’s standards and/or as mandated by applicable laws and regulations, and is properly maintained and in good working order and Franchisee shall promptly pay all license and use charges and taxes assessed on or pertaining to such automobile, and shall hold Franchisor harmless therefrom. The automobile must be kept in a neat and clean condition at all times, performing scheduled maintenance as recommended by the manufacturer and repairing all malfunctions promptly. If Franchisee replaces any automobile during the Term or any Renewal Term of this Agreement, Franchisee shall inform Franchisor of any such replacement;

~~7.6.9.7.10~~ In addition, Franchisee and all of Franchisee’s employees must (a) undergo a criminal background check, which must be passed to our satisfaction; and (b) provide at least two

(2) references meeting our satisfaction prior to entering into this Agreement and participating in the operation of the Franchised Business. Franchisee and Franchisee's employees must routinely undergo criminal background rescreening during the term of the Franchise Agreement as prescribed in the Operations Manual and immediately upon request. Franchisor must be provided with copies of all such reports on a periodic basis and immediately upon request. Any employee failing to meet Franchisor's criteria for a clean criminal background check must be terminated immediately. Franchisor has the right to terminate the Franchise Agreement immediately in the event Franchisee fails a criminal background check.

~~7.6.10~~7.11 In the course of operating the Franchised Business, all email communication shall be through email accounts that Franchisor has assigned to Franchisee. In no circumstances is Franchisee to operate the Franchised Business using a personal email account or any other email account not assigned to Franchisee by Franchisor.

7.78 **Site Evaluation.** Franchisee agrees, that in order to maintain the high quality and uniform standards associated with the System and to protect its goodwill and reputation, Franchisee will permit Franchisor during business hours, to inspect the Franchised Business, confer with Franchisee and Franchisee's employees and clients, conduct field investigations, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the Franchise system and Franchisee's performance under this Agreement. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor.

7.89 **Computer Software and Hardware.** Franchisee shall purchase and use any and all computer software programs ("Software") which Franchisor has developed or may develop and/or designate for use for the System, and shall purchase such computer hardware as may be necessary for the efficient operation of the Software, including without limitation, the Proprietary Software. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time but not more than two (2) times per calendar year, at Franchisee's cost. Franchisee shall grant to Franchisor ongoing electronic access, in the manner Franchisor periodically specifies, to the software, hardware, and other technology used in the operation of the Franchised Business, including without limitation access to the records and data generated by and stored on such technology. With respect to client related data collected by Franchisee on the Software or otherwise, Franchisee shall use such form(s) as required by Franchisor and applicable law to obtain consent from clients for the collection and retention of such data. This requirement of ongoing access may include the requirement to preserve such records and data in a manner and for a period of time that Franchisor specifies. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software. Franchisor reserves the right to require Franchisee to install a "systems backup solution", which backs up critical data in Franchisee's computer system using an off-premises storage scheme. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software under Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: 1) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and 2) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded.

7.89.1 Franchisor has developed an enterprise resource planning system for the management of the Franchised Business contemplated in this Franchise Agreement (the "Proprietary Software ~~Program~~"), herein referred to as our ERP. Franchisee, at Franchisee's own expense, agrees to obtain the computer hardware required to implement the Proprietary Software ~~Program~~ into ~~Franchisee's~~the Franchised Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software ~~Program~~ as provided from time to time in the Operations Manual. This Proprietary Software ~~Program~~, and all modifications, upgrades, and substitutions thereto are

Franchisor's proprietary intellectual property and Confidential Information. Franchisor or its designee will provide ongoing service and support to Franchisee regarding the Proprietary Software ~~Program~~.

7.8.2. Franchisee shall be responsible for purchasing or obtaining a license for any third party software, programs, content, documentation, equipment, hardware or other products that are designated by Franchisor as being necessary for the use and operation of the ERP (the "Third Party Materials"). Franchisee acknowledges and agrees that from time to time Franchisor may require additional Third Party Materials, or may substitute other Third Party Materials for those originally or previously required. To the extent any Third Party Materials are packed with, incorporated into, or embedded in our ERP or otherwise provided by Franchisor hereunder, Franchisee agrees to comply with the terms and conditions of the third party licenses associated with such Third Party Materials.

7.8.3. Upon Franchisor's request, Franchisee agrees to install, update or replace any equipment or software related to the ERP, including any modifications and improvements to the ERP in such manner as is specified by Franchisor from time to time. Franchisee further agrees to be responsible for all costs and expenses not covered by the ERP Software Maintenance Fee. Franchisee acknowledges and agrees that the ERP Monthly Service Fee is subject to change periodically and will increase with the number of transactions. Franchisor reserves the right to collect the ERP Monthly Service Fee directly or require Franchisee to pay the fee directly to Franchisor's service provider.

7.8.4. If and at such time Franchisor develops and custom designs additional or substitute software programs in addition to the Proprietary Software for conducting accounting, point-of-sale functions and other related activities, ("Additional Proprietary Software ~~Program~~"), Franchisee, at Franchisee's own expense, agrees to obtain the computer hardware and software required to implement any such software program into the Franchised Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Additional Proprietary Software ~~Program~~ as provided from time to time in the Operations Manual.

7.8.5. Franchisor may lend Franchisee some or all Software and/or hardware at no extra cost to Franchisee and Franchisee must immediately return such equipment to Franchisor in working order upon the expiration or termination of this agreement.

7.8.6 Franchisee agrees not to hire third party or outside vendors to perform any services or obligations in connection with the computer hardware, required Software, and/or any other obligations under this Agreement, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably require, and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interaction with our computer hardware and Software. You agree to not install (and/or remove) any software or firmware from the computer system for the Franchised Business without our prior written consent.

7.9.10 Computer Network, Intranet or Extranet Participation. Franchisee is required to participate in any System-wide computer network, intranet system or extranet system that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Operations Manual; (iii) download approved local marketing materials; (iv) communicate with Franchisor and other System franchisees; (v) complete any initial and ongoing training; and (vi) view and retrieve standard business forms. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of

libelous, derogatory or defamatory statements.

7.4011 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.4112 Best Efforts. Franchisee must use best efforts to promote and increase the demand for the goods and services of the Business. All of Franchisee's marketing and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or marketing practice which may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System.

7.4213 Telephone. Franchisor will obtain on behalf of Franchisee, a new telephone number and telephone listing at Franchisee's expense, to be listed under the "Qualicare" name and not under Franchisee's corporate, partnership, or individual name, to be used exclusively in connection with Franchisee's operation of the Franchised Business. Upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee's use of such telephone number and listing and assign same to Franchisor or Franchisor's designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Operations Manual.

7.4314 Payment of Debts. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System Suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.4415 Data.

7.4415.1 You agree that, other than PHI, all data relating to the Franchised Business that you collect, create, provide, or otherwise develop on your computer system (whether or not uploaded to our system from your system and/or downloaded from your system to our system) (collectively, "Business Data") is and will be owned exclusively by us, and that we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.

7.4415.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer/client and transaction data), that is not PHI (collectively with the Business Data, "Franchisor Data"), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.

7.4415.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data the Franchisor Data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You agree that except for the right to use the data Franchisor Data under this clause, you will not develop or have any ownership rights in or to the such data.

7.415.4 You agree to transfer to us all ~~data~~Franchisor Data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, or at the time of any transfer of an interest in you and/or of the Franchised Business.

7.415.5 You shall obtain all necessary consents from your clients, caretakers, employees and contractors to ensure that both you and we have the legal right to collect, use, and disclose their personal information (including PHI and other health information in the case of clients) for the provision of Services to the clients, for the performance of Franchisor's obligations, the use of the Proprietary Software, and the engagement of employees and contractors pursuant to applicable Privacy Laws (defined below). In addition, you shall also obtain separate consents, where necessary, to enable you and us to collect, use, or disclose client, employee and contractor information for the purpose of marketing communications in compliance with applicable laws. You represent and warrant that any disclosure or transfer of personal information you provide to us will not violate any applicable laws.

7.415.6 For the limited purpose of this Section 7.415, references to “data” exclude consumers’ credit card and/or other payment information.

7.4516 Data Requirements and Usage. We may periodically specify in the Operations Manual or otherwise in writing the information that you agree to collect and maintain on the computer system for the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:

7.4516.1 You agree to abide by all applicable laws pertaining to ~~the data~~ and personal information (including those pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information, including HIPAA) (“Privacy Laws”).

7.4516.2 You agree to also comply with any standards and policies that we may issue (without any obligation to do so) pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information. If you become aware (and/or if you should be aware) that there is a conflict between our standards and policies and Privacy Laws, then you agree to: (a) comply with the requirements of the Privacy Laws; (b) immediately give us written notice of that conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

7.4516.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

7.4516.4 You agree to implement at all times appropriate administrative, physical and ~~electronic~~technical security as is necessary to secure your computer system, including complex passwords that you change periodically and multifactor authentication, and to comply with any standards and policies that we may issue (without obligation to do so) in this regard.

7.4617 Compliance with Applicable Laws. Franchisee must comply with all applicable Federal, State and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, ~~without limitation, all government regulations relating to the healthcare industry (such as the federal Health Insurance Portability and Accountability Act, commonly referred to as “HIPAA”)~~, HIPAA), employment agency licenses, senior care, housekeeping laws, occupational hazards and health, consumer protection, trade regulation, worker’s compensation, unemployment insurance, withholding and

payment of federal and state income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act (“ADA”) regarding the construction, design, and operation of the Franchised Business). Franchisee must obtain and maintain in good standing all applicable federal, state and local permits and licenses necessary to operate the Franchised Business. If Franchisee obtains accreditation from a national accreditation service (The Joint Commission or other providers), Franchisee must maintain such accreditation in good standing. Franchisee will provide Franchisor with a list of third party consultants that may assist Franchisee in obtaining all required licenses and permits necessary to operate the Franchised Business at Franchisee’s expense. Franchisor does not anticipate or recommend that Franchisee seek Medicare/Medicaid certification from the federal government and Franchisor will not support Franchisee in achieving and/or maintaining Medicare/Medicaid certification. If Franchisee determines to obtain Medicare/Medicaid certification, Franchisee agrees to assume all associated costs and risks. Franchisee will be required to pay Franchisor royalties on account of Gross Sales resulting from Franchisee’s Medicare/Medicaid certification. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee’s employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee’s employees be deemed to be employees of Franchisor or Franchisor’s affiliates.

7.1718 Trade Secrets and Confidential Information. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement. Moreover, Franchisee and Franchisee’s employees must keep information regarding clients’ health and financial position and holdings confidential at all times during and after the term of this agreement.

7.1819 Image. Franchisee acknowledges that Franchisor has developed the System to offer and sell products which will distinguish the Business as a Business of distinction from other businesses and chains which offer similar services valued at different prices and with less attention paid to customer service excellence. Franchisee agrees to offer services and products and to conduct the Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the customized personal care services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Qualicare Business. Franchisee shall, in the operation of the Business, use only such displays, labels, forms, and stationary imprinted with the Proprietary Marks and colors as prescribed from time to time by Franchisor.

7.1920 Pending Actions. Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.2021 Standard Maintenance. Franchisee agrees to repair, refinish, repaint, or replace, the furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee’s sole expense at such times as Franchisor may reasonably direct. Franchisee agrees that Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Franchised Business premises in the manner necessary to bring it into conformance with other franchises of the type Franchisor and Franchisor’s franchisees are opening at the time of such direction.

7.22 If Franchisee is an Entity:

7.22.1 Corporate Franchisee. If you are a corporation, then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; (c) not issue any voting securities or securities convertible into voting securities; and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

7.22.2 Partnership/LLP Franchisee. If you are a partnership or a limited liability partnership (LLP), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all of your general and limited partners; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

7.22.3 LLC Franchisee. If you are a limited liability company (LLC), then you agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and (d) maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

7.22.4 Entity Name. Franchisee shall ensure their Entity name does not contain any of the Proprietary Marks of the Franchisor and shall comply with the Franchisor's guidelines as set out in the Operations Manual for naming of the Business Entity. Prior to opening the Franchised Business, the Franchisor will assign a DBA/Trade Name for your Franchised Business and you agree to comply with the terms and conditions for the use of the DBA name as set out in the Operations Manual.

8. TRAINING

8.1 **Pre-Opening On-Line Training.** Franchisor will provide Franchisee with pre-opening on-line training course (“On-Line Training”) ~~immediately~~ after signing this Agreement. ~~Franchisee~~ You (or, if you are an entity, the Operating Principal) and at least one (1) of Franchisee’s employees must complete On-Line Training to Franchisor’s satisfaction within six (6) months of signing this Agreement and the failure to do so shall constitute a default of this Agreement and Franchisor may terminate the Agreement. If Franchisee has a General Manager, as described in Section 7.7.5, then he/she shall be the other trainee along with You (or, if you are an entity, the Operating Principal).

8.2 **Home Office Training Program.** ~~Franchisee~~ After satisfactory completion of Pre-Opening On-Line Training, You (or, if you are an entity, the Operating Principal) and ~~at least one (1) of Franchisee’s employees who may be a nurse shall~~ your employee must attend, and complete to Franchisor’s satisfaction, Franchisor’s initial tuition-free home office training program. ~~If Franchisee is a partnership, corporation or limited liability company, at least one (1) of~~ prior to opening the ~~trainees must be Franchisee’s general partner, principal shareholder, or manager as appropriate.~~ Franchised Business. If Franchisee has a General Manager, ~~as described in Section 7.6.5,~~ then he/she shall be the other trainee along with ~~the nurse (You (or, if applicable), you are an entity, the Operating Principal)).~~ The required

training lasts approximately 5 days ~~for the Franchisee, Franchisee's nurse, if applicable, Franchisee's General Manager,~~ and shall consist of classroom and practical experience, including training in evaluating clients' healthcare and financial needs, guidelines for providing ~~Personal Services and Home Healthcare Services,~~ financial controls, operational techniques as well as using our Proprietary Software, marketing and advertising techniques, pre-opening procedures, deployment of labor, customer service, ethics and maintenance of quality standards. All training shall be held at Franchisor's headquarters in Toronto, Canada, or a site designated by Franchisor. All trainees designated by Franchisee must attend the training course at the same time. All training related expenses, including Franchisee and Franchisee's employees' transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. ~~Franchisee~~ You (or, if you are an entity, the Operating Principal) and at least one (1) of Franchisee's employees shall attend and complete Franchisor's initial training class, to Franchisor's satisfaction prior to the opening of ~~Franchisee's~~ the Franchised Business. Should ~~Franchisee or Franchisee's employee~~ You (or, if you are an entity, the Operating Principal) or your employees fail to complete the initial training program to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available initial training program for an additional fee. Failure by ~~Franchisee,~~ You (or, if you are an entity, the Operating Principal), Franchisee's employees, General Manager or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.2.1 Case Management Accreditation Training. A Qualicare 360° Case Manager's role is to advocate for their clients, help them understand their options, navigate through the healthcare system, coordinate the care required from all sources and support the family to make their lives better. 360° Case Managers can coordinate care by collaborating with the patient's physicians, hospitals and social agencies to leverage all of the resources that are available, including both public and private services. They are a single point of contact for their clients. This enhances the patient's level of support and eases and improves both the patient and family's quality of life. To become a Qualicare 360° Case Manager, the employee must be a ~~Nurse, Occupational Therapist, Physical Therapist~~ licensed nurse, occupational therapist, physical therapist, or possess a Master's degree in Social Work. ~~Employees social work. The employee~~ must be approved by the Franchisor in writing to enroll in the Franchisor's "360° Case Management Accreditation." There is currently no cost to achieve 360° Case Management Accreditation, but Franchisor reserves the right to charge its then current fee in the future.

8.2.2 Additional Mandatory Training. Franchisor reserves the right to require ~~Franchisee~~ You (or, if you are an entity, the Operating Principal), and /or your Specially-Trained Management Person(s) to participate in certain other training program or certification programs in order to remain current with System standards and specifications. Franchisee acknowledges and agrees to complete any additional training or certification programs that Franchisor may designate now or in the future.

