

# FRANCHISE DISCLOSURE DOCUMENT



SYNERGY HomeCare Franchising, LLC

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Tempe, AZ 85284

(480) 659-7771

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[www.synergyhomecare.com](http://www.synergyhomecare.com)

[www.synergyhomecarefranchise.com](http://www.synergyhomecarefranchise.com)

As a franchisee, you will operate a business that provides non-medical, in-home personal assistance, such as in-home personal care and companionship, child care, meal preparation, medication reminders, medical and social appointment scheduling and management, organizational and bill paying assistance, housecleaning services and light home maintenance to seniors, the convalescing, disabled persons and others who need help with daily living activities.

The total investment necessary to begin operation of a SYNERGY HomeCare franchise with one full Protected Territory is to ~~\$73,148 to \$150,479.~~~~\$72,718 to \$145,833.~~ This includes ~~\$50,000~~ \$50,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a SYNERGY HomeCare franchise with two full Protected Territories is to ~~\$113,178 to \$190,479.~~~~\$112,718 to \$185,833.~~ This includes ~~\$90,000~~ \$90,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a SYNERGY HomeCare franchise with a “Mini” Protected Territory is ~~\$48,148 to \$150,477.~~~~\$47,718 to \$145,831.~~ This includes ~~\$25,000~~~~\$25,000 to \$49,998~~ to \$49,998 that must be paid to the franchisor or affiliate.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement or make any payment in connection with the 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 the Contracts Administrator, at 960 W. Elliot Road, Suite 101, Tempe, AZ 85284, 480-659-7771 or [fdd@synergyhomecare.com](mailto:fdd@synergyhomecare.com).

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: ~~April 14, 2023~~ March 29, 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 Exhibits B and F.
How much will I need to invest?	Items 5 and 6 list fees that 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 E 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 SYNERGY HomeCare 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 franchisee?	Item 20 or Exhibits B and F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand the 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 investment 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 franchisor 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 may also 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 risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve any disputes with the franchisor by mediation, arbitration, and/or litigation only in Arizona. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Arizona than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
3. **Mandatory minimum payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make payment may result in termination of your franchise and loss of your investment.
4. **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 you and your spouses' marital and personal assets perhaps including your house, at risk if your franchise fails.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, 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.**

**Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, Consumer Protection Division – Franchise Section, P.O. Box 30213 Lansing, Michigan 48909, Telephone (517) 373-7117.**

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

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## EXHIBITS

- A. List of State Administrators and State Agents for Service of Process
- B. List of Franchisees
- C. Franchise Agreement
- D. Table of Contents of Confidential Operations Manual
- E. Financial Statements
- F. List of Former Franchisees
- G. Multi-State Addenda
- H. Receipts

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

**The Franchisor**

To simplify the language in this Disclosure Document, the words “we,” “us” and “our” refer to SYNERGY HomeCare Franchising, LLC, the franchisor of this business. The words “you” and “your” refer to the person to whom we grant a franchise, whether you are a sole proprietorship, limited liability company, corporation or other business entity. If you are a limited liability company, corporation or other business entity, certain provisions of our Franchise Agreement also apply to your owners and will be noted.

We were organized in the State of Arizona on December 19, 2003 under the name AZHC Franchising, LLC, for the sole purpose of offering SYNERGY HomeCare® franchises. We changed our name to SYNERGY HomeCare Franchising, LLC on December 16, 2004. Our principal business address is 960 W. Elliot Road, Suite 101, Tempe, AZ 85284, and we do business only under the name SYNERGY ~~Homecare~~ HomeCare Franchising, LLC.

**Our Business Activities**

We grant franchises for the operation of businesses in conjunction with the service mark “SYNERGY HomeCare®” and certain associated trade names, trademarks, service marks and logos that we refer to as the “Marks.” We refer to these businesses as “SYNERGY HomeCare Businesses” and we refer to the SYNERGY HomeCare Business you will operate as the “Franchised Business.”

SYNERGY HomeCare Businesses currently offer non-medical, in-home personal assistance, such as in-home personal care and companionship, child care, meal preparation, medication reminders, medical and social appointment scheduling and management, organizational and bill paying assistance, housecleaning services and light home maintenance to seniors, the convalescing, disabled persons and others who need help with daily living activities. A SYNERGY HomeCare Business must occupy a minimum of approximately 250 square feet in a shared office or executive office environment, including receptionist and mail services and access to a conference room, in a facility with easy access to major highways. You must have a minimum of two full-time employees (other than caregivers), one of which may be you. You must ensure that telephone lines and facsimile lines, both which must belong to you, are answered live at all times. If you elect to use a third-party vendor to answer your phone, you must use a vendor approved by us. If you elect to operate the Franchised Business through a Designated Manager instead of yourself, you must notify us of that election. We do not permit absentee-ownership. You will operate the Franchised Business according to our System, which is described in greater detail in our Franchise Agreement attached as Exhibit C to this Disclosure Document.

We previously entered into “Area Representative Agreements” (each an “Area Representative Agreement”) with certain “Area Representatives” (each an “Area Representative”) to act as an independent contractor in a stated geographic area to help us find qualified prospective franchisees. We ceased offering Area Representative Agreements in April 2013 and Area Representatives ceased operating in December 2017.

We have offered franchises for SYNERGY HomeCare Businesses since March 2005. We also granted certain qualified applicants Area Representative Agreements from October 2005 through March 2006 and from December 15, 2010 through April 2013 in those states that so permitted. We do not offer and have not previously offered franchises in any other line of business under our current or former name and we are not engaged in any other line of business. We do not currently own or operate a business of the type being franchised.

We may pay an existing franchisee a referral fee for referring a prospective franchisee to SYNERGY HomeCare who becomes a franchisee. Existing franchisees may receive a fee if they speak to a prospective franchisee who becomes a franchisee. These fees are reviewed and may be terminated or modified at any time.

### **Our Parent and Affiliates**

Our prior parent company was Boom Brands LLC (“Boom Brands”). Boom Brands was formed in Arizona in September 2012. Boom Brands shares our principal business address. On April, 2, 2018, Boom Brands, LLC sold a controlling interest in us to Synergy Acquisition, LLC, a Delaware limited liability company, which became our direct parent company (“Parent”). The principal business address of our Parent is in c/o NexPhase Capital, 600 Lexington Avenue, 8<sup>th</sup> Floor, New York, New York 10022.

Our Parent is owned by Synergy HomeCare Holdings, LLC, a Delaware limited liability company, whose parents (through the chain of ownership) are NP/Synergy Holdings, LLC, a Delaware limited liability company, whose managing member is NexPhase Capital Fund III, LP, a Delaware limited partnership, whose general partner is NexPhase Capital II GP, LP, a Delaware limited partnership, whose general partner is NexPhase Holdings, LLC, a Delaware limited liability company. Together we refer to all of our indirect parent companies as the “NexPhase Capital Parents.” The principal address for each of our NexPhase Capital Parents is ~~in~~ c/o NexPhase Capital, 600 Lexington Avenue, 8<sup>th</sup> Floor, New York, New York 10022.

~~Three P’s Holdings, LLC d/b/a Elite Backgrounds was our affiliate and was formed in Arizona in February 2007 and was located at 1757 E. Baseline Road, Bldg. 6, Suite 122, Gilbert, Arizona 85233 (“Elite Affiliate” or “Affiliate”). This affiliate offered and sold background check services (including DMV, criminal background checks, and sex offender screening) to SYNERGY HomeCare franchisees. It did not operate a business that is similar to the one being offered here. Elite Affiliate did not offer and has not previously offered franchises in this or in any other line of business. Elite Backgrounds was sold to a third party in April 2022 and is no longer an Affiliate of ours.~~

Other than as described above, we have no parent, predecessor or affiliates required to be disclosed.

### **Market and Competition**

SYNERGY HomeCare Businesses target the sale of their services primarily to the elderly, although SYNERGY HomeCare Businesses provide services to all ages. We believe the market for in-home personal services, such as elderly care, is a developing market that will become increasingly competitive in the years to come. There are several other franchise systems and a number of independently owned and operated companies providing in-home personal care services to the elderly and convalescing or disabled persons, and you will likely face competition from these businesses.

### **Industry Specific Regulations**

Some states and federal agencies have laws regulating one or more of the services offered by SYNERGY HomeCare Businesses. Some states require you to be licensed or certified to provide required services under the Franchise Agreement such as companionship care, homemaking, personal care, and child care services. This license or certification process is often done through health agencies or other state agencies. You should consult with your attorney and investigate whether these laws will apply to the Franchised Business or its employees and you should investigate whether there are other laws or regulations in your state that are specific to the services offered by SYNERGY HomeCare Businesses and that will apply to the Franchised Business or its employees.

Additionally, you must comply with all laws, rules and regulations governing the operation of the Franchised Business and obtain all permits and licenses necessary to operate the Franchised Business.

States and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Franchised Business, including those which: (a) establish general standards, specifications and requirements for the construction, design and maintenance of the business site and premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, availability of and requirements for public accommodations, including restroom facilities and public access; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; and (e) regulate the proper use, storage and disposal of waste or other hazardous materials. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and cost of compliance.

There are a number of federal laws prohibiting certain activities and arrangements related to services or items that are reimbursable by Medicare or Medicaid. While Medicare and Medicaid laws may not apply to your Franchised Business, these laws may apply to those facilities, including laws prohibiting Medicare- or Medicaid-participating facilities, from employing providers excluded from those programs. If a practitioner is an excluded provider from Medicare or Medicaid, he or she will be prohibited from receiving payment from that facility. It is your responsibility to determine whether and to what extent employees of your Franchised Business need to be screened for their possible excluded status in these or other payment programs.

To the extent your Franchised Business accepts reimbursement directly from the Department of Veterans Affairs (“VA”), it will be required to satisfy all applicable regulatory requirements the VA imposes on its vendors, including but not limited to the Federal Acquisition Regulations and various VA contract requirements. The False Claims Act imposes civil liability on persons or corporations which submit or cause to be submitted false or fraudulent claims for payment to the government. A violation of the False Claims Act may result in liability for fines, treble damages, attorneys’ fees and exclusion from federal health care programs.

We require all our franchisees to be compliant with the portions of the Health Insurance Portability and Accountability Act (“HIPAA”) which requires health care providers to submit transactions related to payment in standard electronic formats and regulate the security and privacy of health data, and HIPAA’s implementing regulations, including the HIPAA Privacy Rule, HIPAA Breach Notification Rule, HIPAA Security Rule, HITECH Act, and Omnibus Rule. Under HIPAA’s privacy and security regulations, you must implement privacy and security policies and safeguards, designate a privacy and security officer, inform individuals of how their health information is used and disclosed, provide access to health information, and give notice of certain breaches of protected data. To help you comply, we have designated an optional, but not required, third-party supplier to provide you with various tools for implementing your own compliance program (ITEM 11). In addition, if you engage a third party to perform functions that require access to a patient’s personal information, you are required to execute a business associate agreement.

### **Agents for Service of Process**

Our agent for service of process in Arizona is CT Corporation System, 3800 North Central Avenue, Suite 460, Phoenix, AZ 85012. Our agents for service of process in other states are listed in Exhibit A to this Disclosure Document. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

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

**Founder, Executive Chairman, and Board of Managers Member: Peter Tourian**

Peter Tourian is our Founder and Executive Chairman since April 2020. Prior to that, Mr. Tourian served as Chief Executive Officer from December 2003 to April 2020. ~~Additionally, he is the Founder and CEO of the Elite Affiliate since 2007. In addition, Mr. Tourian served as the Founder and CEO of Cut Advertising, LLC from March 2013 to December 2017. He was the Founder and CEO of Boom Brands from March 2013 through December 2017, and as the Founder and CEO of RAFI, LLC d/b/a Tourian Autos from October 2008 to December 2017 in Gilbert, Arizona.~~ In addition, Mr. Tourian serves on the Board of Managers for SYNERGY Homecare Holding, LLC since April 2018.

**Board of Managers Member: Ted Yun**

Ted Yun is a member of the Board of Managers of SYNERGY HomeCare Holdings, LLC and has been so since April 2018. Mr. Yun also serves as the Managing Partner, Private Equity Investments of NexPhase Capital and has done so since January 2016 in New York, New York.

**Board of Managers Member: Barbara Hill**

Barbara Hill is a member of the Board of Managers of SYNERGY HomeCare Holdings, LLC and has been since April 2018. Ms. Hill also serves as an Operating Partner for NexPhase Capital and has been since January 2016 in New York, New York.

**Board of Managers Member, Assistant Secretary & Treasurer: Andy Kieffer**

Andy Kieffer is a member of the Board of Managers of SYNERGY HomeCare Holdings, LLC and has been since April 2018. Mr. Kieffer also serves as a partner at NexPhase Capital since January 2016 in New York, New York. Mr. Kieffer also serves as the Assistant Secretary & Treasurer for SYNERGY HomeCare Franchising, LLC and has held that position since April 2018.

**Assistant Secretary & Treasurer: Chip Robie**

Chip Robie serves as the Assistant Secretary & Treasurer of SYNERGY HomeCare Franchising, LLC and has held that position since April 2019. Mr. Robie also serves as a principal of NexPhase Capital and has held that position since January 2016 in New York, New York.

**Chief Executive Officer: Charles G. Young**

Charles G. Young is our Chief Executive Officer and has been since April 2020. Prior to joining us, Mr. Young served as the President and Chief Executive Officer of Coldwell Banker from September 2016 to March 2020 in Madison, New Jersey. Prior to that, Mr. Young served as President and Chief Executive Officer of ERA Franchise Systems from April 2009 through August 2016 and as Chief Operating Officer of ERA from February 2009 to April 2009 in Madison, New Jersey. In addition, Mr. Young serves as a member of the Board of Managers for SYNERGY HomeCare Holdings, LLC and has done so since April 2020.