8.3 Training Materials. Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's approved training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials will be provided to Franchisee by Franchisor upon written request. All training materials provided to Franchisee, by Franchisor, shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials. All training-related expenses for Franchisee's additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility. All training related expenses for Franchisee's additional teaching personnel, including transportation to and

from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.4. **Additional Assistance.** To assist Franchisee in the operation of ~~Franchisee's~~the Franchised Business, Franchisor may offer additional training programs and/or refresher courses to Franchisee, Franchisee's ~~General Manager~~Specially-Trained Management Person(s) and/or Franchisee's employees. Franchisor may provide such assistance, in its discretion, by telephone, intranet communication, web portals or on-site visits. Franchisor may require Franchisee's attendance at these programs and/or courses. Franchisee is responsible for the expenses of Franchisee, Franchisee's ~~General Manager~~Specially-Trained Management Person(s), and Franchisee's employees, including transportation to and from the training site and lodging, meals, and salaries during such training. The additional training programs and refresher courses will be at Franchisor's then-current tuition for such training. At Franchisee's request, Franchisor will train additional management personnel at Franchisor's then current fee. All training related expenses for any additional trainees you designate, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

9. INSURANCE

Franchisee agrees to purchase/procure and maintain such insurance covering the operation and location of the Franchised Business as Franchisor may designate from time to time. Franchisor presently requires System franchisees to maintain the following types of insurance, in the amounts specified in the operations manual: (a) comprehensive general liability insurance; (b) ~~abusive sexual abuse~~ and molestation ~~conduct~~liability insurance; (c) hired and non-owned automobile liability insurance; (d) cyber liability insurance, (e) business interruption insurance; (f) professional liability insurance; (g) ~~employee theft coverage of client's~~ property insurance; (h) umbrella insurance; (i) employment practices liability insurance; (j) workers' compensation and ~~employers'~~liability insurance and (k) damages for breach insurance.(k)third party crime coverage e. All insurance policies shall be issued by insurance companies with a financial rating of at least A4 status or better as rated in the most recent edition of AM Best's Insurance Reports. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law. Franchisee shall add Franchisor and its designees and assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by Franchisee. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of ten percent (10%) in connection with Franchisor's obtaining the insurance. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10. FINANCIAL RECORDS AND REPORTS

10.1 Franchisee must maintain for at least seven (7) fiscal years from their preparation complete financial records for the operation of the Business in accordance with generally accepted accounting principles— and in the form and manner we have prescribed periodically in the Operations Manual or otherwise in writing, including: (a) daily cash reports; (b) cash receipts, journal and general ledger; (c) cash disbursements and weekly payroll journal and schedule; (d) monthly bank statements, daily deposit slips and canceled checks; (e) all tax returns; (f) supplier's invoices (paid and unpaid); (g) dated daily and weekly cash receipt reports in accordance with our standards; (h) semi-annual fiscal period balance sheets and fiscal period

profit and loss statements; (i) operational schedules and weekly inventory records; (j) records of promotion and coupon redemption; and (k) such other records that we may periodically and reasonably request.

10.2 Franchisee must provide Franchisor unaudited monthly financial statements including a monthly Profit & Loss Statement within fifteen (15) days of each month's end as well as year-end unaudited financial statements, including a Profit & Loss Statement and Balance Sheet to be prepared by a certified public accountant or state licensed public accountant and provided to Franchisor within ninety (90) days of the calendar year end. Franchisee's fiscal year must be on a calendar year basis. Franchisor will provide Franchisee with a Chart of Accounts that Franchisee must follow in preparation of its financial statements. All financial statements and reports requested by Franchisor must be in the form and format, and on such software, as specified by Franchisor. We also have the right to require you to use only a designated bookkeeping service. You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

10.3 Additionally, Franchisor may request copies of any other financial and tax reports including but not limited to (i) a quarterly income statement and profit and loss statement, and (ii) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which ~~Franchisee's~~ the Franchised Business is operated, within thirty (30) days after their timely completion.

10.4 To assist Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, at Franchisor's discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for Franchisee to use. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

11. BOOKS AND RECORDS

Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of ~~Franchisee's Business. During the first twelve (12) months of operation of the Business, Franchisee must use a bookkeeper from Franchisor's approved list of bookkeepers. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and are otherwise operating in compliance with the terms of this Agreement and the Operations Manual. If any audit reveals that Franchisee has understated Franchisee's royalty or marketing payments, or Franchisee's Local Marketing Requirement expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any three (3) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement~~ the Franchised Business. During the first twelve (12) months of operation of the Business, Franchisee must use a bookkeeper from Franchisor's approved list of bookkeepers. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any such maximum rate applies). If we conduct an inspection because you did not

timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 11 directly or by engaging outside professional advisors (for example, a CPA) to represent us.

12. MARKETING

Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally.** With regard to marketing generally for the Business, Franchisee shall place or display at the Approved Location (interior and exterior) only such signs, emblems, lettering, logos and displays and marketing materials as Franchisor approves in writing from time to time. Franchisee shall submit to Franchisor, at least ten (10) days prior to publication or use, samples of all sales, promotional, and marketing materials Franchisee desires to use, including, but not limited to, all print, radio and television material, signage, supplies and packaging which Franchisor has not previously approved. Such submission shall not affect Franchisee's right to determine the prices at which Franchisee sells Franchisee's products. Within five (5) days of Franchisor's receipt of any sample sales promotional material or marketing materials from Franchisee, Franchisor shall notify Franchisee in writing of Franchisor's approval or disapproval of the materials. Franchisee shall not use any marketing materials for which Franchisor has not given Franchisor's prior written approval. All marketing materials shall prominently display the Proprietary Marks and shall comply with any standards for use of the Proprietary Marks Franchisor establishes as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Territorial Marketing Restriction.** ~~Franchisee is not permitted to solicit clients and/or market outside Franchisee's Territory, except to the extent that Franchisee has received Franchisor's prior written authorization, which Franchisor will not unreasonably withhold. Franchisor may condition Franchisor's authorization upon Franchisee's agreement to offer System franchisees that are operating System Businesses in territories encompassed by the circulation base of the proposed marketing opportunity to participate in, and share the expense of, such solicitation and/or marketing opportunity. Notwithstanding the foregoing, Franchisee may not accept clients from outside Franchisee's Territory. Franchisee may not advertise the Business or any products or services offered by the Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3.~~

12.2.1 You may offer, advertise, and market the Services and products of the Franchised Business, and directly solicit customers, inside (but only inside) your Territory (subject to our right to approve all advertising and marketing materials as set forth in Section 13.7 below), except as otherwise provided below. The terms "direct solicitation" and "directly solicit" include, but are not limited to, solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. You may not accept clients from, or provide Services, outside the Territory. Franchisee may not advertise the Franchised Business or any products or Services offered by the Franchised Business via the Internet or any other means of e-commerce, except as permitted in Section 12.3.

12.2.2 You may not directly solicit customers located outside of the Territory unless

you receive our prior written consent to do so. We will review and we have the right to approve or deny each such request on a case-by-case basis. We also reserve the right at any time to withdraw any consent previously provided. If we grant our consent for you to directly solicit customers outside of your Territory, you may only perform such direct solicitation, and accept customers from or offer Services and products from the Franchised Business, outside of the Territory if you do so in compliance with this Section 12.2 (including the conditions if any that we place on your solicitation of customers outside the Territory).

12.2.3 Upon your request, and only if we determine that it is appropriate, we have the right to grant (or deny) permission for you to directly solicit customers from areas located outside the Territory, provided that those customers are not within the protected territory of another Qualicare Business (an “Open Area”). We will have the right (for example, if another Qualicare Business opens to serve an Open Area) to require that you stop directly soliciting customers from within that area and that you immediately stop offering Services and products from the Franchised Business to any customers in that area. If any of your advertising within the Territory is in media that will or may reach a significant number of persons outside of the Territory, you must notify us and obtain our prior written consent (in addition to the requirements in Section 13.8 below). We may periodically establish rules and policies in the Operations Manuals and otherwise in writing regarding such advertising, including, as an example, that such advertising include the contact information for all of the Qualicare Businesses that are affected by the advertising.

12.2.4 You acknowledge that: (a) other Qualicare Businesses will operate under restrictions similar to those set out in this Section 12.2 (the “Territorial Rules”), which means that in some instances, other Qualicare Businesses may sponsor advertising that reaches persons in your Territory; and (b) we do not represent or guarantee that other Qualicare Businesses will always abide by the Territorial Rules, and we will have no liability to you for such violations.

12.3 Internet Website.

12.3.1 Franchisor will establish a website that provides information about the System and Franchisor’s products and services. Franchisor may use the Technology Fees and monies from the Branding Fund that Franchisor collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of such website. Franchisor will also provide, through a third party internet marketing company of its choice, an integrated customizable and supported mobile-friendly website to Franchisee, which includes maintenance updates, changes, enhancements, form support and security protection. In addition, the website will have the same Qualicare branding as the corporate site with templated pages, layout and content. All local website pages will be in a subdirectory of the qualicare.com domain formatted as www.qualicare.com/territoryname. Franchisor will be the web master, either directly or through a third party, and will have absolute discretion and control over such a web page. All information on the website must be approved by Franchisor prior to posting, pursuant to Section 12.1 above. Franchisee is prohibited from maintaining an individual website related to the Franchised Business, or establishing a URL incorporating any variation of the “Qualicare” name or the Proprietary Marks. Franchisee cannot violate Franchisor’s privacy policies or user terms posted on its website. Franchisor has the right to modify the provisions of this Section 12.3 relating to Internet websites as Franchisor deems necessary or appropriate in the best interest of the System. Other than the website described above, unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. The parties agree that the term “Digital Site” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to

be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply to that Digital Site:

12.3.1.1 You agree that you will not establish or use any Digital Site without our prior written approval.

12.3.1.2 Any Digital Site owned or maintained by or for your benefit will be deemed “marketing” under this Agreement, and will be subject to (among other things) our approval.

12.3.1.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, without limitation, proposed screen shots, links, and other content), and non-visible content (including, without limitation, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.

12.3.1.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.

12.3.1.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Operations Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).

12.3.1.6 You further agree that we may require you to use us or a third party we designate to provide the platform for any Digital Sites you maintain.

12.3.1.7 If we require, you agree to establish such hyperlinks to our website and others as we may request in writing.

12.3.1.8 If we require you to do so, you agree to make weekly or other periodic updates to your Digital Site to reflect information regarding specials and other promotions at your Franchised Business.

12.3.1.9 We may require you to make us the sole administrator (or co-administrator) of any Digital Site that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

12.3.1.10 Simultaneously with this Agreement, you must execute the Telephone Number And Digital Sites Agreement, Assignment and POA attached at Exhibit “B” to the Franchise Agreement.

12.3.2 Franchisee may not establish a URL incorporating any variation of the “Qualicare”, “Qualicare 360” or “360° Case Management” names or the Proprietary Marks, without Franchisor’s prior written approval. Franchisee will not violate Franchisor’s privacy policies as posted on the website. Franchisee must also participate in any System-wide area computer network, intranet system, or extranet system implemented by Franchisor as described in Section 7.9 above. The Franchisee shall, during the term of this Agreement, maintain access to the Internet and comply with all Internet and privacy policies announced by the Franchisor from time to time, and as required by applicable law. Any

advertising or other presence or promotion by Franchisee on the Internet must comply with Franchisor's internet and privacy policies, data protection requirements and applicable law, including the contents of any Franchisee website (the Franchisee Home Page). Any website property, including social media, mobile property, address, domain name and other identifiers used in any website owned or maintained by or for the benefit of the Franchisee shall belong to Franchisor.

12.3.3 The Franchisee agrees that it will not utilize any approved website used to promote the Franchised Business in any manner not approved by Franchisor including but not exclusive to misuse of the Proprietary Marks, and Franchisee agrees to abide by all terms and conditions prescribed by Franchisor in relation to any website provided to Franchisee or authorized for use by Franchisee for the promotion of the Franchised Business. Franchisee may not conduct business hereunder through the Internet without Franchisor's consent. In connection with any such consent, Franchisor may establish such requirements as it deems appropriate, including:

12.3.3.1 obtaining its prior written approval of any Internet domain name, home page and social media addresses;

12.3.3.2 obtaining of account information for any of the Internet customer accounts used by Franchisee in the Franchised Business;

12.3.3.3 submission for its approval of all website pages, advertising materials and content;

12.3.3.4 use of all meta-tags, hyperlinks and other links;

12.3.3.5 restrictions on use of any materials (including text, video clips, photographs, images and audio clips) in which any third party has any ownership interest;

12.3.3.6 obtaining its prior written approval of any modifications; and

12.3.3.7 consenting in advance to its removal of any website pages, materials, advertising and content as it deems desirable, in its sole discretion, to maintain and enhance the goodwill associated with the Marks.

12.3.4 Franchisee acknowledges that Franchisor is the lawful, rightful and sole owner of the Internet domain name www.qualicare.com, and any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in those or any arguably similar Internet domain names. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.4 **Grand Opening Marketing & Promotion.** Franchisee must spend between \$4,000 and \$7,500 to promote the grand opening of ~~Franchisee's~~ [the Franchised Business](#) ("Grand Opening Marketing Requirement") within the first six (6) months of opening ~~Franchisee's~~ [the Franchised Business](#). Franchisee may expend additional sums on advertising its grand opening at its sole discretion. Franchisor reserves the right to collect the Grand Opening Marketing Requirement and implement a grand opening marketing and promotions program on Franchisee's behalf. All marketing must be approved by Franchisor in writing prior to publication, as described in Section 12.1, above. In addition, prior to attending Home Office Training, Franchisee must purchase from Franchisor or its designated supplier, a start-up marketing kit (the "Start-Up Marketing Kit"), which includes a short-term supply of marketing collateral. The cost of the Start-Up Marketing Kit is

\$2,500 and is not refundable.

12.5 Branding Fund. Franchisor has established a brand development fund (the “Fund”) for the common benefit of System Franchisees. Franchisee will participate in and contribute monthly to the Fund an amount of one percent (1%) of Franchisee’s Gross Sales (the “Brand Development Fee”) in the manner Franchisor prescribes. ~~If Franchisor requires Franchisee to contribute to the Fund,~~ Franchisee must pay the Brand Development Fee in the same manner as the Royalty fees due under this Agreement. Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.5.1 Franchisor will use Fund contributions, in Franchisor’s sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor’s sole judgment, the services offered by System Franchisees. Franchisor has the sole right to determine contributions and expenditures from the Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Franchisor will make a good faith effort to expend Fund contributions in the general best interests of the System on a national or regional basis. Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. Nevertheless, Franchisee acknowledges that not all System Franchisees will benefit directly or on a pro rata basis from such expenditures. You have no right to reduce or withhold contributions based on any alleged lack of benefits to the Franchised Business or based on failure by any other franchisee (with or without our permission) to make its contributions to the Fund.. While Franchisor does not anticipate that any part of the Fund contributions will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Fund for public relations or recognition of the Qualicare brand.

12.5.2 Franchisor may periodically assist franchises to maintain high quality standards through client surveys, client interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Fund. The cost of these programs may be charged directly to Franchisee if Franchisee’s results from a Survey fall below System established minimum standards for such Surveys.

12.5.3 Franchisor has the right to reimburse itself from the Fund contributions for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Fund.

12.5.4 Franchisor’s contribution to the Fund for subsequent company owned units will be equal to that provided for in Franchisor’s Franchise Disclosure Document in the year that the company owned unit is established. Should the advertising contribution for the System decrease at any time, Franchisor has the right to reduce Franchisor’s contribution from company owned units to the rate specified for franchised locations. Upon Franchisee’s request, Franchisor will make available for Franchisee within sixty (60) days of the end of the fiscal year, a statement of contributions and expenditures for the Fund. The Fund is not required to be independently audited.

12.5.5 The Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Fund as shown on our books.

12.5.6 Although once established the Fund is intended to be of perpetual duration, we maintain the right to terminate the Fund. The Fund will not be terminated, however, until all monies in the Fund have been expended for marketing purposes.

12.5.7 Nothing in this Agreement is intended or will be construed to impose a trust or fiduciary duty on Franchisor in connection with the Fund, including, but not limited to, with respect to the collection of contributions, maintenance of the bank account, bookkeeping, and disbursement of monies from the Brand Fund. Except as expressly provided in this Section 12.5, we assume no direct or indirect liability or obligation to you with respect to maintenance, direction, or administration of the Fund.

12.6 Regional Marketing and Promotional Cooperative. Franchisor shall have the right, in Franchisor's discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established applicable to the Franchised Business at the time Franchisee begins operating under this Agreement, Franchisee must immediately become a member of such Cooperative. If a Cooperative applicable to the Franchised Business is established at any later time during the term of this Agreement, Franchisee must become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative begins operation. If the Franchised Business is within the territory of more than one Cooperative, Franchisee is required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

12.6.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.6.2 Each Cooperative will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to Franchisor's approval, standardized marketing materials for use by the members in local marketing;

12.6.3 No promotional or marketing plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.6.4 All activities and contributions (which may exceed the Local Marketing Requirement as described in Section 12.7, however, Franchisee will receive credit for Cooperative contributions against the Local Marketing Requirement) to the Cooperative shall be determined by a majority vote of the member franchisees in the Cooperative;

12.6.5 Each member franchisee must submit to the Cooperative, no later than the Tuesday following the first Monday of each month, for the preceding month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required the Cooperative with Franchisor's approval; and

12.6.6 Franchisor may grant to any franchisee, in Franchisor's sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request of such franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

12.7 Local Marketing Requirement. Franchisee must spend a minimum of One Thousand Dollars (\$1,000) each month on local marketing and advertisements (the "Local Marketing Requirement"). Franchisee will be required to spend the Local Marketing Requirement as Franchisor prescribes in the

Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements or changes to the manner and formats in which the Local Marketing Requirement is spent. Franchisee acknowledges and agrees that Franchisee's local marketing obligation must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums Franchisee wishes on local marketing. Franchisee must use only such marketing and promotional materials as have been previously approved by Franchisor. Franchisee must send Franchisor proof of these expenditures within fifteen (15) days of the end of each month. Franchisee must use any required local advertising materials designated by Franchisor. All advertising must prominently display the Proprietary Marks and comply with any standards for use of the Proprietary Marks Franchisor establishes from time to time. Franchisor may require Franchisee to discontinue use of any advertising or marketing materials at any time at your expense.

12.8 Online Lead Generation Requirement. Franchisee is required to spend a minimum of \$1,000 per month on online lead generating advertising with Franchisor's designated vendors (the "Online Lead Generation Requirement"). Franchisee must spend the Online Lead Generation Requirement in the manner Franchisor prescribes in the Operations Manual or as otherwise in writing. Franchisee must send Franchisor proof of Franchisee's expenditures which satisfy the Online Lead Generation requirement in the form requested by Franchisor within 15 days of the end of each month. Franchisee shall follow up on all customer leads provided to Franchisee through this advertising within twenty-four (24) hours of the potential client enquiry by way of home visit, telephone or by email.

13. INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 Independent Contractor Status. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of ~~Franchisee's~~ the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice in the place Franchisor designates, that Franchisee operates ~~Franchisee's~~ the Franchised Business as an independently owned and operated Qualicare franchise and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the ~~franchised business~~ Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

13.2 Indemnification. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (a) the operation of ~~Franchisee's~~ the Franchised Business, including the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business Premises, the sale or provision of any services, including supplemental healthcare staffing services or personal care services, and Franchisee's advertising; (b) the use of the Proprietary Marks and other Proprietary Material; (c) the transfer of any interest in this Agreement or ~~Franchisee's~~ the Franchised Business in any manner not in accordance with this Agreement; (d) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other

proprietary right owned or controlled by third parties; or (e) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14. SALE OR TRANSFER

14.1 **Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 Death or Disability.

14.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors, Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "45 day period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current Franchise Agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.

14.2.2 Franchised Business Operation During and After 45 Day Period. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 45-day period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 45-day period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate ~~Franchisee's~~ the Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of

Franchisee's the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of Franchisee's the Franchised Business.

14.3 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning more than ten percent (10%) of the outstanding shares of the corporation, will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth in Section 14.4 hereof), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 14.3.2 hereof. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 14.3.1. Any material change in the terms of the offer, shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.

14.3.2 Conditions for Approval. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchise Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed

purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor,

independent operator or licensee of any other personal care business, chain or business which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 The transferee shall execute Franchisor's then-current Franchise Agreement for the unexpired term of this Agreement;

14.3.2.7 Franchisee or transferee shall pay Franchisor a transfer fee equal to fifteen thousand dollars (\$15,000);

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.14 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document and Franchisor shall not be liable for any representations not included in the Disclosure Document;

14.3.2.15 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.16 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and ~~Franchisee's~~ the Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.17 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 **Transfer to a Corporation or Limited Liability Company.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 14.3.2.7, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of ~~fifty-one~~ hundred percent (~~51~~100%) of the outstanding shares of the corporation or ~~a controlling interest in~~ is the sole member of the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 17.4 hereof.

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15. BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 Voluntary Bankruptcy. If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the franchised business.

15.1.2 Involuntary Bankruptcy. If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the franchised business without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

15.1.3 Unauthorized Transfer. Franchisee purports to sell, transfer or otherwise dispose of the franchise or any interest in the Franchise Business in violation of Section 14 hereof.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Criminal Acts. If Franchisee or Franchisee's principals or employees are convicted of or plead guilty or no contest to a felony; take part in any criminal misconduct relevant to the operation of ~~Franchisee's~~ the Franchised Business; refuse to undergo or fail to pass a criminal background check to Franchisor's satisfaction; or if Franchisee fails to terminate any employee who fails to pass a criminal background check to Franchisor's satisfaction.

15.2.2 Fraud. If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of ~~Franchisee's~~ the Franchised Business.

15.2.3 Misrepresentation. If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 Failure to Complete Training. If Franchisee fails to complete training as provided in Section 8.1 and 8.2.

15.2.5 Repeated Breaches. If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12)-month period.

15.2.6 Breach of Other Agreements. If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fail to cure such breach within any permitted period for cure.

15.2.7 Misuse of the Proprietary Marks or Confidential Information. If Franchisee or Franchisee's principals materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information, or you misuse or disseminate Client information.

15.2.8 Violation of Law. If Franchisee or Franchisee's principals violate any health, safety or sanitation law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to any clients or the general public.

15.2.9 Violation of In-term Restrictive Covenant. If Franchisee violates the in-term restrictive covenant contained in Section 17.1.

15.2.10 Liens. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.11 Insolvency. If Franchisee or any of Franchisee's principals become insolvent.

15.2.12 Abandonment. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the Franchised Business in accordance with the terms of this Agreement and shall apply in any event Franchisee fails to operate the ~~Business as a System~~ Franchised Business for a period of two (2) or more consecutive days without Franchisor's prior written approval.

15.2.13 Unauthorized Products or Services. If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

15.2.14 Unapproved Purchases. Franchisee orders or purchases equipment or supplies for resale telephone equipment or ERP and operational software from a supplier which Franchisor has not approved.

15.2.15 Proprietary Software. Franchisee misuses or makes unauthorized use of the Proprietary Software or Franchisor's other proprietary software, if any.

15.2.16 Insurance. Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 9.

15.2.17 Government Regulations. Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Franchised Business.

15.2.18 Government Actions. Any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.19 Anti-Terrorist Activities. Franchisee fails to comply with the provisions of Section 22.7.

15.2.20 Insufficient Funds. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.2.21 Misuse of Property. Franchisee uses Franchised Business assets or the assets of Clients for personal use.

15.2.22 Failure to Meet Gross Sales Requirement. Franchisee fails to meet the Minimum Annual Gross Sales Requirement, and fails to cure such breach within the time frame and in the manner set forth in Section 1.6 above.

15.2.23 Violence, Abuse or Neglect. Franchisee or Franchisee's employee is found guilty of committing any act of violence or abuse or financial exploitation against any client.

15.3 **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after expiration of the fifteen (15) day cure period:

15.3.1 Nonpayment. If Franchisee fails to pay, as and when due, any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's major suppliers or vendors.

15.3.2 Under-reporting of Gross Sales. If any audit reveals that Franchisee has understated Franchisee's royalty or marketing payments, Online Lead Generation Requirement payments, Local Marketing Requirement expenditures, or any other amounts owed to Franchisor under this Agreement by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any three (3) reporting periods within any twelve (12)-month period, as described in Section 11.

15.3.3 Endorsement of Checks. Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.4 Failure to Open. If Franchisee fails to commence operations of ~~Franchisee's~~ the Franchised Business within the time prescribed in Section 7.34 of this Agreement.

15.3.5 Interruption of Service. If Franchisee fails to maintain the prescribed months, days or hours of operation at the Franchised Business as described in the Operations Manual.

15.3.6 Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel. If Franchisee fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the ~~Business or~~ Franchised Business or fails to employ a Specially-Trained Management Person to supervise day-to-day operation of the Franchised Business in franchisee's absence, or if Franchisee fails to employ a sufficient number of qualified, competent personnel as Franchisor requires from time to time.

15.3.7 Quality Control. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.8 Other Conduct Reflecting Adversely on System. Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products offered through the System.

15.3.9 Licenses and Permits. Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of ~~Franchisee's~~ the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement upon thirty (30) days' notice if Franchisee fails to perform or comply with any one or more of the terms or conditions of this Agreement or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion, that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of ~~Franchisee's~~ the Franchised Business including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and non-renewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Cease immediately all operations under this Agreement;

16.1.2 Pay Franchisor immediately all unpaid fees and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately return the Operations Manual, Proprietary Software and Third Party Material, ~~client lists~~, [Client Data \(subject to the Business Associate Agreement\)](#), all other Proprietary Materials and Confidential Information Franchisor loaned to Franchisee and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone numbers and listings used in connection with the operation of the Franchised Business and direct the telephone company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the ~~Conditional Assignment of Telephone Numbers~~ [and Digital Sites Agreement](#) attached hereto as Exhibit B or, if Franchisor directs, to disconnect the numbers;

16.1.6 Promptly surrender all stationery, printed matter, signs, advertising materials and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System;

16.1.7 Cease to hold itself out as Franchisor's franchisee;

16.1.8 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) calendar days after the termination, expiration or transfer of this Agreement;

16.1.9 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within six (6) months of the effective date of termination, expiration, or transfer;

16.1.10 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.11 Cease to use in marketing materials or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.12 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.

16.1.13 Promptly turn over all Client ~~Lists~~ [Data \(subject to the Business Associate Agreement\)](#) and any other information Franchisee may have about former, existing, or potential clients, including health related information and financial information.

[16.1.14 Immediately cooperate with Franchisor to wind-down the Franchised Business, including ensuring continuity of care by transferring ongoing care of your clients to one or more businesses that provide similar services to those provided under the Franchise Agreement/s. Franchisor must approve any business selected for this purpose;](#)

16.2 **Power of Attorney.** Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks and the Confidential Information.

16.3 Option to Purchase Personal Property.

16.3.1 Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of ~~Franchisee's~~ the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3.2 Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

16.5 **Lost Future Royalties.** If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: (a) the average of your monthly Royalties that are due under this Agreement for the twelve (12) months immediately before your abandonment or our delivery of the notice of default; (b) multiplied by the lesser of thirty-six (36) months or the number of months remaining in the then-current term of this Agreement under Section 2 above. Notwithstanding the foregoing, if the Franchised Business has not yet been opened and is in operation for less than fifteen (15) months before we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: (x) the greater of (i) the average of your monthly Royalties that are due under this Agreement for the three (3) months immediately before your abandonment or our delivery of the notice of default, or (ii) six hundred dollars (\$600); (y) multiplied by thirty-six (36) months.

17. COVENANTS

Franchisee acknowledges that as a participant in Franchisor's Franchise System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, Franchisee agrees as follows:

17.1 During the Term of This Agreement. During the term of this Agreement, neither Franchisee, Franchisee's principals, General Managers, officers, directors, or principals, nor any member of the immediate family of Franchisee or Franchisee's principals, officers, directors, and General Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees; provided, however, that this Section does not apply to Franchisee's operation of any other Qualicare Business; or

17.1.2 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

17.2 After the Term of This Agreement.

17.2.1 For a period of two (2) years after the expiration and non-renewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, enter into any business competing in whole or in part with Franchisor granting franchises or licenses for businesses offering Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed.

17.2.2 For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's principals, nor any member of the immediate family of Franchisee or Franchisee's principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.2.1 Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business offering, in whole or in part, Personal Services, including companion care, Home Healthcare Services, including supplemental healthcare staffing services or skilled nursing services or other goods or services offered or authorized for sale by System franchisees at the time this Agreement is terminated or otherwise expires and is not renewed, (i) at the Franchised Business premises; (ii) within the Territory; or (iii) within a radius of twenty (20) miles of the perimeter of (a) the Territory being granted hereunder or (b) any other territory licensed by Franchisor as of the date of expiration or termination of this Agreement; or

17.2.2.2 Solicit business from clients of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose or solicit any of our employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.

17.3 **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 17 shall be tolled during any default under this Section.

17.4 **Employees.** Franchisee shall ensure that Franchisee's principals, employees and members of their immediate families who have access to Franchisor's Confidential Information, including all of Franchisee's managers and other key employees, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each and/or any executed agreement, upon request.

17.5 **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 17.

18. DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement takes effect only when all of the parties have signed this document. The parties agree that New York has a deep body of law that will aid in interpreting and understanding the terms of this Agreement and that they therefore have agreed that this Agreement will be interpreted and construed exclusively under the laws of the State of New York (which laws will prevail in the event of any conflict of law, without applying New York choice-of-law rules); provided, however, that if the covenants in Section 17 of this Agreement would not be enforced as written under New York law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 18.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of New York (or any other state) that would not otherwise apply without the words of this Section 18.1.

18.2 **Mediation.** Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 18.7 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules

for mediation of commercial disputes of JAMS, Inc. (formerly, “Judicial Arbitration and Mediation Services, Inc.”) at its location in Erie County, New York.

18.3 Choice of Venue. Subject to Section 18.7 below, the parties agree that any action that Franchisee brings against Franchisor, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over Erie County, New York. Any action that Franchisor brings against Franchisee in any court, whether federal or state, may be brought within any court, whether federal or state, in Erie County, New York.

18.3.1 The parties agree that this Section 18.3 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above.

18.3.2 The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

18.3.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.

18.4 Third-Party Beneficiaries. Franchisor’s officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation set forth in this Section 18, each having authority to specifically enforce the right to mediate or arbitrate claims asserted against such person(s) by Franchisee.

18.5 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.6 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor’s alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor’s affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.7 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee’s only remedy will be the court’s dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.8 MUST BRING CLAIMS WITHIN ONE YEAR. EACH PARTY TO THIS AGREEMENT AGREES THAT ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE PARTIES’ RELATIONSHIP, AND/OR FRANCHISEE’S OPERATION OF THE FRANCHISED BUSINESS, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR, IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED.

18.9 WAIVER OF PUNITIVE DAMAGES. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR

EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

18.10 WAIVER OF JURY TRIALS. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

18.11 Payment of Legal Fees. Franchisee agrees to pay Franchisor all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that Franchisor incurs in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 5 and 17 above); and/or (b) successfully defending a claim from Franchisee that Franchisor misrepresented the terms of this Agreement, fraudulently induced Franchisee to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

19. REPRESENTATIONS

19.1 No Authority. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.2 Receipt. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S UNIFORM FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.3 Opportunity for Review by Franchisee's Advisors. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.4 Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS

AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

20. GUARANTEE OF PRINCIPALS AND THEIR AND SPOUSES

If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders owning more than ten percent (10%) of Franchisee's outstanding shares and their spouses (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all general partners and their spouses, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers and their spouses) hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and non-renewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guarantee in the form attached hereto as Exhibit A.