**Chief Financial Officer and Chief Administrative Officer: Chad Ainsworth**

Chad Ainsworth is our Chief Financial Officer/Chief Administrative Officer since January 2024. Prior to that, he has been our ~~has been~~ our CFO since October 2019.—Prior to joining us, Mr. Ainsworth served as Vice President and Chief Accounting Officer of Mobile Mini, Inc. from August 2016 to September 2019 in Phoenix, Arizona. From December 2013 to August 2016, Mr. Ainsworth served as Vice President – Finance & Controller for Origami Owl in Chandler, Arizona.

**General Counsel: Michael Coccaro**

Michael Coccaro has been our General Counsel since December 2014.— Prior to joining us, Mr. Coccaro was an attorney with the law firm of Snell & Wilmer, L.L.P. from September 2007 to December 2014 in Phoenix, Arizona. and served as our Chief Operating Officer from September 2017 to April 2019. Between May 2019 and April 2020 Mr. Coccaro served as our Chief Administrative Officer. Mr. Coccaro also served as General Counsel for Boom Brands from December 2014 through December 2017.

**Chief Partnership Officer: Rich Paul**

Rich Paul is our Chief Partnership Officer since January 2019. Prior to joining us, Mr. Paul was the Chief Partnership Officer, Employer/Federal for Beacon Health Options in Boston, Massachusetts from December 2014 through January 2019.

**Chief Growth Officer: Mike Steed**

Mike Steed is our Chief Growth Officer since January 2022. Prior to that, Mr. Steed was our Vice President of Franchise Development from November 2019 to December 2021. Prior to joining us, Mr. Steed served as the Vice President of North American Franchising for New Horizons Computer Learning Centers from February 2019 to November 2019 in Anaheim, California. Prior to that, Mr. Steed served as the Vice President of U.S. Sales and Operations for Mathnasium Learning Centers from August 2015 to October 2018 in Los Angeles, California.

**Chief Marketing Officer: Jennifer Chasteen**

Jennifer Chasteen is our Chief Marketing Officer since December 2021. Prior to that, Ms. Chasteen was the Principal of Tastemakers in Atlanta, Georgia from May 2021 to November 2021. Prior to that, Ms. Chasteen was the Vice President of Brand Strategy & Activation for Church's Chicken in Atlanta, Georgia from January 2017 to April 2021. Prior to that, Ms. Chasteen was the Sr. Director of Brand and Product Strategy for Church's Chicken in Atlanta, Georgia from July 2015 to January 2017.

**Vice President of Operations Performance Success Group: Louwana Ball**

Louwana Ball is our Vice President of the Performance Success Group since January 2024. Prior to that, Ms. Ball was our Vice President of ~~of~~ Operations since from July 2022 to January 2024. Prior to that, Ms. Ball was the Associate Vice-President of Franchise Operations for Regis Corporation in Minneapolis, Minnesota from April 2017 to July 2022.

**ITEM 3**  
**LITIGATION**

**Pending Actions:**

None.

Other than these actions, no litigation is required to be disclosed in this disclosure document.

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

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

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

You must pay an initial Franchise Fee when you sign the Franchise Agreement. The Franchise Fee is \$50,000 for one Protected Territory which will include approximately 20,000 persons who are age 65 or over (Items 11 and 12), as of the date of the Franchise Agreement.

If the Protected Territory has less than 20,000 persons who are aged 65 or older, then the Franchise Fee shall be reduced by \$2.50 per person, but not below a minimum territory size of 10,000 persons who are aged 65 or older.

In ~~2022~~2023, the range of initial franchise fees paid was \$~~17,572~~~~29,007.50~~ to \$~~130,000~~~~170,000~~.

You may purchase an additional Protected Territory at a discounted price if (i) you do so in conjunction with the purchase of your initial Protected Territory, and (ii) if approved by us (which approval may be granted or denied for any reason or no reason at all). The price of the additional Protected Territory shall be calculated as set forth in the above paragraphs, but will also receive a 20% discount. The discount shall apply to the smaller of the Protected Territories.

See Item 12 for further information about how Protected Territories are determined.

#### **VetFran Program**

We also participate in the International Franchise Association's VetFran program. You may qualify for the International Franchise Association's VetFran program if you are a qualified veteran of the United States Armed Forces. If you qualify for the International Franchise Association's VetFran Program, the Franchise Fee is reduced by fifteen percent.

We reserve the right to change, modify, or discontinue the referral program and the VetFran program at any time.

#### **General Provisions**

The Franchise Fee is nonrefundable except as described below. The Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as described in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees.

We will refund 50% of the received Franchise Fee remaining after deduction of any broker fees, taxes, or commissions paid as a result of the sale to you, if we, in our discretion, determine that you are unable to satisfactorily complete the training program described in Item 11 of this Disclosure Document and if we terminate the Franchise Agreement as a result of making that determination. Even though it was terminated, the restrictive covenants of the Franchise Agreement will remain in effect.

You will also pay us the Systems Fee (See Item 6) weekly beginning four months after the Effective Date of the Franchise Agreement.

Except as otherwise described here, you are not required to pay us any other money before you open.

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

**Franchisee**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	5% of Gross Sales	Weekly	See definition of Gross Sales <sup>1</sup>
Minimum Royalty Fee	The difference between (a) 5% of Gross Sales from the prior month, and (b) the Royalty Fee that would have been payable had you obtained the Minimum Sales Quota	Monthly, if applicable.	Beginning in the seventh month after your Franchised Business opens, only if you do not obtain your Minimum Monthly Sales Quota for the prior month you must pay us the Minimum Royalty Fee. The Minimum Royalty Fee shall be paid monthly. <sup>2</sup>
Marketing Fund Contribution	2% of Gross Sales	Weekly	We reserve the right to reduce or suspend the Marketing Fund Contributions. We may also require Marketing Fund Contributions to be used in Cooperative Advertising.
Minimum Marketing Fund Contribution Fee	The difference between (a) 2% of Gross Sales from the prior month, and (b) the Royalty Fee that would have been payable had you obtained the Minimum Sales Quota	Monthly, if applicable.	Beginning in the seventh month after your Franchised Business opens, only if you do not obtain your Minimum Monthly Sales Quota for the prior month you must pay us the Minimum Marketing Fund Contribution. The Minimum Marketing Fund Contribution shall be paid monthly. <sup>3</sup>
Minimum Local Advertising Requirement	The greater of \$300 or at least 2% of Gross Sales per month	Monthly	If the Franchisee fails to spend the minimum every month, we reserve the right to collect the required Minimum Local Advertising Requirement from you, to charge our then current Advertising Service Fee, and to cause the money collected to be spent on behalf of you in your Protected Territory. We may require Local Advertising expenditures to be used in Cooperative Advertising.
Advertising Service Fees and Costs	Our then-current fee (which now is \$250 per month) plus the cost to use an advertising firm in your Protected Territory	Monthly	Payable to us and collected only if you fail to spend the Minimum Local Advertising Requirement and we are forced to collect it. <sup>4</sup>
Systems Fee	Currently, this fee is \$8690.00 per week.	Weekly beginning four months after the Effective Date of the Franchise Agreement.	Payable to us. We may increase this fee at any time upon 60 days' written notice. (See Item 11). <sup>5</sup>
Satellite Systems Fee	Currently, this fee is \$12.70 per week.	Weekly after you open a Satellite Office	Payable to us. We may increase this fee at any time upon 60 days' written notice. (See Item 11). <sup>6</sup>
Software Scheduling Fees	Currently \$150 - \$500 per month	Monthly	You must pay us or our designated supplier the then-current fees for access to the scheduling software.
Computer Maintenance and Updates	Approximately \$150 to \$1,500 for maintenance and approximately \$500 to \$2,000 to replace computer	As required	You must maintain and keep the computer system in good working order. Such maintenance may occur at any time and would be payable to third parties.