21. NOTICES

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee's Address: _____

Franchisor's Address: Qualicare of America, Inc.
 91 Skyway Ave, Suite 104
 Etobicoke, ON M9W 6R5 Canada
 Attention: Tony Valle

22. MISCELLANEOUS

22.1 Entire Agreement. This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in the Agreement is intended to disclaim the representations Franchisor makes in the Franchise Disclosure Document provided to Franchisee.

22.2 Construction of Language. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their

obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "immediate family" means Franchisee's spouse, parents, children and siblings and Franchisee's spouse's parents, children and siblings. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The words "including" or "includes" shall not be limiting and shall be deemed to state "without limitation."

22.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the franchise shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf that are reasonably necessary to effectuate the transactions contemplated herein.

22.6 Force Majeure. Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html>.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the

Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.3 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23. ACKNOWLEDGMENTS

23.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success ~~in Franchisee's~~ with the Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with ~~Franchisee's~~ the Franchised Business.

23.3 Receipt of Disclosure Document. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) days before Franchisee signed this Agreement and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement.

23.4 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that

nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor’s representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISEE:

By:

(Individual, Partnership or Corporation Name)

Title: Owner

By:

(Individual, Partnership or Corporation Name)

Title: Owner

PERSONAL GUARANTORS:

By:

Name:

By:

Name:

QUALICARE OF AMERICA, INC.

By:

Name:

Tony Valle

EXHIBIT A
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Qualicare of America, Inc. (“**Franchisor**”) to sign the Qualicare Franchise Agreement between Franchisor and _____ (“**Franchisee**”), dated _____, 20____ (the “**Agreement**”), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations (monetary and otherwise) under the Agreement as well as any other contract between you and Franchisor (and/or Franchisor’s affiliates) will be punctually paid and performed.

Each person signing this Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor’s demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: *(a)* proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); *(b)* proceed against or exhaust any security from Franchisee; *(c)* pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or *(d)* give notice of demand for payment by Franchisee.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any of Franchisee’s indebtedness or obligations, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor’s affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any of its obligations under the Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and/or any amendment to the Agreement.
- S/he will be personally bound by all of Franchisee’s covenants, obligations, and promises in the Agreement.
- S/he agrees to be individually bound by all of Franchisee’s covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following portions of the Agreement: **Section 4** (generally regarding trademarks), **Section 5** (generally regarding confidentiality), **Section 14** (generally regarding Transfers), **Section 16** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 17** (generally regarding covenants against competition) of the Agreement.

- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor’s marks such as the “Qualicare” marks) and/or the system licensed to Franchisee under the Agreement; **(b)** that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this Guarantee, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** s/he has had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 18** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of New York, and that in the event of any conflict of law, New York law will prevail (without applying New York conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

_____	_____	_____
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed	Printed	Printed
Name: _____	Name: _____	Name: _____
Date: _____	Date: _____	Date: _____
 Home Address:	 Home Address:	 Home Address:
_____	_____	_____
_____	_____	_____

EXHIBIT B
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

~~CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS
AND DIGITAL SITES AGREEMENT,
ASSIGNMENT AND POA~~

1. _____, doing business at _____
("Assignor"), in exchange for valuable consideration provided by ~~This TELEPHONE NUMBER AND
INTERNET AGREEMENT, ASSIGNMENT AND POWER OF ATTORNEY ("Assignment") is made
pursuant to the terms of the Franchise Agreement dated ("Agreement") by and between Qualicare of
America, Inc. ("Assignee"), receipt of which is Inc ("Franchisor") and the below signed Franchisee
("Franchisee"), authorizing Franchisee to use Franchisor's Marks and System in the operation of a business
(the "Franchised Business") in and for the Territory.~~

1. Franchisee hereby ~~acknowledged hereby conditionally~~ irrevocably assigns to ~~Assignee~~ Franchisor all
telephone numbers and listings utilized and numbers at any time used by Assignor in the operation of its
Business Franchisee in any printed or internet telephone directory in connection with the operation of the
Franchised Business, whether now-existing or adopted by Franchisee in the future (collectively "Telephone
Numbers") and all Digital Sites that use the Proprietary Marks or any portion of them at Assignor's above-
referenced address. Those numbers are as follows: any time used by Franchisee in connection with the
operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future. From
time to time upon Franchisor's request, Franchisee agrees to promptly provide a complete list of all Telephone
Numbers and Digital Sites (in such format and level of detail as required by Franchisor).

2. ~~— The conditional agreement will become effective automatically upon termination of Assignor's
franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone
company to assure the effectiveness of the assignment of telephone numbers as if the Assignee had been
originally issued such telephones, telephone numbers, telephone listings and the usage thereof.~~

2. Franchisee shall have the right to use the Telephone Numbers and Digital Sites only in connection with
advertising the Franchised Business in the Territory.

3. ~~Assignor~~ Franchisee agrees to pay ~~the telephone company on or before the effective date of assignment~~ all
amounts pertaining to the use of the Telephone Numbers and Digital Sites incurred by it when due. Upon
expiration or termination of the Franchise Agreement for any reason, Franchisee's right of use of the
Telephone Numbers and Digital Sites shall terminate. In the event of termination or expiration of the
Franchise Agreement, Franchisee agrees to pay all amounts owed in connection with the Telephone Numbers
and Digital Sites, including all amounts owed for the use of the ~~telephone number(s)~~ Telephone Numbers
including, without limitation, Yellow Pages advertising. ~~Assignor~~ Franchisee further agrees to indemnify

~~Assignee~~Franchisor for any sums ~~Assignee~~Franchisee must pay the telephone company to effectuate this ~~a~~Agreement, and agrees to fully cooperate with the telephone company and ~~Assignee~~Franchisor in effectuating this ~~assignment~~Agreement.

4. At the Franchisor’s request, Franchisee shall:

(i) take any other action as may be necessary to transfer the Telephone Numbers and Digital Sites to Franchisor or Franchisor’s designated agent; and/or

(ii) install and maintain, at Franchisee’s sole expense, an intercept message, in a form and manner acceptable to Franchisor, on any or all of the Listings; and/or

(iii) disconnect the Telephone Numbers, remove the Digital Sites; and/or

(iv) cooperate with Franchisor or its designated agent in the removal or relisting of any Telephone Number listings, whether published or online.

5. Franchisee agrees that Franchisor may require that all Telephone Numbers and Digital Sites must be owned or provided by Franchisor and that Franchisor has the right to require Franchisee to “port” or transfer to Franchisor or an approved call routing and tracking vendor all Telephone Numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Proprietary Marks.

6. Franchisee appoints Franchisor as Franchisee’s attorney-in-fact, to act in Franchisee’s place, for the purpose of assigning any Telephone Numbers and Digital Sites to Franchisor or Franchisor’s designated agent or taking any other actions required of Franchisee under this Agreement. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Telephone Numbers and Digital Sites, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers.

7. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power of attorney is created to secure performance of a duty to Franchisor and is for consideration.

8. Capitalized terms used herein without a definition shall have the meaning assigned to them in the Franchise Agreement.

~~ASSIGNOR~~Franchisee:

BY: _____

Date: _____

TITLE: _____

ASSIGNEE:

QUALICARE OF AMERICA, INC.:

BY: _____

Date: _____

NAME /TITLE: Tony Valle-CEO

EXHIBIT C
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
(for trained employees, shareholders, officers, directors,
general partners, members and managers and General Manager, Specially-Trained Management
Persons of Franchisee)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that: _____, doing business as _____ (the "Franchisee"), has acquired the right and franchise from Qualicare of America, Inc. (the "Company") to establish and operate a Qualicare Franchised Business (the "Business" or "Franchised Business") and the right to use in the operation of the Business the Company's trade names, trademarks and service marks (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____

(the "Business Premises").

1. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain trade secrets, the Proprietary Software (as defined in the Franchise Agreement) and copyrighted materials, methods and other techniques and know-how (the "Confidential Information").

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Qualicare of America, Inc. Operations Manual (the "Manual") and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee

under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other Businesses, which offer personal care services, including companionship, assistance with bathing and grooming, assistance with medicinal intake, assistance in preparing meals, in addition to housekeeping, transportation, and bill payment assistance to seniors or to the physically or mentally impaired, except a Qualicare Business operating under the System and Proprietary Marks.

7. Except as otherwise approved in writing by the Company, I will not, for a period of two years after my position with the Franchisee expires or is terminated, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company:

(a) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business which operates or licenses the sale of businesses which offer personal care services, including companionship, assistance with bathing and grooming, assistance with medicinal intake, assistance in preparing meals, in addition to housekeeping, transportation, and bill payment assistance to seniors or to the physically or mentally impaired: (i) at the Franchised Business premises; (ii) within the Territory; or (iii) within a radius of twenty (20) miles of the perimeter of (a) the Territory being granted hereunder or (b) any other Territory licensed by Franchisor as of the date of expiration or termination of this Agreement; or (i) within the Franchisee's territory; or (iii) within a ten (10) mile radius of (a) the Franchisee's territory; or (b) any other territory licensed by the Company as of the date of expiration or termination of this Agreement.

(b) Solicit the Franchised Business' Guests or contact any of the Company's suppliers or vendors for any competitive business purpose.

The prohibitions in this Section 8 do not apply to my interests in or activities performed in connection with a Qualicare Business. This restriction does not apply to my ownership of less than a five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate

matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the _____. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Executed the _____ day of _____, 20_____.

EMPLOYEE

Signature: _____

ACKNOWLEDGED BY FRANCHISEE

Franchisee Name: _____

By: _____

Name: _____

Title: _____

EXHIBIT D
to
QUALICARE OF AMERICA, INC.
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA No.: _____

Account No.: _____

Account Name: _____

Effective as of the date of the signature below, [Franchisee Name] (“Franchisee” or “Depositor”) hereby authorizes Qualicare of America, Inc. (“Franchisor” or “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at [_____]: (1) all Royalty Fees and (2) all contributions to the Brand Development Fund and (3) all other all fees, charges and any other amounts owed pursuant to the terms of the franchise agreement entered into between Depositor and Company and any related agreement with Franchisor’s affiliates. Such withdrawals will occur on a weekly basis, or on such other schedule as Company will specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization will remain in full force and effect until terminated in writing by Company. Franchisee will provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISEE/ DEPOSITOR:

By: _____

Print Name: _____

Its: _____

EXHIBIT E-2
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
COMMUNITY BUILDER ADDENDUM

QUALICARE OF AMERICA, INC.
ADDENDUM TO FRANCHISE AGREEMENTS

COMMUNITY BUILDER PROGRAM

THIS ADDENDUM (“**Addendum**”) dated this ___ day of __, 202__ is entered into by and between Qualicare of America, Inc., a Delaware corporation having its principal place of business located at ___ (hereinafter “**Franchisor**”) and _____, a _____ with its principal place of business at _____ (“**Franchisee**”).

Background

A. Franchisee wishes to participate in Franchisor’s “Community Builder Program,” pursuant to which Franchisee is entering into with Franchisor simultaneously with this Addendum three Qualicare of America, Inc. franchise agreements as follows (i) Franchise Agreement for Territory _____ (the “First Franchise Agreement”); (ii) Franchise Agreement for Territory _____ (the “Second Franchise Agreement”) and (iii) Franchise Agreement for Territory _____ (the “Third Franchise Agreement”). Unless otherwise stated in this Addendum, the First Franchise Agreement, the Second Franchise Agreement and the Third Franchise Agreement will be referred to collectively as the “**Franchise Agreements**.”

B. In recognition of Franchisee’s participation in the Community Builder Program, Franchisor is willing to amend the Franchise Agreements according to the terms and conditions of this Addendum.

In recognition of all of the details noted above, the parties have decided to enter into this Addendum, taking into account all of the promises and commitments that they are each making to one another, and they agree as follows:

1. Any capitalized terms used in this Addendum but not otherwise defined will have the same meaning as set out in the Franchise Agreement.
2. Franchisee will not be required to pay the Initial Franchise Fee due to Franchisor under Section 4.1 of the Third Franchise Agreement.
3. Franchisee’s aggregate Minimum Annual Gross Sales Requirement as set out under Section 1.6 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement.
4. Franchisee’s aggregate ~~m~~Minimum Royalty ~~Fee~~ as set out under Section 3.2 of each of the three (3) franchise agreements shall be payable in an amount as if under a single (one (1)) franchise agreement. That is, Franchisee’s aggregate ~~m~~Minimum Royalty ~~Fee~~ under all three (3) franchise agreements ~~shall be~~ \$600 per month ~~commencing~~ beginning in the 7th month of operation, and \$1,200 per month ~~starting from~~ in the 13th month of operation and at all times after that.
5. The Software Maintenance fee as set out under Section 3.3 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement.

6. The Technology fee as set out under Section 3.8 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement, however the monthly Technology Fee amount may be periodically increased by Franchisor per Franchise Agreement for the Second Franchise Agreement and Third Franchise Agreement in an amount that is commensurate with the Franchisor's increased costs in connection with technology for the System.
 7. The conference fees as set out under Section 6.7 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement.
 8. Franchisee shall only be required to purchase a single (one (1)) Start-Up Marketing Kit for all Franchise Agreements.
 9. Franchisee's aggregate Local Marketing Requirement, as set out in Section 12.7 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement.
 10. Franchisee's aggregate Online Lead Generation spend as set out in Section 12.8 of each of the three (3) franchise agreements, shall be payable in an amount as if under a single (one (1)) franchise agreement.
- ~~10~~11. Except as expressly modified by this Addendum, the Franchise Agreements remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the date first written above.

QUALICARE OF AMERICA, INC.
By:
Name:
Title:

FRANCHISEE:
By:
Name:
Title:

EXHIBIT E-3
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
BUSINESS ASSOCIATE AGREEMENT
(ATTACHED)

HIPAA BUSINESS ASSOCIATE AGREEMENT

THIS HIPAA BUSINESS ASSOCIATE AGREEMENT ("BAA") IS ENTERED INTO BETWEEN QUALICARE OF AMERICA, INC. ("FRANCHISOR") AND THE FRANCHISEE AGREEING TO THE TERMS BELOW ("FRANCHISEE"), AND SUPPLEMENTS, AMENDS AND IS INCORPORATED INTO THE FRANCHISE AGREEMENT AND ANY OTHER APPLICABLE AGREEMENTS BETWEEN THE PARTIES (COLLECTIVELY, "AGREEMENTS", AND EACH AN "AGREEMENT") SOLELY WITH RESPECT TO COVERED SERVICES (DEFINED BELOW). THIS BAA WILL BE EFFECTIVE AS OF THE DATE OF FRANCHISEE'S EXECUTION OF THIS BAA (THE "BAA EFFECTIVE DATE").

FRANCHISEE MUST HAVE AN EXISTING AGREEMENT (AS DEFINED BELOW) IN PLACE FOR THIS BAA TO BE VALID AND EFFECTIVE. TOGETHER WITH THE AGREEMENT, THIS BAA WILL GOVERN EACH PARTY'S RESPECTIVE OBLIGATIONS REGARDING PROTECTED HEALTH INFORMATION (AS DEFINED BELOW).

1. DEFINITIONS.

ANY CAPITALIZED TERMS USED BUT NOT OTHERWISE DEFINED IN THIS BAA WILL HAVE THE MEANING GIVEN TO THEM IN THE APPLICABLE AGREEMENT, HIPAA AND THE HITECH ACT.

(A) "BUSINESS ASSOCIATE" HAS THE MEANING GIVEN TO IT UNDER HIPAA.

(B) "BREACH" HAS THE MEANING GIVEN TO IT UNDER HIPAA.

(C) "COVERED ENTITY" HAS THE MEANING GIVEN TO IT UNDER HIPAA.

(D) "COVERED SERVICES" MEANS THE PERFORMANCE OF THE FRANCHISOR OBLIGATIONS UNDER THE AGREEMENT, EXERCISE OF FRANCHISOR RIGHTS UNDER THE AGREEMENT, AND USE OF PROPRIETARY SOFTWARE (AS DEFINED IN THE AGREEMENT).