Type of Fee	Amount	Due Date	Remarks
Software Support and on-line data storage and backups	Approximately \$200 to \$1,000	As required	You must maintain the software with all patches. If you need support to operate your software, you may be required to pay for it through the software manufacturer. You must use on-line data storage and backups.  We have no schedule for such updating. The updating is deliverable by an approved vendor (Item 11).
Audit Expenses	Cost of audit	Upon demand	Audit costs are payable to us only if the audit shows an understatement in amounts due of at least 3%.
Late Fees	The highest rate allowed by law, plus collection costs	Upon demand	Applies to all overdue Royalty Fees, Marketing Fund Contributions and other amounts due to us. Also applies to any understatement in amounts due revealed by an audit.
Expansion Fee	80% of our then-current Initial Franchise Fee.	When incurred	If Franchisee desires to purchase an additional Protected Territory after the Franchise Agreement has been executed and Franchisor has approved Franchisee's request, Franchisee will pay this Expansion Fee.
Insurance Policies	Amount of unpaid premiums plus our expenses in obtaining coverage for you	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	\$25,000	Upon demand	The transfer fee will not be charged if you transfer your interest in the franchise agreement to an entity controlled by you. The transfer fee is nonrefundable and due for each transfer request.
Customer Service	All costs incurred in assisting your customers	Upon demand	You must reimburse us if we determine it is necessary to service your customers.
System Modifications	This amount will vary depending upon the type of modification made	As required	We cannot estimate the minimum or maximum amount of the cost for such modification because we have no set schedule for any such modifications. If we decide to modify the System by requiring new equipment, fixtures, software, trademarks, etc., you must make the modifications at your expense. We may periodically make modification and there is no limit on the number of modifications that we may make during the term of the Franchise Agreement. We will provide you with 60 days' prior written notice of a modification.
Cost of Enforcement System	All costs including attorneys' fees and expenses.	Upon demand	You must reimburse us for all costs related to your default and termination and enforcing obligations under the Franchise Agreement.
Indemnification	All costs including attorneys' fees and expenses.	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business. You must reimburse us for all costs related to your default and termination and enforcing obligations under the Franchise Agreement.
Franchisor's Investigative Fee	Then current fee (now \$150 an hour) plus attorneys' fees and costs.	Upon demand	Incurred if you service clients in another franchisee's territory without permission.
Violation Fees	The greater of (1) \$5,000 for each client serviced in the territory of another franchisee without permission, or (2) 25% of the gross revenue received.	Upon demand	Incurred if you service a client in the territory of another franchisee without permission.
Background Check Fees	Will vary. Currently between \$25 and \$75 per caregiver.	Upon demand	May be from any approved vendor.

Type of Fee	Amount	Due Date	Remarks
Ongoing Training	Varies.	Time of program/meeting	We do not charge for ongoing training programs, but you must attend mandatory training programs and pay your own expenses in training.
Ongoing Training Non-Attendance Fee	\$1,500	Upon demand	If you fail to attend mandatory training, you must pay us a nonattendance fee in the amount of \$1,500.
Annual Franchise Meeting (AFM)	<del>\$600-750</del> for two people, \$250 for each additional attendee	Time of program/meeting	You must attend the AFM we host and pay for the conference and your own expenses in attending. If you fail to attend the AFM, you must pay us a non-attendance fee. <u>If you have been open for less than six months as of the date of the AFM, you do not have to attend the AFM and do not need to pay a non-attendance fee.</u> We may increase this fee at any time with 60 days' written notice to you. (See Item 11).
Annual Franchise Meeting (AFM) Non-Attendance Fee	\$2,000	Upon demand	If you fail to attend the AFM <u>and you have been open for 6 months or longer at the time the AFM is held;</u> you must pay us a nonattendance fee in the amount of \$2,000. We may increase this fee at any time with 60 days' written notice to you.
Additional E-Mail Fees	\$252 or our then-current fee, whichever is higher.	Yearly	We will provide you with four approved e-mail addresses in connection with the operation of the Franchised Business. If you would like more than four approved e-mail addresses, you must pay to us \$252 per year for each additional approved e-mail address or our then-current fee, whichever is higher.
Legal and Compliance Toolkit Fee	\$1,000	Upon Demand	You must purchase access to an online resource of compliance with state and federal laws regarding operating a home care agency. <sup>7</sup>

The above is a detailed description of other recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part for a third party under the terms of the Franchise Agreement. Unless otherwise noted, all fees are payable to us. Unless otherwise noted, all fees payable to us will be deducted automatically by us from your operating account via (“Electronic Funds Transfer” or “EFT”) in a manner more fully described in the Manuals. We reserve the right to change the method of collection at any time. No other fees or payments are to be paid to us or our affiliates, and we or our affiliates do not impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

**NOTES:**

<sup>1</sup> “Gross Sales” means the aggregate of all sales of services and products from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise, including all proceeds from any business interruption insurance but excluding all refunds made in good faith, any sales and equivalent taxes that you collect for or on behalf of, and pay to, any governmental taxing authority, and the value of any allowance issued or granted to any client of the Franchised Business that you credit in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business. For purposes of calculating Gross Sales, the sale is made at the earlier of delivery of the service or product or creation of the customer invoice by you.

<sup>2</sup> Starting in the seventh month after your Franchised Business opens, if you did not obtain your Minimum Monthly Average Sales Quota for the prior month, you will pay the Minimum Royalty Fee. The Minimum Royalty Fee is the difference between (1) 5% of Gross Sales for the prior month, and (2) the Royalty Fee that would have been earned had you obtained your Minimum Monthly Average Sales Quota. For each Protected Territory with 20,000 or more people age 65 or older, the Minimum Monthly Average Sales Quota is:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$10,000
Year 2 Monthly Average	\$20,000
Year 3 Monthly Average	\$30,000
Year 4 Monthly Average	\$40,000
Year 5 Monthly Average	\$50,000

For each Protected Territory with less than 20,000 people age 65 or older, the Minimum Monthly Average Sales Quota is:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$5,000
Year 2 Monthly Average	\$10,000
Year 3 Monthly Average	\$15,000
Year 4 Monthly Average	\$20,000
Year 5 Monthly Average	\$25,000

The Minimum Monthly Average Sales quota is not intended to be a financial performance representation. See Item 19 of this Franchise Disclosure Document for the financial performance representations.