(E) "ELECTRONIC PROTECTED HEALTH INFORMATION" OR "E PHI" HAS THE MEANING GIVEN TO IT UNDER HIPAA AND FOR PURPOSES OF THIS BAA IS LIMITED TO E PHI WITHIN CLIENT DATA (AS DEFINED IN THE APPLICABLE AGREEMENT) TO WHICH FRANCHISOR HAS ACCESS THROUGH THE COVERED SERVICES IN CONNECTION WITH FRANCHISEE'S PERMITTED USE OF COVERED SERVICES.

(F) "HIPAA" MEANS THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 AND THE RULES AND THE REGULATIONS THEREUNDER, AS AMENDED, INCLUDING THE HITECH ACT, PRIVACY RULE AND SECURITY RULE.

(G) "HITECH ACT" MEANS THE HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT, ENACTED AS PART OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-005.

(H) "PRIVACY RULE" MEANS THAT PORTION OF HIPAA SET FORTH IN 45 CFR PART 160 AND PART 164, SUBPARTS A AND E.

(I) "PROTECTED HEALTH INFORMATION" OR "PHI" HAS THE MEANING GIVEN TO IT UNDER HIPAA AND FOR PURPOSES OF THIS BAA IS LIMITED TO PHI WITHIN CLIENT DATA TO WHICH FRANCHISOR HAS ACCESS THROUGH THE COVERED SERVICES IN CONNECTION WITH FRANCHISEE'S PERMITTED USE OF COVERED SERVICES.

(J) "SECURITY BREACH" MEANS ANY BREACH OF UNSECURED PHI OR SECURITY INCIDENT OF WHICH FRANCHISOR BECOMES AWARE.

(K) "SECURITY INCIDENT" HAS THE MEANING GIVEN TO IT UNDER HIPAA.

(L) "SECURITY RULE" MEANS THE SECURITY STANDARDS FOR THE PROTECTION OF ELECTRONIC HEALTH INFORMATION PROVIDED IN 45 CFR PART 160 & PART 164, SUBPARTS A AND C.

(M) "UNSECURED PHI" HAS THE MEANING GIVEN TO IT UNDER HIPAA.

2. APPLICABILITY. THIS BAA APPLIES TO THE EXTENT FRANCHISEE IS ACTING AS A COVERED ENTITY OR A BUSINESS ASSOCIATE TO CREATE, RECEIVE, MAINTAIN, OR TRANSMIT PHI VIA A COVERED SERVICE AND TO THE EXTENT FRANCHISOR, AS A RESULT, IS AS A BUSINESS ASSOCIATE OR SUBCONTRACTOR OF FRANCHISEE. FRANCHISEE ACKNOWLEDGES THAT THIS BAA DOES NOT APPLY TO, OR GOVERN, ANY OTHER FRANCHISOR PRODUCT, SERVICE, OR FEATURE THAT IS NOT A COVERED SERVICE.

3. USE AND DISCLOSURE OF PHI.

(A) EXCEPT AS OTHERWISE STATED IN THIS BAA, FRANCHISOR MAY USE AND DISCLOSE PHI ONLY AS PERMITTED OR REQUIRED BY THE AGREEMENT(S) AND/OR THIS BAA OR AS REQUIRED BY LAW.

(B) FRANCHISOR MAY USE AND DISCLOSE PHI FOR THE PROPER MANAGEMENT AND ADMINISTRATION OF FRANCHISOR'S BUSINESS AND TO CARRY OUT THE LEGAL RESPONSIBILITIES OF FRANCHISOR, PROVIDED THAT ANY DISCLOSURE OF PHI FOR SUCH PURPOSES MAY ONLY OCCUR IF: (1) REQUIRED BY APPLICABLE LAW; OR (2) FRANCHISOR OBTAINS WRITTEN REASONABLE ASSURANCES FROM THE PERSON TO WHOM PHI WILL BE DISCLOSED THAT IT WILL BE HELD IN CONFIDENCE, USED AND FURTHER DISCLOSED ONLY FOR THE PURPOSE FOR WHICH IT WAS DISCLOSED TO SUCH PERSON, AND THAT FRANCHISOR WILL BE NOTIFIED PROMPTLY AND WITHOUT UNREASONABLE DELAY OF ANY SECURITY BREACH.

(C) FRANCHISOR MAY ALSO USE PHI TO CREATE DE-IDENTIFIED INFORMATION IN A MANNER CONSISTENT WITH THE STANDARDS STATED IN HIPAA, AND MAY USE OR DISCLOSE SUCH DE-IDENTIFIED PHI FOR ANY PURPOSE IN ACCORDANCE WITH HIPAA.

(D) FRANCHISOR HAS NO OBLIGATIONS UNDER THIS BAA WITH RESPECT TO ANY PHI THAT FRANCHISEE CREATES, RECEIVES, MAINTAINS, OR TRANSMITS OUTSIDE OF THE COVERED SERVICES (INCLUDING FRANCHISEE'S USE OF ITS OFFLINE OR ON-PREMISE STORAGE TOOLS OR THIRD-PARTY APPLICATIONS) AND THIS BAA WILL NOT APPLY TO ANY PHI CREATED, RECEIVED, MAINTAINED OR TRANSMITTED OUTSIDE OF THE COVERED SERVICES.

4. FRANCHISEE OBLIGATIONS.

(A) FRANCHISEE MAY ONLY USE THE COVERED SERVICES TO CREATE, RECEIVE, MAINTAIN, OR TRANSMIT PHI. FRANCHISEE IS SOLELY RESPONSIBLE FOR MANAGING WHETHER FRANCHISEE'S END USERS ARE AUTHORIZED TO SHARE, DISCLOSE, CREATE, AND/OR USE PHI WITHIN THE COVERED SERVICES.

(B) FRANCHISEE WILL NOT REQUEST THAT FRANCHISOR OR THE COVERED SERVICES USE OR DISCLOSE PHI IN ANY MANNER THAT WOULD NOT BE PERMISSIBLE UNDER HIPAA IF DONE BY FRANCHISEE (IF FRANCHISEE IS A COVERED ENTITY) OR BY THE COVERED ENTITY TO WHICH

FRANCHISEE IS A BUSINESS ASSOCIATE (UNLESS EXPRESSLY PERMITTED UNDER HIPAA FOR A BUSINESS ASSOCIATE).

(C) FOR END USERS THAT USE THE COVERED SERVICES IN CONNECTION WITH PHI, FRANCHISEE WILL USE BEST RECOMMENDED INDUSTRY PRACTICES AVAILABLE WITHIN THE SERVICES TO ENSURE ITS USE OF PHI IS LIMITED TO THE COVERED SERVICES. FRANCHISEE IS SOLELY RESPONSIBLE FOR ENSURING THAT ITS AND ITS END USERS' USE OF THE COVERED SERVICES COMPLIES WITH HIPAA.

(D) FRANCHISEE WILL TAKE APPROPRIATE MEASURES TO LIMIT ITS USE OF PHI TO THE COVERED SERVICES AND WILL LIMIT ITS USE WITHIN THE COVERED SERVICES TO THE MINIMUM EXTENT NECESSARY FOR FRANCHISEE TO CARRY OUT ITS AUTHORIZED USE OF SUCH PHI.

(E) WITH REGARD TO THE USE AND/OR DISCLOSURE OF PHI BY FRANCHISOR, FRANCHISEE AGREES TO: (I) NOTIFY FRANCHISOR IN WRITING OF ANY LIMITATION(S) IN ITS NOTICE OF PRIVACY PRACTICES IN ACCORDANCE WITH 45 CFR §164.520, TO THE EXTENT THAT SUCH LIMITATION MAY AFFECT FRANCHISOR'S USE OR DISCLOSURE OF PHI; PROVIDED THAT IN THE EVENT OF SUCH NOTIFICATION, FRANCHISOR MAY TERMINATE THIS BAA, THE APPLICABLE AGREEMENT(S), AND ANY OTHER AGREEMENTS BETWEEN THE PARTIES; (II) NOTIFY FRANCHISOR IN WRITING OF ANY CHANGES IN, OR REVOCATION OF, PERMISSION BY AN INDIVIDUAL TO USE OR DISCLOSE PHI, TO THE EXTENT THAT SUCH CHANGES MAY AFFECT FRANCHISOR'S USE OR DISCLOSURE OF PHI; AND (III) NOTIFY FRANCHISOR OF ANY RESTRICTION TO THE USE OR DISCLOSURE OF PHI THAT FRANCHISEE HAS AGREED TO IN ACCORDANCE WITH 45 CFR §164.522, TO THE EXTENT THAT SUCH RESTRICTION MAY AFFECT FRANCHISOR'S USE OR DISCLOSURE OF PHI; PROVIDED THAT IN THE EVENT OF SUCH NOTIFICATION, FRANCHISOR MAY TERMINATE THIS BAA, THE APPLICABLE AGREEMENT(S), AND ANY OTHER AGREEMENTS BETWEEN THE PARTIES.

(F) FRANCHISEE REPRESENTS, WARRANTS AND COVENANTS THAT IT HAS OBTAINED AND WILL OBTAIN ANY CONSENTS, AUTHORIZATIONS AND/OR OTHER LEGAL PERMISSIONS REQUIRED UNDER HIPAA AND/OR OTHER APPLICABLE LAW FOR THE DISCLOSURE OF PHI TO FRANCHISOR. FRANCHISEE WILL NOTIFY FRANCHISOR OF ANY CHANGES IN, OR REVOCATION OF, THE PERMISSION BY AN INDIVIDUAL TO USE OR DISCLOSE HIS OR HER PHI, TO THE EXTENT THAT SUCH CHANGES MAY AFFECT FRANCHISOR'S USE OR DISCLOSURE OF PHI. FRANCHISEE WILL NOT AGREE TO ANY RESTRICTION ON THE USE OR DISCLOSURE OF PHI UNDER 45 CFR § 164.522 THAT RESTRICTS FRANCHISOR'S USE OR DISCLOSURE OF PHI UNDER THE AGREEMENT(S) UNLESS SUCH RESTRICTION IS REQUIRED BY LAW.

5. APPROPRIATE SAFEGUARDS. FRANCHISOR AND FRANCHISEE WILL EACH USE APPROPRIATE SAFEGUARDS DESIGNED TO PREVENT AGAINST UNAUTHORIZED USE OR DISCLOSURE OF PHI, AND AS OTHERWISE REQUIRED UNDER HIPAA, WITH RESPECT TO THE COVERED SERVICES. FRANCHISOR WARRANTS THAT IT WILL IMPLEMENT AND MAINTAIN ADMINISTRATIVE, PHYSICAL AND TECHNICAL SAFEGUARDS THAT REASONABLY AND APPROPRIATELY PROTECT THE CONFIDENTIALITY, INTEGRITY, AND AVAILABILITY OF EPHI THAT IT CREATES, RECEIVES, MAINTAINS, OR TRANSMITS ON BEHALF OF FRANCHISEE. FRANCHISOR FURTHER WARRANTS THAT IT WILL COMPLY WITH THE SECURITY RULE, WHERE APPLICABLE, WITH RESPECT TO EPHI TO PREVENT THE USE OR DISCLOSURE OF EPHI OTHER THAN AS PERMITTED BY THIS BAA.

6. REPORTING.

(A) SUBJECT TO SECTION 6(D), FRANCHISOR WILL NOTIFY FRANCHISEE OF FRANCHISOR'S DISCOVERY OF A SECURITY BREACH IN ACCORDANCE WITH HIPAA AND WITHOUT UNREASONABLE DELAY AND IN NO EVENT MORE THAN 60 DAYS AFTER DISCOVERY, CONSISTENT WITH THE LEGITIMATE

NEEDS OF APPLICABLE LAW ENFORCEMENT AND APPLICABLE LAWS, AND AFTER TAKING ANY MEASURES FRANCHISOR DEEMS NECESSARY TO DETERMINE THE SCOPE OF THE SECURITY BREACH AND TO RESTORE THE REASONABLE INTEGRITY OF FRANCHISOR'S SYSTEMS.

(B) TO THE EXTENT PRACTICABLE, FRANCHISOR WILL USE COMMERCIALY REASONABLE EFFORTS TO MITIGATE ANY FURTHER HARMFUL EFFECTS OF A SECURITY BREACH CAUSED BY FRANCHISOR.

(C) FRANCHISOR WILL SEND ANY APPLICABLE SECURITY BREACH NOTIFICATIONS TO THE NOTIFICATION EMAIL ADDRESS PROVIDED BY FRANCHISEE IN THE AGREEMENT(S) OR VIA DIRECT COMMUNICATION WITH THE FRANCHISEE.

(D) NOTWITHSTANDING SECTION 6(A), THIS SECTION 6(D) WILL BE DEEMED AS NOTICE TO FRANCHISEE THAT FRANCHISOR PERIODICALLY RECEIVES UNSUCCESSFUL ATTEMPTS FOR UNAUTHORIZED ACCESS, USE, DISCLOSURE, MODIFICATION OR DESTRUCTION OF INFORMATION, OR INTERFERENCE WITH THE GENERAL OPERATION OF FRANCHISOR'S INFORMATION SYSTEMS AND THE COVERED SERVICES. FRANCHISEE ACKNOWLEDGES AND AGREES THAT EVEN IF SUCH EVENTS CONSTITUTE A SECURITY INCIDENT, FRANCHISOR WILL NOT BE REQUIRED TO PROVIDE ANY NOTICE UNDER THIS BAA REGARDING SUCH UNSUCCESSFUL ATTEMPTS OTHER THAN THIS SECTION 6(D).

7. SUBCONTRACTORS. FRANCHISOR WILL TAKE APPROPRIATE MEASURES TO ENSURE THAT ANY SUBCONTRACTORS USED BY FRANCHISOR TO PERFORM ITS OBLIGATIONS UNDER THE AGREEMENT(S) THAT REQUIRE ACCESS TO PHI ON BEHALF OF FRANCHISOR ARE BOUND BY WRITTEN OBLIGATIONS THAT PROVIDE THE SAME MATERIAL LEVEL OF PROTECTION FOR PHI AS THIS BAA. TO THE EXTENT FRANCHISOR USES SUBCONTRACTORS IN ITS PERFORMANCE OF OBLIGATIONS HEREUNDER, FRANCHISOR WILL REMAIN RESPONSIBLE FOR THEIR PERFORMANCE AS IF PERFORMED BY FRANCHISOR.

8. ACCESS AND AMENDMENT. FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISEE IS SOLELY RESPONSIBLE FOR THE FORM AND CONTENT OF PHI MAINTAINED BY FRANCHISEE WITHIN THE COVERED SERVICES, INCLUDING WHETHER FRANCHISEE MAINTAINS SUCH PHI IN A DESIGNATED RECORD SET WITHIN THE COVERED SERVICES. FRANCHISOR WILL PROVIDE FRANCHISEE WITH ACCESS TO FRANCHISEE'S PHI VIA THE COVERED SERVICES SO THAT FRANCHISEE MAY FULFILL ITS OBLIGATIONS UNDER HIPAA WITH RESPECT TO INDIVIDUALS' RIGHTS OF ACCESS AND AMENDMENT, BUT WILL HAVE NO OTHER OBLIGATIONS TO FRANCHISEE OR ANY INDIVIDUAL WITH RESPECT TO THE RIGHTS AFFORDED TO INDIVIDUALS BY HIPAA WITH RESPECT TO DESIGNATED RECORD SETS, INCLUDING RIGHTS OF ACCESS OR AMENDMENT OF PHI. FRANCHISEE IS RESPONSIBLE FOR MANAGING ITS USE OF THE COVERED SERVICES TO APPROPRIATELY RESPOND TO SUCH INDIVIDUAL REQUESTS.

9. ACCOUNTING OF DISCLOSURES. FRANCHISOR WILL DOCUMENT DISCLOSURES OF PHI BY FRANCHISOR AND PROVIDE AN ACCOUNTING OF SUCH DISCLOSURES TO FRANCHISEE AS AND TO THE EXTENT REQUIRED OF A BUSINESS ASSOCIATE UNDER HIPAA AND IN ACCORDANCE WITH THE REQUIREMENTS APPLICABLE TO A BUSINESS ASSOCIATE UNDER HIPAA.

10. ACCESS TO RECORDS. TO THE EXTENT REQUIRED BY LAW, AND SUBJECT TO APPLICABLE ATTORNEY CLIENT PRIVILEGES, FRANCHISOR WILL MAKE ITS INTERNAL PRACTICES, BOOKS, AND RECORDS CONCERNING THE USE AND DISCLOSURE OF PHI RECEIVED FROM FRANCHISEE, OR CREATED OR RECEIVED BY FRANCHISOR ON BEHALF OF FRANCHISEE, AVAILABLE TO THE SECRETARY OF THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (THE "SECRETARY") FOR THE PURPOSE OF THE SECRETARY DETERMINING COMPLIANCE WITH THIS BAA.

11. HIPAA AND HITECH ACT COMPLIANCE. FRANCHISEE AND FRANCHISOR WILL COMPLY WITH THE REQUIREMENTS OF THE HIPAA AND THE HITECH ACT THAT ARE APPLICABLE TO SUCH PARTY, AND WILL COMPLY WITH ALL REGULATIONS ISSUED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ("HHS") TO IMPLEMENT THE FOREGOING.

12. EXPIRATION AND TERMINATION.

(A) THIS BAA WILL TERMINATE ON THE EARLIER OF (I) A PERMITTED TERMINATION IN ACCORDANCE WITH SECTION 12(B) BELOW, OR (II) THE EXPIRATION OR TERMINATION OF ALL AGREEMENTS UNDER WHICH FRANCHISEE HAS ACCESS TO A COVERED SERVICE.

(B) FRANCHISEE MAY TERMINATE THIS BAA BY WRITTEN NOTICE IF FRANCHISEE REASONABLY DETERMINES FRANCHISOR HAS BREACHED A MATERIAL TERM OF THIS BAA, AND IF FRANCHISOR HAS FAILED TO CURE THAT MATERIAL BREACH, WITHIN THIRTY (30) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM FRANCHISEE. FRANCHISEE MAY REPORT THE PROBLEM TO THE SECRETARY OF HHS IF TERMINATION IS NOT FEASIBLE.

(C) IF FRANCHISOR DETERMINES THAT FRANCHISEE HAS BREACHED A MATERIAL TERM OF THIS BAA, THEN FRANCHISOR MAY TERMINATE THIS BAA, THE AGREEMENT(S), AND ANY OTHER AGREEMENTS WITH FRANCHISEE IF FRANCHISEE FAILS TO CURE THAT MATERIAL BREACH WITHIN THIRTY (30) DAYS AFTER WITH WRITTEN NOTICE OF THE BREACH FROM FRANCHISOR. FRANCHISOR MAY REPORT THE BREACH TO HHS.

13. RETURN/DESTRUCTION OF INFORMATION. ON TERMINATION OF THE APPLICABLE AGREEMENT(S), FRANCHISOR WILL RETURN OR DESTROY ALL PHI RECEIVED FROM FRANCHISEE, OR CREATED OR RECEIVED BY FRANCHISOR ON BEHALF OF FRANCHISEE, IN EACH CASE PURSUANT TO THAT AGREEMENT; PROVIDED, HOWEVER, THAT IF SUCH RETURN OR DESTRUCTION IS NOT FEASIBLE, FRANCHISOR WILL EXTEND THE PROTECTIONS OF THIS BAA TO THE PHI NOT RETURNED OR DESTROYED AND LIMIT FURTHER USES AND DISCLOSURES TO THOSE PURPOSES THAT MAKE THE RETURN OR DESTRUCTION OF THE PHI INFEASIBLE.

14. NO THIRD PARTY BENEFICIARIES. THERE ARE NO THIRD-PARTY BENEFICIARIES TO THIS BAA.

15. RELATIONSHIP TO OTHER AGREEMENTS. TO THE EXTENT THIS BAA CONFLICTS WITH THE APPLICABLE AGREEMENT(S), THIS BAA WILL GOVERN WITH RESPECT TO THE SUBJECT MATTER HEREOF.

16. SURVIVAL. SECTION 13 (RETURN/DESTRUCTION OF INFORMATION) WILL SURVIVE TERMINATION OR EXPIRATION OF THIS BAA.

17. COUNTERPARTS. THE PARTIES MAY EXECUTE THIS BAA IN COUNTERPARTS, INCLUDING FACSIMILE, PDF OR OTHER ELECTRONIC COPIES, WHICH TAKEN TOGETHER WILL CONSTITUTE ONE INSTRUMENT.

18. DISPUTE RESOLUTION, GOVERNING LAW AND VENUE. THIS BAA IS SUBJECT TO THE "DISPUTE RESOLUTION", "GOVERNING LAW," "VENUE," AND SIMILAR PROVISIONS OF THE AGREEMENT(S).

19. AMENDMENT. UPON REQUEST BY FRANCHISOR, FRANCHISEE AGREES TO PROMPTLY ENTER INTO NEGOTIATIONS WITH FRANCHISOR CONCERNING THE TERMS OF AN AMENDMENT TO THIS BAA.

EXCEPT AS EXPRESSLY MODIFIED OR AMENDED UNDER THIS BAA, THE TERMS OF THE AGREEMENT(S) REMAIN IN FULL FORCE AND EFFECT. FRANCHISOR MAY TERMINATE THIS BAA AND THE AGREEMENT(S) UPON THIRTY (30) DAYS WRITTEN NOTICE TO FRANCHISEE IN THE EVENT THAT FRANCHISEE DOES NOT PROMPTLY ENTER INTO NEGOTIATIONS TO AMEND THIS BAA WHEN REQUESTED BY FRANCHISOR PURSUANT TO THIS SECTION, OR IF THE PARTIES ARE UNABLE TO REACH AGREEMENT ON AMENDMENTS IN A TIMELY MANNER.

20. AUTHORITY. THE INDIVIDUAL SIGNING FOR FRANCHISEE REPRESENTS AND WARRANTS THAT (I) THEY HAVE THE FULL LEGAL AUTHORITY TO BIND FRANCHISEE TO THIS BAA, (II) THEY HAVE READ AND UNDERSTAND THIS BAA, AND (III) THEY AGREE, ON BEHALF OF FRANCHISEE, TO THE TERMS OF THIS BAA.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS BAA AS OF THE DATE SET FORTH BELOW:

FRANCHISEE:

BY: _____

NAME:

TITLE:

FRANCHISOR: QUALICARE OF AMERICA, INC.

BY: _____

NAME: TONY VALLE

TITLE: PRESIDENT

DATE:

EXHIBIT E-4
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

RESALE AGREEMENT
(ATTACHED)

QUALICARE OF AMERICA
RESALE AGREEMENT

THIS RESALE AGREEMENT (THIS “AGREEMENT”) IS MADE AND ENTERED INTO AS OF _____ (THE “EFFECTIVE DATE”) BY AND BETWEEN THE FOLLOWING PARTIES:

QUALICARE AMERICA INC., A DELAWARE CORPORATION (“FRANCHISOR”);

AND

_____, A COMPANY OR AN INDIVIDUAL, WHOSE PRINCIPAL PLACE OF BUSINESS IS LOCATED AT _____ (“FRANCHISEE”)

THERE ARE FEES ASSOCIATED WITH THE RESALE THAT MUST BE PAID FROM THE PROCEEDS AND SPECIFIC RECORDS THE FRANCHISOR NEEDS THE FRANCHISEE TO PROVIDE IN ORDER TO FACILITATE THE SALE. THE TIMELINE FOR THE SALE OF AN EXISTING BUSINESS CAN TAKE 6 - 12 MONTHS OR LONGER IN SOME CASES. THE AMOUNT OF TIME DEPENDS ON SEVERAL FACTORS INCLUDING BUT NOT LIMITED TO THE SALE PRICE, THE BUSINESS GROWTH AND THE AVAILABILITY OF QUALIFIED BUYERS.

OPTIONS FOR SELLING THE FRANCHISED BUSINESS

OPTION 1: SELLING THROUGH A FRANCHISE CONSULTANT

THE FRANCHISOR HAS CORPORATE RELATIONSHIPS WITH A NUMBER OF GLOBAL FRANCHISE CONSULTING NETWORKS THAT MAY PROVIDE POTENTIAL BUYERS FOR THE FRANCHISED BUSINESS. FRANCHISE CONSULTANTS USUALLY GENERATE THE HIGHEST NUMBER OF QUALIFIED CANDIDATES FOR A FRANCHISEE’S BUSINESS; THEIR CLIENTS ARE PRE-QUALIFIED AND HAVE ACCESS TO CAPITAL NEEDED TO PURCHASE A FRANCHISED BUSINESS AT A HIGHER PRICE. THIS ENABLES A FRANCHISEE TO ADD THE COST OF THE FRANCHISE CONSULTANT FEE RANGING FROM \$20,000 - \$50,000 OR 10% OF THE GROSS SALE (WHICHEVER IS HIGHER) TO THE FRANCHISEE’S DESIRED SALE PRICE. THIS REFLECTS THE BROKER PRICING ON A 1-3-TERRITORY NEW FRANCHISEE DEAL. PLEASE NOTE THIS FEE DOES NOT INCLUDE THE FRANCHISE DEVELOPMENT DIRECTOR FEE (DEFINED BELOW) AND TRANSFER FEE (BEING \$15,000 PER TERRITORY).

OPTION 2: SELLING THROUGH THE FRANCHISOR

THE FRANCHISOR HAS THE ABILITY TO GENERATE LEADS THROUGH ITS OWN MARKETING EFFORTS TO IDENTIFY A POTENTIAL BUYER. THIS PROSPECTIVE BUYER WILL BE GUIDED THROUGH THE FRANCHISOR’S SELECTION PROCESS BY A FRANCHISE DEVELOPMENT DIRECTOR. THE FRANCHISE DEVELOPMENT DIRECTOR WILL EDUCATE THE PROSPECTIVE BUYER ABOUT THE QUALICARE SYSTEM, DISCLOSE REQUIRED DOCUMENTS, HANDLE PRE-QUALIFICATION AND FINAL APPROVAL BY THE SELECTION COMMITTEE, AND ASSIST THE BUYER AND THE FRANCHISEE AFTER A PRICE HAS BEEN AGREED UPON. EVERY PROSPECT MUST WORK WITH A FRANCHISE DEVELOPMENT DIRECTOR AND THE FRANCHISEE MUST PAY THE FRANCHISE DEVELOPMENT DIRECTOR A SALES COMMISSION WHEN THE SALE IS COMPLETE (THE “FRANCHISE DEVELOPMENT DIRECTOR FEE”, BEING \$7,500-15,000 OR 5% OF THE PURCHASE PRICE, WHICHEVER IS GREATER). THE FRANCHISEE WILL ALSO PAY A FRANCHISOR FEE (COST OF LEAD GENERATION, BEING \$26,000) AND THE TRANSFER FEE.

OPTION 3: SELLING THE FRANCHISE BUSINESS ON YOUR OWN

THE FRANCHISEE IS RESPONSIBLE FOR IDENTIFYING A PROSPECTIVE BUYER FOR THE FRANCHISED BUSINESS. THE FRANCHISEE IS RESPONSIBLE FOR PLACING AND PAYING FOR THE ADVERTISEMENTS, THE COST OF ANY BROKER/ AGENT THE FRANCHISEE ENGAGES ON THEIR OWN, TO ASSIST THE

FRANCHISEE WITH FINDING A BUYER AND ANY OTHER COSTS INCURRED IN FINDING A BUYER ON THEIR OWN. WHEN THE FRANCHISEE HAS IDENTIFIED A PROSPECTIVE BUYER THAT IS INTERESTED IN PURCHASING THE FRANCHISED BUSINESS, THE PROSPECTIVE BUYER WILL THEN BE GUIDED THROUGH THE FRANCHISOR'S SELECTION PROCESS BY HOME OFFICE. THE FRANCHISEE WILL PAY THE TRANSFER FEE.

PLEASE PROVIDE THE FOLLOWING INFORMATION TO THE FRANCHISOR:

FINANCIAL STATEMENTS: YEAR-TO-DATE AND LAST TWO FISCAL YEARS (THESE SHOULD BE 'RE-CAST' TO SHOW THE TRUE EARNINGS OF THE FRANCHISED BUSINESS).

PREPAID SERVICES BY CLIENT: INCLUDE THE DURATION AND TYPE OF SERVICE THAT HAS BEEN PAID FOR BY CLIENTS BUT NOT YET PERFORMED.

PREPAYMENTS TO CAREGIVERS: INCLUDE THE AMOUNT AND DESCRIPTION OF ANY PAYMENT THAT HAS BEEN MADE TO CAREGIVERS FOR SERVICES THAT HAVE NOT YET BEEN RENDERED.

EXPIRATION OF THIS AGREEMENT

THIS AGREEMENT IS VALID FOR 1 YEAR FROM THE EFFECTIVE DATE. SHOULD THE FRANCHISEE REMAIN IN RESALE STATUS FOR OVER ONE YEAR, THE FRANCHISEE MUST COMPLETE THE TERMS AND CONDITIONS UNDER THE FRANCHISOR'S CURRENT FORM OF RESALE AGREEMENT.

PLEASE NOTE: DO NOT DISCUSS SELLING THE FRANCHISED BUSINESS WITH ANY PROSPECTIVE BUYER WITHOUT PRIOR WRITTEN APPROVAL FROM THE FRANCHISOR.

RESALE FEES: PLEASE CHOOSE OPTION(S) APPLICABLE BELOW. PLEASE NOTE THE FEES ASSOCIATED TO EACH OPTION WILL BE HONORED FOR THE ONE-YEAR TERM OF THIS AGREEMENT. ALL FEES ARE STATED IN USD AND ARE SUBJECT TO ANY APPLICABLE TAXES.

OPTION 1: FRANCHISE BROKER

TRANSFER FEE: \$15,000 PER TERRITORY; AND

BROKER FEE: \$20,000 - \$50,000 (DEPENDING ON BROKER AGREEMENT) OR 10%, WHICHEVER IS GREATER; AND

FRANCHISE DEVELOPMENT DIRECTOR FEE: \$7,500 PER TERRITORY OR 5% OF THE PURCHASE PRICE, WHICHEVER IS GREATER.

OPTION 2: FRANCHISOR'S FRANCHISE DEVELOPMENT TEAM

TRANSFER FEE: \$15,000 PER TERRITORY; AND

FRANCHISOR FEE FOR MARKETING: \$26,000 OR 10% OF THE PURCHASE PRICE, WHICHEVER IS GREATER; AND

FRANCHISE DEVELOPMENT DIRECTOR FEE: \$7,500 PER TERRITORY OR 5% OF THE PURCHASE PRICE, WHICHEVER IS GREATER.

OPTION 3: SELL ON YOUR OWN

TRANSFER FEE: \$15,000 PER TERRITORY.

THE FRANCHISEE'S SELECTED OPTION(S): _____

THE FRANCHISEE'S ASKING PRICE: \$ _____ (INCLUDING RESALE FEES)

PLEASE NOTE THAT THE FRANCHISEE MAY SELECT MULTIPLE OPTIONS FROM THE ABOVE LIST.

IF THE FRANCHISEE DOES NOT HAVE AT LEAST \$100,000.00 IN SALES IN THE PAST 12 MONTHS, IT IS HIGHLY RECOMMENDED THAT THE FRANCHISEE CHOOSE OPTION 3 ONLY FROM THE ABOVE LIST.

THIS AGREEMENT MAY BE TERMINATED FOR ANY REASON AT ANY TIME BY EITHER PARTY. IF A PROSPECT FROM THE SOURCES ELECTED IN THIS AGREEMENT HAS BEEN INTRODUCED TO THE FRANCHISEE, THEN THE FEES ASSOCIATED WITH THAT PROSPECT WILL STILL REMAIN EFFECTIVE SHOULD THAT PROSPECT PURCHASE THE FRANCHISED BUSINESS AND THE FRANCHISEE HAS CANCELED THE LISTING. THIS AGREEMENT IS ALSO NON-EXCLUSIVE IN THE SENSE THAT THE FRANCHISEE IS FREE, AND IS IN FACT ENCOURAGED TO, PURSUE MULTIPLE SOURCES TO FIND A BUYER. IT IS THE FRANCHISEE’S RESPONSIBILITY TO SELL ITS BUSINESS AND THE FRANCHISOR IS ONE OF MANY OPTIONS AVAILABLE TO THE FRANCHISEE.