<sup>3</sup> Starting in the seventh month after your Franchised Business opens, if you did not obtain your Minimum Monthly Average Sales Quota for the prior month, you will pay the Minimum Marketing Fund Contribution Fee. The Minimum Marketing Fund Contribution Fee is the difference between (1) 2% of Gross Sales for the prior month, and (2) the Marketing Fund Contribution Fee that would have been earned had you obtained your Minimum Monthly Average Sales Quota. For Protected Territories with 20,000 or more people age 65 or older, the Minimum Monthly Average Sales Quota is:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$10,000
Year 2 Monthly Average	\$20,000
Year 3 Monthly Average	\$30,000
Year 4 Monthly Average	\$40,000
Year 5 Monthly Average	\$50,000

For Protected Territories with less than 20,000 people age 65 or older, the Minimum Monthly Average Sales Quota is:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$5,000
Year 2 Monthly Average	\$10,000
Year 3 Monthly Average	\$15,000
Year 4 Monthly Average	\$20,000
Year 5 Monthly Average	\$25,000

The Minimum Monthly Average Sales quota is not intended to be a financial performance representation. See Item 19 of this Franchise Disclosure Document for the financial performance representations.

<sup>4</sup> This fee may increase at any time as our costs to supply the services (including our administrative costs) change. There is no limit on the amount that this fee may be.

<sup>5</sup> The Systems Fee is currently \$~~9086~~.00 per week. We may change the Systems Fee at any time upon 60 days' notice and there is no limit on the amount that this fee may be. The Systems Fee is paid weekly beginning with the fourth month after the Effective Date of the Franchise Agreement. It is used to pay for Franchise Technology Services which may include access to the SYNERGY HomeCare dashboard and extranet, e-mail addresses, and other technology services used to support and promote the SYNERGY HomeCare System, SYNERGY HomeCare franchisees, and SYNERGY HomeCare Businesses. The Systems Fee is non-refundable.

<sup>6</sup> The Satellite Systems Fee is currently \$12.70 per week. You only pay this if you elect to operate a second Satellite Office within your Protected Territory. We may change the Satellite Systems Fee at any time upon 60 days' notice and there is no limit on the amount that this fee may be. The Satellite Systems Fee is paid weekly after you have been approved to open a second Satellite Office inside your Protected Territory. It is used to pay for Franchise Technology Services attendant to opening and maintaining your Satellite office. The Satellite Systems Fee is non-refundable.

<sup>7</sup> We have partnered with a premier provider of federal and state compliance guidance regarding owning a home care agency. The information covers federal and state laws, sample agreements, model policies and forms, a survey on state laws on home care companions and other domestic workers, presentations on wage and hour issues, agency investigations, and other areas impacting the industry, guidelines to help small business comply with federal, state, and local employment laws. The Compliance Guidance Fee is a one-time fee for access to this information that is updated on an on-going basis by our preferred partner.

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

**YOUR ESTIMATED INITIAL INVESTMENT**

**For a SYNERGY HomeCare Franchised Business With One Full Territory**

A full territory has at least 20,000 people age 65 or older. See Item 12 for more details.

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee <sup>1</sup>	<del>\$50,000</del> \$50,000	Cashier's Check or wire transfer	Upon Signing Franchise Agreement	Us
Real Estate/Rent <sup>2</sup>	<del>\$1,375 to \$6,297</del> \$1,416 to \$6,517	As Arranged	Before Beginning Operations	Lessor
Utility Deposits <sup>3</sup>	<del>\$0 to \$342</del> \$0 to \$354	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements <sup>4</sup>	<del>\$0 to \$1,712</del> \$0 to \$1,772	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment <sup>5</sup>	<del>\$572 to \$3,424</del> \$589 to \$3,544	As Arranged	Before Beginning Operations	Third Parties
Software <sup>6</sup>	<del>\$858 to \$1,145</del> \$884 to \$1,185	As Arranged	Before Beginning Operations	Third Parties
Computers and Printer <sup>7</sup>	<del>\$1,145 to \$4,007</del> \$1,179 to \$4,147	As Arranged	Before Beginning Operations	Third Parties

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Insurance (including Fidelity/Crime Coverage) <sup>8</sup>	<del>\$3,435 to \$6,869</del> <u>\$3,538 to \$7,109</u>	As Arranged	Before Beginning Operations	Third Parties
Signage <sup>9</sup>	<del>\$572 to \$2,290</del> <u>\$589 to \$2,370</u>	As Arranged	Before Beginning Operations	Third Parties
Office Equipment & Supplies <sup>10</sup>	<del>\$858 to \$3,435</del> <u>\$884 to \$3,555</u>	As Arranged	Before Beginning Operations	Third Parties
Training <sup>11</sup>	<del>\$3,795 to \$5,512</del> <u>\$3,909 to \$5,705</u>	As Arranged	Before Beginning Operations	Third Parties
Licenses & Permits <sup>12</sup>	<del>\$0 to \$5,725</del> <u>\$0 to \$5,925</u>	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting <sup>13</sup>	<del>\$572 to \$11,635</del> <u>\$589 to \$12,042</u>	As Arranged	Before Beginning Operations	Attorneys and Accountants
Legal and Compliance Toolkit <sup>14</sup>	<del>\$1,000</del> <u>\$1,000</u>	As Arranged	Before Beginning Operations	Third Parties
Opening Inventory <sup>15</sup>	<del>\$4,037 to \$4,937</del> <u>\$3,937 to \$6,437</u>	As Arranged	Before Beginning Operations	Us and Third Parties
Dues & Subscriptions <sup>16</sup>	<del>\$0 to \$572</del> <u>\$0 to \$592</u>	As Arranged	Before Beginning Operations	Third Parties
Additional Funds – 3 Months <sup>17</sup>	<del>\$4,499 to \$36,931</del> <u>\$4,634 to \$38,224</u>	As Arranged	As Necessary	You Determine
TOTAL <sup>18</sup>	<del>\$72,718 to \$145,833</del> <u>\$73,148 to \$150,479</u>			

We anticipate that you will incur the above estimated initial expenditures in the establishment of your Franchised Business. All fees paid to our Affiliates or us are non-refundable once paid except as provided in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers.

### **NOTES**

(1) **Franchise Fee:** The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document.

(2) **Real Estate/Rent:** You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. You will need approximately 250 square feet of space in a shared office or executive office environment. Your lease costs can vary based upon variances in square footage, cost per square foot and required maintenance costs. We assume that you will have to pay the first month's rent and a security deposit equal to one month's rent in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances. This covers rent for three (3) months.

(3) **Utility Deposits:** If you are a new customer of your local utilities, you may have to pay deposits with local utilities for services such as electric, telephone, gas and water. The deposit will vary depending upon the policies of the local utilities.

(4) Leasehold Improvements: You may need to make certain improvements to your office space to accommodate your Franchised Business or to comply with our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs.

(5) Furniture, Fixtures & Equipment: You will be required to purchase or lease office furniture and any equipment necessary for providing the various services offered by SYNERGY HomeCare Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.

(6) Software: You must purchase a license to use scheduling software from us or our approved vendor. Currently, you will sign a scheduling software license agreement with the approved vendor and pay the vendor all applicable fees. We will pay the initial start-up license fee and training fee (\$500) for you to use the scheduling software. You must pay the vendor the monthly usage fee for the scheduling software. The current monthly usage fee ranges from \$150 - \$500 per month, and is subject to change by the software vendor. You must also purchase QuickBooks Online, the cost of which will vary depending on competition among suppliers, among other things, but we anticipate it being between \$30 and \$100 per month. See Item 11 for a description of the software you must purchase.

(7) Computers and Printer: You must purchase certain computers and printers to operate the software and QuickBooks Online. See Item 11 for a description of the computers and printers you must purchase.

(8) Insurance (including Fidelity/Crime Coverage): You must secure policies for the following types of insurance: “all-risk” property, business interruption, general liability, automotive liability, professional liability, employment practice liability, wage and hour insurance, worker’s compensation, cyber liability, coverage under the Franchise Agreement’s indemnity provisions, and a fidelity/crime insurance (or the equivalent), as required by Section 15 of the Franchise Agreement or any other insurance as required by law. Your cost of insurance may vary based on the location of the Franchised Business, value of the leasehold improvements, amount of inventory, number of employees and other factors. Typically, you will pay quarterly for insurance (including fidelity/crime insurance) coverage. The estimated cost is first 3 months of insurance (including fidelity/crime insurance) coverage.

(9) Signage: This range includes the cost of all signage used in the Franchised Business, which may include a plaque or lettering for an office door, and magnetic signs or custom painting on service vehicles, or auto wraps. The costs will vary based upon the size, location of the Franchised Business, local wage rates and other factors.

(10) Office Equipment and Supplies: You must purchase general office supplies including stationery, business cards and typical office equipment, such as a computer and printer. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, suppliers and other factors.

(11) Training: The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. We have the right, but not the obligation, to offer remote training.

(12) Licenses & Permits: Local government agencies typically charge fees for such things as business licenses. Depending on your local laws, you may also be required to obtain licenses to perform certain services such as in-home companionship, homemaking, personal care, or child care, for example. Your

actual costs may vary from the estimates based on the requirements of local government agencies. You are required to understand and comply with all federal, state, and local laws.

(13) Legal & Accounting: You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. If your Franchised Business is going to operate in Delaware, the District of Columbia, Florida, Georgia, Illinois, Maryland, Minnesota, Nevada, Oklahoma, Oregon, Pennsylvania, Rhode Island, New York, or Virginia, ~~a state that requires a license to operate a home care agency~~, you must use our approved vendor to secure your license. Our approved vendor, a law firm with an extensive home care practice, has agreed to flat fee packages. This flat fee arrangement is for professional fees only and you may incur additional costs to the state as identified in note 12. If you are going to open in Colorado, Illinois, New York, or Rhode Island, those fees may be greater.

(14) Legal and Compliance Toolkit Fee: We have partnered with a premier provider of federal and state compliance guidance regarding owning a home care agency. The information covers federal and state laws, sample agreements, model policies and forms, a survey on state laws on home care companions and other domestic workers, presentations on wage and hour issues, agency investigations, and other areas impacting the industry, guidelines to help small business comply with federal, state, and local employment laws. The Toolkit Fee is a one-time fee for access to this information that is updated on an on-going basis by our preferred partner.

(15) Opening Inventory: You will need to purchase materials for your grand opening. This includes (1) signing up for an A/I chatbot for lead generation on your local microsite through one of our approved vendors, (2) investing in a supplemental ~~pay-per-lead digital advertising~~ campaign through our approved vendors, (3) purchasing pre-opening Marketing Kits from our approved vendor, (4) purchasing at least one car wrap prior to opening from our approved vendor and having it installed by a vendor of your choice, and (5) hosting a grand opening ceremony.

(16) Dues & Subscriptions: We recommend, but you are not required, to join local organizations such as the Chamber of Commerce for networking and marketing purposes.

(17) Additional Funds: This estimates additional funds necessary for the first three (3) months of your business operations, and does not include an owner's salary or personal or living expenses. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the Franchised Business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; local regulation compliance; the local market for SYNERGY HomeCare Businesses in your area; the prevailing wage rate; competition from other sellers of similar services in your area during this period. This includes a variety of expenses and working capital items during your start-up phase such as: legal and accounting fees; advertising, promotional expenses and materials; employee salaries (including a salary for the second employee and any necessary licenses or permits); and other miscellaneous costs. However, this excludes your salary and also excludes any sales, use or similar taxes that may be assessed by your state or local authorities. Please check with your local and state governmental agencies for any taxes that may be assessed.

(18) Total: In compiling the chart, we have relied on our ~~2120~~ years of experience in the industry. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

## For a SYNERGY HomeCare Franchised Business With Two Full Territories.

Two Full Territories have at least 40,000 people age 65 or older. See Item 12 for more details.

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee <sup>19</sup>	<del>\$90,000</del> \$90,000	Cashier's Check or wire transfer	Upon Signing Franchise Agreement	Us
Real Estate/Rent <sup>20</sup>	<del>\$1,416 to \$6,517</del> \$1,375 to \$6,297	As Arranged	Before Beginning Operations	Lessor
Utility Deposits <sup>21</sup>	<del>\$0 to \$354</del> \$0 to \$342	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements <sup>22</sup>	<del>\$0 to \$1,772</del> \$0 to \$1,712	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment <sup>23</sup>	<del>\$589 to \$3,544</del> \$572 to \$3,424	As Arranged	Before Beginning Operations	Third Parties
Software <sup>24</sup>	<del>\$884 to \$1,185</del> \$858 to \$1,145	As Arranged	Before Beginning Operations	Third Parties
Computers and Printer <sup>25</sup>	<del>\$1,179 to \$4,147</del> \$1,145 to \$4,007	As Arranged	Before Beginning Operations	Third Parties
Insurance (including Fidelity/Crime Coverage) <sup>26</sup>	<del>\$3,538 to \$7,109</del> \$3,435 to \$6,869	As Arranged	Before Beginning Operations	Third Parties
Signage <sup>27</sup>	<del>\$589 to \$2,370</del> \$572 to \$2,290	As Arranged	Before Beginning Operations	Third Parties
Office Equipment & Supplies <sup>28</sup>	<del>\$884 to \$3,555</del> \$858 to \$3,435	As Arranged	Before Beginning Operations	Third Parties
Training <sup>29</sup>	<del>\$3,909 to \$5,705</del> \$3,795 to \$5,512	As Arranged	Before Beginning Operations	Third Parties
Licenses & Permits <sup>30</sup>	<del>\$0 to \$5,925</del> \$0 to \$5,725	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting <sup>31</sup>	<del>\$589 to \$12,042</del> \$572 to \$11,635	As Arranged	Before Beginning Operations	Attorneys and Accountants
Legal and Compliance Toolkit <sup>32</sup>	\$1,000 \$1,000	As Arranged	Before Beginning Operations	Third Parties
Opening Inventory <sup>33</sup>	<del>\$3,937 to \$6,437</del> \$4,037 to \$4,937	As Arranged	Before Beginning Operations	Us and Third Parties
Dues & Subscriptions <sup>34</sup>	<del>\$0 to \$592</del> \$0 to \$572	As Arranged	Before Beginning Operations	Third Parties
Additional Funds – 3 Months <sup>35</sup>	<del>\$4,634 to \$38,224</del> \$4,499 to \$36,931	As Arranged	As Necessary	You Determine
TOTAL <sup>36</sup>	<del>\$112,718 to \$185,833</del> \$113,178 to \$190,479			

We anticipate that you will incur the above estimated initial expenditures in the establishment of your Franchised Business. All fees paid to our Affiliates or us are non-refundable under any circumstances

once paid except as provided in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers.