NUMBER AND TYPE OF LICENSES INCLUDED IN THE SALE. PLEASE INCLUDE TERRITORY ID(S):

	<u>GROSS SALES (VALUE OF CONTRACTS SOLD)</u>	<u>GROSS REVENUE (AMOUNT OF MONEY COLLECTED)</u>	<u>GROSS PROFIT</u>	<u>FRANCHISEE’S DISCRETIONARY EARNINGS</u>
<u>PREVIOUS YEAR</u>				
<u>PREVIOUS YEAR 2</u>				
<u>PREVIOUS YEAR 3</u>				

TOTAL NO. OF ACTIVE CUSTOMERS:

TOTAL NO. OF CAREGIVERS:

RETAIL VALUE OF PREPAID HOURS:

REFUND POLICY:

WEBSITE URL:

OTHER ASSETS INCLUDED IN THE SALE:

REASON(S) FOR SELLING: PLEASE ATTACH THE FRANCHISEE’S LETTER OF INTENT

NOW THEREFORE, THE PARTIES, EACH INTENDING TO BE LEGALLY BOUND, HAVE SIGNED, SEALED, AND DELIVERED THIS AGREEMENT AS OF THE EFFECTIVE DATE.

QUALICARE OF AMERICA INC

BY: _____

NAME: TONY VALLE

TITLE: CEO

[FRANCHISEE/ FRANCHISEE ENTITY]

BY: _____

NAME:

TITLE:

[GUARANTOR], IN HIS/HER PERSONAL CAPACITY

EXHIBIT E-5
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT

RENEWAL AGREEMENT
(ATTACHED)

QUALICARE OF AMERICA, INC.
RENEWAL AMENDMENT

THIS RENEWAL AMENDMENT ("AMENDMENT") IS MADE ON _____ (THE "EFFECTIVE DATE") BY AND AMONG:

• _____ QUALICARE OF AMERICA INC., A DELAWARE CORPORATION WHOSE HEAD OFFICE ADDRESS IS _____ ("FRANCHISOR" OR "QAI");
AND

• _____, AN INDIVIDUAL/ CORPORATION WHOSE RESIDENCE/ HEAD OFFICE ADDRESS IS _____

("FRANCHISEE"); AND

• _____, WHOSE ADDRESS IS _____
("GUARANTOR #1").

IN THIS AMENDMENT, THE TERM "FRANCHISEE PARTIES" MEANS FRANCHISEE, GUARANTOR #1, COLLECTIVELY, INDIVIDUALLY, AND IN ANY COMBINATION.

RECITALS:

QAI AND FRANCHISEE ARE PARTIES TO A "QUALICARE OF AMERICA, INC. FRANCHISE AGREEMENT" ENTERED INTO AS OF _____ FOR TERRITORY - _____ (THE "BUSINESS").

FRANCHISEE WISHES TO EXERCISE ITS RIGHT TO RENEW THE OLD AGREEMENT WITH RESPECT TO OPERATING THE BUSINESS. QAI IS AGREEABLE TO RENEWING THE FRANCHISE RIGHTS ON THE TERMS OF THIS AMENDMENT AND SUBJECT TO CERTAIN OF THE PARTIES' ENTRY INTO A NEW FRANCHISE AGREEMENT (THE "NEW FRANCHISE AGREEMENT") TO REPLACE THE OLD AGREEMENT, AS SPECIFIED IN THIS AMENDMENT. THIS AMENDMENT IS TO SUPPLEMENT THE NEW FRANCHISE AGREEMENT AND TO IMPLEMENT THE PARTIES' UNDERSTANDINGS AS TO THE TERMS OF RENEWAL.

THE PARTIES, IN CONSIDERATION OF THE UNDERTAKINGS AND COMMITMENTS OF EACH PARTY TO THE OTHER PARTY SPECIFIED IN THIS AMENDMENT, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION (THE SUFFICIENCY AND RECEIPT OF WHICH IS ACKNOWLEDGED) AGREE AS FOLLOWS:

1. _____ THE PARTIES TO THIS AMENDMENT AGREE TO DO THE FOLLOWING THINGS:

1.1 _____ THE PARTIES AGREE THAT THE OLD AGREEMENT IS HEREBY TERMINATED BY MUTUAL CONSENT.

1.2 _____ QAI AND FRANCHISEE SHALL IMMEDIATELY ENTER INTO THE NEW FRANCHISE AGREEMENT IN THE FORM THAT IS APPENDED TO THIS AMENDMENT AS ATTACHMENT 1, AND AS AMENDED IN SECTION 2 BELOW;

1.3 _____ GUARANTOR #1 SHALL IMMEDIATELY SIGN AND DELIVER TO QAI THE GUARANTEE AND INDEMNIFICATION THAT IS ATTACHED TO SCHEDULE D OF THE NEW FRANCHISE AGREEMENT AND FRANCHISEE AGREES TO PAY A RENEWAL FEE IN THE AMOUNT OF SIX THOUSAND FIVE HUNDRED DOLLARS (\$6,500), AS PROVIDED IN 2.02 (D) OF THE OLD AGREEMENT.

1.4 _____ NOTWITHSTANDING THE FOREGOING OR ANYTHING ELSE IN THIS AGREEMENT, ALL OBLIGATIONS OF FRANCHISEE WHICH EXPRESSLY OR BY THEIR NATURE ARE INTENDED TO SURVIVE THE TERMINATION OF THE OLD AGREEMENT, INCLUDING WITHOUT LIMITATION, THE PROVISIONS OF THE OLD AGREEMENT RELATED TO FRANCHISEE'S CONFIDENTIALITY, NON-DISCLOSURE AND NON-COMPETITION OBLIGATIONS, SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND

NOTWITHSTANDING SUCH TERMINATION AND UNTIL THEY ARE SATISFIED OR BY THEIR NATURE EXPIRE.

2 BECAUSE THE PARTIES ARE RENEWING FRANCHISEE'S RIGHT TO OPERATE THE BUSINESS, THE PARTIES AGREE TO MAKE THE FOLLOWING REVISIONS TO THE NEW FRANCHISE AGREEMENT:

2.1 NOTWITHSTANDING SECTION 2.1 OF THE NEW FRANCHISE AGREEMENT, THE TERM SHALL BE 5 YEARS.

2.2 NOTWITHSTANDING SECTION 2.2 THE NEW FRANCHISE AGREEMENT, THE FRANCHISEE SHALL ONLY BE ENTITLED TO 2 FURTHER RENEWAL TERMS.

2.3 NOTWITHSTANDING SECTION 3.1 OF THE NEW FRANCHISE AGREEMENT, THERE SHALL BE NO INITIAL FRANCHISE FEE DUE UPON RENEWAL OF THE FRANCHISE AGREEMENT.

2.4 AS THIS IS A RENEWAL, NOTWITHSTANDING SECTION 3.2 OF THE NEW FRANCHISE AGREEMENT, THE FRANCHISEE MUST PAY US A MONTHLY ROYALTY IN AN AMOUNT EQUAL TO THE GREATER OF FIVE PERCENT (5%) OF GROSS SALES AND ONE THOUSAND TWO HUNDRED DOLLARS (\$1,200) STARTING FROM THE EFFECTIVE DATE OF THIS AGREEMENT.

2.5 NEITHER FRANCHISEE NOR QAI SHALL BE REQUIRED TO COMPLY WITH THE PROVISIONS OF THE NEW FRANCHISE AGREEMENT THAT APPLY TO PRE-OPENING OBLIGATIONS LISTED IN THE NEW FRANCHISE AGREEMENT AS FRANCHISEE AND QAI HAS ALREADY SATISFIED THOSE OBLIGATIONS.

2.6 AS THIS IS A RENEWAL, NOTWITHSTANDING S1.6 OF THE NEW FRANCHISE AGREEMENT, THE MINIMUM GROSS SALES ARE \$500,000.00 PER YEAR FOR THE DURATION OF YOUR TERM.

3 THE FRANCHISEE PARTIES REPRESENT AND WARRANT TO QCI, AND AGREE, THAT GUARANTOR IS THE ONLY PERSONS WHO OWN (AND THE ONLY PERSONS WHO HAVE EVER OWNED) ANY INTEREST, DIRECT OR INDIRECT, IN THE BUSINESS AND IN FRANCHISEE.

4 MUTUAL RELEASES.

4.1 BY THE FRANCHISEE PARTIES: EACH OF THE FRANCHISEE PARTIES HEREBY RELEASE AND FOREVER DISCHARGE THE QAI PARTIES FROM ANY AND ALL DEMANDS (DEFINED BELOW), EXCLUDING OBLIGATIONS THAT ARISE IN THE FUTURE, SUCH AS THOSE UNDER THIS AMENDMENT AND THE NEW FRANCHISE AGREEMENT.

4.2 DETAILS. EACH OF THE FRANCHISEE PARTIES REPRESENTS AND WARRANTS THAT SHE/HE/IT IS AWARE THAT SHE/HE/IT MAY IN THE FUTURE LEARN OF FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH SHE/HE/IT NOW KNOWS OR BELIEVES TO BE TRUE WITH RESPECT TO THE SUBJECT MATTER OF THIS SECTION, BUT THAT NONETHELESS, IT IS HER/HIS/ITS INTENT TO FULLY, FINALLY, AND FOREVER SETTLE AND RELEASE ALL OF THE DEMANDS RELEASED ABOVE.

4.3 THE FOLLOWING TERMS HAVE THE FOLLOWING MEANINGS:

I. "DEMANDS" MEANS: (A) ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY KIND OR NATURE; (B) WHETHER VESTED OR CONTINGENT, WHETHER KNOWN OR UNKNOWN, AND WHETHER SUSPECTED OR UNSUSPECTED; (C) WHICH A PARTY OWNS AND HOLDS, OR HAS AT ANY TIME OWNED OR HELD, OR MAY AT ANY TIME OWN OR HOLD AGAINST THE OTHER PARTIES; (D) ARISING AT ANY TIME BEFORE (AND INCLUDING) THE EFFECTIVE DATE; WHETHER ARISING IN LAW, EQUITY, OR OTHERWISE.

II. QAI PARTY(IES)" MEANS QAI AND ITS PAST, PRESENT, AND FUTURE CORPORATE PREDECESSORS, AFFILIATES AND SUCCESSORS, AS WELL AS THEIR RESPECTIVE PAST, PRESENT, AND FUTURE CORPORATE PARENTS, AFFILIATES, OFFICERS, MEMBERS, MANAGERS, DIRECTORS, AGENTS, AND EMPLOYEES (COLLECTIVELY, INDIVIDUALLY, AND IN ANY COMBINATION).

5 GENERAL TERMS.

5.1 THE PARTIES AGREE THAT: (A) THE RECITALS ARE TRUE AND ACCURATE; AND (B) THOSE PARAGRAPHS ARE INCORPORATED INTO THIS AMENDMENT AS IF THEY WERE PRINTED HERE IN FULL.

5.2 THIS AMENDMENT IS BINDING UPON, AND SHALL INURE TO THE BENEFIT OF, EACH PARTY'S RESPECTIVE HEIRS, REPRESENTATIVES, SUCCESSORS, AND ASSIGNS.

5.3 EACH PARTY TO THIS AMENDMENT ACKNOWLEDGES AND AGREES THAT IT HAS NOT PREVIOUSLY ASSIGNED OR TRANSFERRED (AND IT DOES NOT CLAIM TO HAVE ASSIGNED OR TRANSFERRED) TO ANY PERSON OR COMPANY ANY CLAIM, RIGHT, ACTION OR CAUSE OF ACTION RELEASED UNDER THIS AMENDMENT.

5.4 THIS AMENDMENT (AND THE NEW FRANCHISE AGREEMENT) IS THE ENTIRE, FULL, AND COMPLETE AGREEMENT AMONG THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF AND SUPERSEDES ALL PRIOR AGREEMENTS CONCERNING THE SUBJECT MATTER HEREOF. NO OTHER REPRESENTATIONS HAVE INDUCED THE PARTIES TO EXECUTE THIS AMENDMENT. THE PARTIES DID NOT RELY UPON ANYTHING OTHER THAN THE WORDS OF THIS AMENDMENT AND THE NEW FRANCHISE AGREEMENT IN DECIDING WHETHER OR NOT TO ENTER INTO THIS AMENDMENT. EXCEPT TO THE EXTENT AMENDED IN THIS DOCUMENT, THE NEW FRANCHISE AGREEMENT IS OTHERWISE IN FULL FORCE AND EFFECT.

5.5 NO AMENDMENT, CHANGE, OR VARIANCE FROM THIS AMENDMENT SHALL BE BINDING ON EITHER PARTY UNLESS IN WRITING OR AGREED TO BY ALL OF THE PARTIES TO THIS AMENDMENT.

5.6 EACH PARTY AGREES THAT IT HAS HAD THE OPPORTUNITY AND SUFFICIENT TIME TO CONSULT WITH A LAWYER OF HER/ITS CHOOSING IN CONNECTION WITH REVIEWING THIS AMENDMENT AND HER/ITS DECISION WHETHER TO SIGN THIS AMENDMENT (AND THE NEW FRANCHISE AGREEMENT).

5.7 THE PARTIES MAY SIGN AND DELIVER THIS AMENDMENT IN COUNTERPARTS, AND EACH SUCH COUNTERPART MAY BE DELIVERED TO THE OTHER PARTIES BY FACSIMILE OR OTHER ELECTRONIC MEANS, AND WHEN TAKEN TOGETHER WITH ALL OTHER IDENTICAL COPIES OF THIS AMENDMENT ALSO SIGNED IN COUNTERPART, SHALL BE CONSIDERED AS ONE AGREEMENT.

5.8 THIS AMENDMENT SHALL BE INTERPRETED AND CONSTRUED STRICTLY IN ACCORDANCE WITH NEW FRANCHISE AGREEMENT (INCLUDING BUT NOT LIMITED TO THE PROVISIONS OF NEW FRANCHISE AGREEMENT RELATING TO RESOLVING DISPUTES AND PUNITIVE DAMAGES).

NOW, THEREFORE, THE PARTIES, INTENDING TO BE LEGALLY BOUND BY THIS AMENDMENT, HAVE SIGNED, SEALED, AND DELIVERED THIS AMENDMENT, ALL AS OF THE EFFECTIVE DATE.

QUALICARE OF AMERICA, INC.

PER:

NAME: TONY VALLE

TITLE: PRESIDENT

I HAVE AUTHORITY TO BIND THE CORPORATION

FRANCHISEE:

PER: _____

NAME:

TITLE:

GUARANTOR:
PER
NAME:
IN HIS/HER PERSONAL CAPACITY

ATTACHMENT 1: THE NEW FRANCHISE AGREEMENT

**EXHIBIT F
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT**

**~~SAMPLE~~ TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the "Agreement") is made this _____ day of _____, 20____, by and between Qualicare of America, Inc., a Delaware corporation with its principal business address at _____ ("Franchisor") and _____, a _____ with an address at _____ ("Transferor" or "you").

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a Franchised Business at _____.

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor's sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor's monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which he or she, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the

offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations set forth in the Franchise Agreement, and Transferor's obligations as set forth in paragraph 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of New York, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in the state closest to where Franchisor's principal business address then is located and Franchisee irrevocably submits to the jurisdiction of such courts and waives any objection Franchisee may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that Franchisor may enforce this Agreement and any court orders in the courts of the state or states in which you are domiciled or the Franchise Business is located.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

Signatures appear on the following page.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISEE:

By: _____
(Individual, Partnership or Corporation Name)

Title: Owner _____

By: _____
(Individual, Partnership or Corporation Name)

Title: Owner _____

QUALICARE OF AMERICA, INC.