## NOTES

(19) Franchise Fee: The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document.

(20) Real Estate/Rent: You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. You will need approximately 250 square feet of space in a shared office or executive office environment. Your lease costs can vary based upon variances in square footage, cost per square foot and required maintenance costs. We assume that you will have to pay the first month's rent and a security deposit equal to one month's rent in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances. This covers rent for three (3) months.

(21) Utility Deposits: If you are a new customer of your local utilities, you may have to pay deposits with local utilities for services such as electric, telephone, gas and water. The deposit will vary depending upon the policies of the local utilities.

(22) Leasehold Improvements: You may need to make certain improvements to your office space to accommodate your Franchised Business or to comply with our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs.

(23) Furniture, Fixtures & Equipment: You will be required to purchase or lease office furniture and any equipment necessary for providing the various services offered by SYNERGY HomeCare Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.

(24) Software: You must purchase a license to use scheduling software from us or our approved vendor. Currently, you will sign a scheduling software license agreement with the approved vendor and pay the vendor all applicable fees. We will pay the initial start-up license fee and training fee (\$500) for you to use the scheduling software. You must pay the vendor the monthly usage fee for the scheduling software. The current monthly usage fee ranges from \$150 - \$500 per month, and is subject to change by the software vendor. You must also purchase QuickBooks (we recommend QuickBooks Online), the cost of which will vary depending on competition among suppliers, among other things. See Item 11 for a description of the software you must purchase.

(25) Computers and Printer: You must purchase certain computers and printers to operate the software and QuickBooks. See Item 11 for a description of the computers and printers you must purchase.

(26) Insurance (including Fidelity/Crime Coverage): You must secure policies for the following types of insurance: "all-risk" property, business interruption, general liability, automotive liability, professional liability, employment practice liability, wage and hour insurance, worker's compensation, cyber liability, coverage under the Franchise Agreement's indemnity provisions, and a fidelity/crime insurance (or the equivalent), as required by Section 15 of the Franchise Agreement or any other insurance as required by law. Your cost of insurance may vary based on the location of the Franchised Business, value of the leasehold improvements, amount of inventory, number of employees and other factors. Typically, you will pay quarterly for insurance (including fidelity/crime insurance) coverage. The estimated cost is first 3 months of insurance (including fidelity/crime insurance) coverage.

(27) Signage: This range includes the cost of all signage used in the Franchised Business, which may include a plaque or lettering for an office door, and magnetic signs or custom painting on service vehicles, or auto wraps. The costs will vary based upon the size, location of the Franchised Business, local wage rates and other factors.

(28) Office Equipment and Supplies: You must purchase general office supplies including stationery, business cards and typical office equipment, such as a computer and printer. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, suppliers and other factors.

(29) Training: The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. We have the right, but not the obligation, to offer remote training.

(30) Licenses & Permits: Local government agencies typically charge fees for such things as business licenses. Depending on your local laws, you may also be required to obtain licenses to perform certain services such as in-home companionship, homemaking, personal care, or child care, for example. Your actual costs may vary from the estimates based on the requirements of local government agencies. You are required to understand and comply with all federal, state, and local laws.

(31) Legal & Accounting: ~~You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. If your Franchised Business is going to operate in Delaware, the District of Columbia, Florida, Georgia, Illinois, Maryland, Minnesota, Nevada, Oklahoma, Oregon, Pennsylvania, Rhode Island, New York, or Virginia, you must use our approved vendor to secure your license. Our approved vendor, a law firm with an extensive home care practice, has agreed to flat fee packages. This flat fee arrangement is for professional fees only and you may incur additional costs to the state as identified in note 12. If you are going to open in Colorado, Illinois, New York, or Rhode Island, those fees may be greater.~~ Legal & Accounting: You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. If your Franchised Business is going to operate in a state that requires a license to operate a home care agency, you must use our approved vendor to secure your license. Our approved vendor, a law firm with an extensive home care practice, has agreed to flat fee packages. This flat fee arrangement is for professional fees only and you may incur additional costs to the state as identified in note 12. If you are going to open in Colorado, Illinois, New York, or Rhode Island, those fees may be greater.

(32) Legal and Compliance Toolkit Fee: We have partnered with a premier provider of federal and state compliance guidance regarding owning a home care agency. The information covers federal and state laws, sample agreements, model policies and forms, a survey on state laws on home care companions and other domestic workers, presentations on wage and hour issues, agency investigations, and other areas impacting the industry, guidelines to help small business comply with federal, state, and local employment laws. The Compliance Toolkit Fee is a one-time fee for access to this information that is updated on an on-going basis by our preferred partner.

(33) Opening Inventory: You will need to purchase materials for your grand opening. This includes (1) signing up for an A/I chatbot for lead generation on your local microsite through one of our approved vendors, (2) investing in a supplemental digital advertising pay-per-lead campaign through our approved vendor, (3) purchasing pre-opening Marketing Kits from our approved vendor, (4) purchasing at least one car wrap prior to opening from our approved vendor and having it installed by a vendor of your choice, and (5) hosting a grand opening ceremony.

(34) Dues & Subscriptions: We recommend, but you are not required, to join local organizations such as the Chamber of Commerce for networking and marketing purposes.

(35) Additional Funds: This estimates additional funds necessary for the first three (3) months of your business operations, and does not include an owner’s salary or personal or living expenses. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the Franchised Business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; local regulation compliance; the local market for SYNERGY HomeCare Businesses in your area; the prevailing wage rate; competition from other sellers of similar services in your area during this period. This includes a variety of expenses and working capital items during your start-up phase such as: legal and accounting fees; advertising, promotional expenses and materials; employee salaries (including a salary for the second employee and any necessary licenses or permits); and other miscellaneous costs. However, this excludes your salary and also excludes any sales, use or similar taxes that may be assessed by your state or local authorities. Please check with your local and state governmental agencies for any taxes that may be assessed.

(36) Total: In compiling the chart, we have relied on our ~~20~~ 21 years of experience in the industry. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

### For a SYNERGY HomeCare Franchised Business With A “Mini” Territory

A “mini” territory has at least 10,000 but less than 20,000 people age 65 or older. See Item 12 for more details.