By: _____

**EXHIBIT G
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT**

STATE SPECIFIC ADDENDA

**ADDENDUM TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 et seq. the Franchise Disclosure Document for Qualicare of America, Inc. for use in the State of California shall be amended as follows:

Item 1 of the FDD is supplemented to include the following: The following list of laws and licenses may apply to your franchise:

1. HS 200 - Licensure & Certification Application
2. HS 215A - Applicant Individual Information
3. HS 309 - Administrative Organization
4. HS 322 - Transmittal Application for Criminal Background Investigation
5. CDPH 325 - Criminal Record Clearance Submissions
6. BCII 8016 Request for Live Scan Service
7. DHCS 9098 (PDF) Medi-Cal Provider Agreement

Item 3 of the FDD is supplemented to include the following:

Neither the Franchisor nor any person or franchise broker in Item 2 of the FDD 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 person from membership in such association or exchange.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will provide rights control.

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

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

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

Section 31125 of the California Corporation Code requires the franchisor to give the Franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

You must sign a release if you 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 Professions Code 2000 through 20043).

As per California Rule 310.156.3(a)(3):

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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

QUALICARE OF AMERICA, INC.

**ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT
AND FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement.

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

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

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

ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL See Medical Corporation Act, 805 ILCS 15/2, 5 (West 2018) and Medical Practice Act of 1987, 225 ILCS 60/ (West 2018).

IF YOU ARE NOT LICENSED and/or CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS. RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

The Health Care Worker Self-Referral Act is set forth in Illinois law at: 225 ILCS 47/1 (West 2016)

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

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

See: <http://www.dph.illinois.gov/topics-services2fhealth-care-regulation2ffacilities2fhospice%23laws-rules-laws-rules-hospice> for Hospice info, regulations and process.

See: <http://www.idph.state.il.us/about/hfpb/conprocess.htm> and <https://www2.illinois.gov/sites/hfsrb/CONProgram/Pages/default.aspx> for information regarding the nature of, and application process for, the Illinois Certificate of Need Program.

“NATIONAL ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR HAS THE EXCLUSIVE RIGHT TO NEGOTIATE & ENTER INTO AGREEMENTS TO PROVIDE STAFFING SERVICES TO “NATIONAL ACCOUNTS” WITHIN YOUR TERRITORY. YOU MAY HAVE THE OPTION TO PROVIDE THESE SERVICES. ALL NATIONAL ACCOUNT SALES ARE GENERATED BY THE FRANCHISOR AND SERVICED BY YOU ARE SUBJECT TO AN EXTRA 1% NATIONAL ACCOUNT SALES FEE.

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the ___ day of _____, 20__.

QUALICARE OF AMERICA, INC.

By: _____

Printed Name: _____

Title: _____

Date: _____

Franchisee

By: _____

Printed Name: _____

Title: _____

Date: _____

**ADDENDUM TO QUALICARE OF AMERICA, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

1. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the Franchisee’s exclusive territory.
2. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
3. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the Franchisee so requests. This amends Section 22.6 of the Franchise Agreement.
4. Under Indiana Code 23-2-2.7-1 (10), Franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

ATTEST

QUALICARE OF AMERICA, INC.

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

**ADDENDUM TO QUALICARE OF AMERICA, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF MICHIGAN**

**THE FOLLOWING DISCLOSURES APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a Franchisee to join an association of franchisees.
- (b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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 section does not require a renewal provision.
 - (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

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

- (i) 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 or appraised value of such assets if the Franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, DIRECT THEM TO THE DEPARTMENT OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN, 670 LAW BUILDING, 525 WEST OTTAWA, LANSING, MICHIGAN 48913, (517) 373-7117.

**ADDENDUM TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED FOR THE STATE OF MINNESOTA**

For franchisees and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Qualicare of America, Inc. Franchise Disclosure Document.

Item 13

Qualicare of America, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17

Minnesota law provides franchisees with certain termination and non-renewal rights. As of the date of this Franchise Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80.C.21 and Minn. Rule 2860.4400J prohibits Qualicare of America, Inc. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or 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.

To the extent you are required to execute a general release in favor of Qualicare of America, Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

**ADDENDUM TO THE QUALICARE OF AMERICA, INC.'S
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF MINNESOTA**

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Minnesota law provides franchisees with certain termination and non-renewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.

2. Qualicare of America, Inc. will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

3. The Franchise Agreement shall be supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, nothing in this Agreement shall, in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.

4. Minn. Stat. Section 80.C.21 and Minn. Rule 2860.4400J prohibit Qualicare of America, Inc., from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or 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.

5. To the extent you are required to execute a general release in favor of Qualicare of America, Inc., such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. Section 80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

6. Any claims brought pursuant to the Minnesota Franchises Act, Section 80.C.01 *et seq.* must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Franchisee's Initials / Date

Franchisor's Initials / Date

ADDENDUM TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

STATEMENT REQUIRED BY THE STATE OF NEW YORK

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Qualicare of America, Inc. for use in the State of New York shall be amended as follows:

1. Item 3 shall be supplemented by the following:

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-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.

Neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark 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.

2. Item 5 shall be supplemented by the following:

All franchisee fees are applied to the franchisor's general operating fund. All obligations of franchisor, whether to franchisees or otherwise, are paid out of this fund.

3. Item 4 shall be supplemented by the following:

During the 10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position in the company or partnership.

4. Paragraph "j" under the section labeled "assignment of contract by us" in Item 17 shall be supplemented by the following provision:

However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume your obligations under the Franchise Agreement.

5. Paragraph "m" under the section in Item 17 titled "conditions for our approval of transfer" shall be supplemented as follows with respect to your execution of a general release:

Provided, however, that all rights you enjoy and any causes of action which arise in its favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder remain in force; it being the intent of this proviso that the nonwaiver provisions of the GBL Sections 687.4 and 687.5 be satisfied.

ADDENDUM TO QUALICARE OF AMERICA, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Qualicare of America, Inc. in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17(d) of the Franchise Disclosure Document is amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law.
2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:
 - a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
 - b. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
 - c. 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.
 - d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
 - e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
 - f. 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.

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT,
COMPLIANCE CERTIFICATION, AND RELATED AGREEMENTS**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Qualicare of America, Inc. Franchise Agreement agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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.
7. 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.

The undersigned does hereby acknowledge receipt of this addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisee's Initials / Date

Franchisor's Initials / Date

**ADDENDUM TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED FOR THE STATE OF WISCONSIN**

For franchises and Franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Qualicare of America, Inc. Wisconsin Franchise Disclosure Document.

Item 17

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

**ADDENDUM TO THE QUALICARE OF AMERICA, INC.'S
FRANCHISE AGREEMENT
REQUIRED FOR THE STATE OF WISCONSIN**

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

Franchisee's Initials/Date

Franchisor's Initials/Date

EXHIBIT H
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
DEPOSIT RECEIPT AGREEMENT

DEPOSIT RECEIPT AGREEMENT



DEPOSIT RECEIPT AGREEMENT

The undersigned, _____ (hereinafter referred to as the “Applicant”) doing business under the name _____ wishes to apply as a potential franchisee with Qualicare of America Inc. (hereafter referred to as the “Company”). The Applicant has submitted the sum of \$ _____ to be applied as 25% deposit/payment for the following territory/(ies) priced at \$ _____:

Territory/ies:

- 1.
- 2.
- 3.

IT IS UNDERSTOOD THAT:

1. The Applicant has submitted to the Company a fully completed application, for consideration by Company.
2. The Applicant shall have 10 calendar days to complete final payment for the territory after final approval by Company.
3. Confidentiality. During Applicant’s evaluation of the business, certain confidential information about the Company and its system will be disclosed or otherwise made known to the Applicant (“Confidential Information”). Applicant agrees to maintain the confidential nature of such Confidential Information, and not in any way disclose the Confidential Information to anyone else, nor in any way use the Confidential Information in the operation of any business (excluding a “Qualicare” franchised business operated pursuant to a franchise agreement with Company). It is agreed that Applicant’s obligations under this Section shall not expire upon termination of this Agreement.
4. Background Check. Applicant authorizes the release of any information deemed necessary by Company to verify any and all of the information contained in the application. This authorization for release of information includes but is not limited to matters of opinion relating to Applicant’s

background, mode of living, criminal activities, credit worthiness, character, ability, reputation and past performance. Applicant authorizes all persons, schools, companies, corporations, credit bureaus, and law enforcement agencies to release such information without restriction or qualification to Company or investigatory parties selected by Company, and any of their officers, agents, employees and servants. Applicant voluntarily waives all recourse and releases such parties from liability for complying with this authorization. This authorization and release shall apply to this as well as any future information request.

- 5. No Franchise Rights. This Agreement is not a franchise and does not grant Applicant any right whatsoever to use the “Qualicare” marks and/or system, which rights can only be granted under a franchise agreement entered into by Applicant and Company. Applicant shall not use the “Qualicare” marks or system, nor shall Applicant make any representation or commitment on Company’s behalf.
- 6. This deposit/payment is non-refundable unless the Applicant is not approved by the Company for any territory, in which case the entire deposit amount paid to Company shall be returned to the Applicant in full without interest or deduction. The Company shall notify the Applicant in writing within five (5) business days following receipt of all requested materials if the Applicant is not approved.
- 7. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement. Applicant acknowledges the receipt of a copy of this agreement.

The Applicant acknowledges the receipt of a copy of this agreement.

DATED at _____ (city) _____ (state) this _____ (day) of _____ (month), 20____.

Applicant:

Qualicare of America Inc

BY: _____

BY: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

**EXHIBIT I
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES
As of May 31st, 2023~~3~~4**

NAME	CITY	ADDRESS	CONTACT INFO.	# of Outlets
Nathan Lashley**	Phoenix, Arizona	N/A	nlashley@qualicare.com	9
Joseph Inyang*	Corona Riverside, California	400 South Ramona Avenue 212N Corona, CA 92879	jinyang@qualicare.com	2
Steve Kidwell	North San Diego, California	1645 Mission Meadows Drive Oceanside, CA 92057	760-936-4000 skidwell@qualicare.com	4
Scott Miller	Orange Coast, California	12 Hunter Street CotoDeCaza, CA 92679	949-793-8282 smiller@qualicare.com	2
Mike Adams*	Sacramento East, California	6757 Koster Way Elk Grove, CA 95758	madams@qualicare.com	2
Rishi and Shona Mehta	San Francisco, California	4404 Mansfield Dr. Danville, California 94506	949-285-5434 rmehta@qualicare.com	3
Chris and Dana Hiser	Sarasota, Florida	608 83rd Street NW, Bradenton FL 34209	941-300-0818 chiser@qualicare.com, dhiser@qualicare.com	3
Robert Jackson	Atlanta, Georgia	1681 Harlington Road Smyrna, Georgia 30082	404-791-9901 rjackson@qualicare.com	3
Cheryl and Anthony Graham	Augusta, Georgia	4316 Washington Rd Evans, Georgia 30809	762-216-5526 cgraham@qualicare.com , agraham@qualicare.com	3
Amy Gehlhausen	Jasper, Indiana	3115 Howard Drive Jasper, IN 47546	812-817-3009 agehlhausen@qualicare.com	2
JC Griego	Naperville, Illinois	27475 Ferry Rd, Suite 103 Warrenville, IL, 60555	630-349-8282 jgriego@qualicare.com	1

NAME	CITY	ADDRESS	CONTACT INFO.	# of Outlets
Cora Small*	Farmington Hills, Michigan	22390 Innsbrook Drive Northville, MI 48167	esmall@qualicare.com	2
Jamie Schneider and Nichela Miller **	Kansas City, Missouri	210 Southwest Market Box 210, Lees Summit MO, 64063	816-875-0600 jschneider@qualicare.com nmiller@qualicare.com	2
Jennifer Krum	Bozeman, Montana	702 North 19th Avenue #2C Bozeman, MT 59718	406-551-6700 jkrum@qualicare.com	1
Heather McDonald **	New Braunsfel, Texas	763 Steeplebush New Braunfels, Texas 78130	830-946-5555 hmcDonald@qualicare.com	1
Welthey (Beatrice) Philli p Longino - Twitty	Sugarland, Texas	8230 Sonesta Point Ln Houston, Texas 77083	832-675-2700 blongino plongino@qualicare.com	3
Kyle Daniel	San Antonio North, Texas		kdaniel@qualicare.com	2

* This franchisee has not operated their Franchised Business for more than 12 months.

** Franchise Agreement signed but unit not yet operational as of May 31, 2023~~4~~ and the date of this Disclosure Document.

FRANCHISEES THAT HAVE LEFT THE SYSTEM ~~AS OF MAY 31st, 2023~~ The following franchisees of QAI left the system during the fiscal year ended May 31, 2024

NAME	CITY	ADDRESS	CONTACT INFO.	# of Outlets <u>Reason for leaving</u>
<u>Kyle Daniel</u>	<u>San Antonio North, Texas</u>	<u>26224 Lookout Falls San Antonio TX 78260</u>	<u>Kdaniel72@hotmail.com</u>	<u>Mutual Termination</u>
<u>Cora Small*</u>	<u>Farmington Hills, Michigan</u>	<u>22390 Innsbrook Drive Northville, MI 48167</u>		<u>Termination for Default</u>
Anslee Skeleton and Karon McCollum <u>Robert Jackson</u>	North East Atlanta, Georgia	3350 Northlake Pkwy Suite 17S, Atlanta, GA 30345 <u>1681 Harlington Road Smyrna, Georgia 30082</u>	404-405-6198 <u>791-9901</u> <u>askkeleton@qualicare.com</u> <u>kmccollum@qualicare.com</u>	Mutual Termination <u>on</u>
<u>Welthey (Beatrice) Longino-Twitty</u>	<u>Sugarland, Texas</u>	<u>8230 Sonesta Point Ln Houston, Texas 77083</u>	<u>832-675-2700</u> <u>blongino@qualicare.com</u>	<u>Transfer</u>

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

STATE EFFECTIVE DATES

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

This 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:

STATES	EFFECTIVE DATE
California	November 20, 2023
Illinois	February 16, 2024
Indiana	October 16, 2023
Michigan	October 12, 2023
Minnesota	November 14, 2023
Washington	Pending
Wisconsin	October 16, 2023

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 J
TO QUALICARE OF AMERICA, INC.'S
FRANCHISE DISCLOSURE DOCUMENT
RECEIPTS**

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Qualicare of America, Inc. ("**QAI**") offers you a franchise, it must provide this disclosure document to you: (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or (b) under New York law, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (c) Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship; or (d) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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

QAI is the franchisor, with its offices at 91 Skyway Ave, Suite 104 Etobicoke, ON M9W 6R5 Canada (tel: (888) 561-0616).

The issuance date of this disclosure document is October ~~12, 2023~~ 2, 2024.

The franchise seller is: Tony Valle, Megan White, Sarah Squires ~~and~~, Nathan Weber and Esther Agbaji at 91 Skyway Ave, Suite 104 Etobicoke, ON M9W 6R5; Canada (416) 630-0202. Any additional individual franchise sellers involved in offering the franchise are: _____.

QAI authorizes the agents listed in Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated October ~~12, 2023~~ 2, 2024, that included the following Exhibits:

- | | |
|--|--|
| Exhibit A – List of State Administrators | Exhibit E-4 – Resale Agreement |
| Exhibit B – List of Agents for Service of Process | Exhibit E-5 – Renewal Agreement |
| Exhibit C – Table of Contents of Operations Manual | Exhibit F – Sample Termination and Release Agreement for a Transfer |
| Exhibit D – Financial Statements | Exhibit G – State Specific Addenda |
| Exhibit E-1 – Franchise Agreement | Exhibit H – Deposit Receipt Agreement |
| Exhibit E-2 – Community Builder Addendum | Exhibit I – List of Franchisees and Franchisees That Have Left the System |
| Exhibit E-3 – Business Associate Agreement | Exhibit J – Receipts |

Dated: _____

Signed

Printed Name

RECEIPT

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| Exhibit E-3 – Business Associate Agreement | Exhibit J – Receipts |

Dated: _____

Signed

Printed Name

Please sign, date, and return this copy to us