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee <sup>37</sup>	<del>\$25,000 to \$49,998</del> \$25,000 to \$49,998	Cashier’s Check or wire transfer	Upon Signing Franchise Agreement	Us
Real Estate/Rent <sup>38</sup>	<del>\$1,416 to \$6,517</del> \$1,375 to \$6,297	As Arranged	Before Beginning Operations	Lessor
Utility Deposits <sup>39</sup>	<del>\$0 to \$354</del> \$342	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements <sup>40</sup>	<del>\$0 to \$1,772</del> \$1,712	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment <sup>41</sup>	<del>\$589 to \$3,544</del> \$572 to \$3,424	As Arranged	Before Beginning Operations	Third Parties
Software <sup>42</sup>	<del>\$884 to \$1,185</del> \$858 to \$1,145	As Arranged	Before Beginning Operations	Third Parties
Computers and Printer <sup>43</sup>	<del>\$1,179 to \$4,147</del> \$1,145 to \$4,007	As Arranged	Before Beginning Operations	Third Parties
Insurance (including Fidelity/Crime Coverage) <sup>44</sup>	<del>\$3,538 to \$7,109</del> \$3,435 to \$6,869	As Arranged	Before Beginning Operations	Third Parties

Type of Expenditure	Amount (Low – High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Signage <sup>45</sup>	<del>\$589 to \$2,370</del> <del>\$572 to \$2,290</del>	As Arranged	Before Beginning Operations	Third Parties
Office Equipment & Supplies <sup>46</sup>	<del>\$884 to \$3,555</del> <del>\$858 to \$3,435</del>	As Arranged	Before Beginning Operations	Third Parties
Training <sup>47</sup>	<del>\$3,909 to \$5,705</del> <del>\$3,795 to \$5,512</del>	As Arranged	Before Beginning Operations	Third Parties
Licenses & Permits <sup>48</sup>	<del>\$0 to \$5,925</del> <del>\$0 to \$5,725</del>	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting <sup>49</sup>	<del>\$589 to \$12,042</del> <del>\$572 to \$11,635</del>	As Arranged	Before Beginning Operations	Attorneys and Accountants
Legal and Compliance Toolkit <sup>50</sup>	<del>\$1,000</del> <del>\$1,000</del>	As Arranged	Before Beginning Operations	Third Parties
Opening Inventory <sup>51</sup>	<del>\$3,937 to \$6,437</del> <del>\$4,037 to \$4,937</del>	As Arranged	Before Beginning Operations	Us and Third Parties
Dues & Subscriptions <sup>52</sup>	<del>\$0 to \$592</del> <del>\$0 to \$572</del>	As Arranged	Before Beginning Operations	Third Parties
Additional Funds – 3 Months <sup>53</sup>	<del>\$4,634 to \$38,224</del> <del>\$4,499 to \$36,931</del>	As Arranged	As Necessary	You Determine
TOTAL <sup>54</sup>	<del>\$47,718 to \$145,831</del> <del>\$48,148 to \$150,477</del>			

We anticipate that you will incur the above estimated initial expenditures in the establishment of your Franchised Business. All fees paid to our Affiliates or us are non-refundable under any circumstances once paid except as provided in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers.

### **NOTES**

(37) **Franchise Fee:** The Franchise Fee is described in greater detail in Item 5 of this Disclosure Document.

(38) **Real Estate/Rent:** You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. You will need approximately 250 square feet of space in a shared office or executive office environment. Your lease costs can vary based upon variances in square footage, cost per square foot and required maintenance costs. We assume that you will have to pay the first month's rent and a security deposit equal to one month's rent in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances. This covers rent for three (3) months.

(39) **Utility Deposits:** If you are a new customer of your local utilities, you may have to pay deposits with local utilities for services such as electric, telephone, gas and water. The deposit will vary depending upon the policies of the local utilities.

(40) **Leasehold Improvements:** You may need to make certain improvements to your office space to accommodate your Franchised Business or to comply with our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs.

(41) Furniture, Fixtures & Equipment: You will be required to purchase or lease office furniture and any equipment necessary for providing the various services offered by SYNERGY HomeCare Businesses. Although some of these items may be leased, the range shown represents the actual purchase price.

(42) Software: You must purchase a license to use scheduling software from us or our approved vendor. Currently, you will sign a scheduling software license agreement with the approved vendor and pay the vendor all applicable fees. We will pay the initial start-up license fee and training fee (\$500) for you to use the scheduling software. You must pay the vendor the monthly usage fee for the scheduling software. The current monthly usage fee ranges from \$150 - \$500 per month, and is subject to change by the software vendor. You must also purchase QuickBooks (we recommend QuickBooks Online), the cost of which will vary depending on competition among suppliers, among other things. See Item 11 for a description of the software you must purchase.

(43) Computers and Printer: You must purchase certain computers and printers to operate the software and QuickBooks. See Item 11 for a description of the computers and printers you must purchase.

(44) Insurance (including Fidelity/Crime Coverage): You must secure policies for the following types of insurance: “all-risk” property, business interruption, general liability, automotive liability, professional liability, employment practice liability, wage and hour insurance, worker’s compensation, cyber liability, coverage under the Franchise Agreement’s indemnity provisions, and a fidelity/crime insurance (or the equivalent), as required by Section 15 of the Franchise Agreement or any other insurance as required by law. Your cost of insurance may vary based on the location of the Franchised Business, value of the leasehold improvements, amount of inventory, number of employees and other factors. Typically, you will pay quarterly for insurance (including fidelity/crime insurance) coverage. The estimated cost is first 3 months of insurance (including fidelity/crime insurance) coverage.

(45) Signage: This range includes the cost of all signage used in the Franchised Business, which may include a plaque or lettering for an office door, and magnetic signs or custom painting on service vehicles, or auto wraps. The costs will vary based upon the size, location of the Franchised Business, local wage rates and other factors.

(46) Office Equipment and Supplies: You must purchase general office supplies including stationery, business cards and typical office equipment, such as a computer and printer. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, suppliers and other factors.

(47) Training: The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. We have the right, but not the obligation to offer remote training.

(48) Licenses & Permits: Local government agencies typically charge fees for such things as business licenses. Depending on your local laws, you may also be required to obtain licenses to perform certain services such as in-home companionship, homemaking, personal care, or child care, for example. Your actual costs may vary from the estimates based on the requirements of local government agencies. You are required to understand and comply with all federal, state, and local laws.

(49) Legal & Accounting: You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. If your Franchised Business is going to operate in Delaware, the District of Columbia, Florida, Georgia, Illinois, Maryland, Minnesota, Nevada,

~~Oklahoma, Oregon, Pennsylvania, Rhode Island, New York, or Virginia, you must use our approved vendor to secure your license. Our approved vendor, a law firm with an extensive home care practice, has agreed to flat fee packages. This flat fee arrangement is for professional fees only and you may incur additional costs to the state as identified in note 12. If you are going to open in Colorado, Illinois, New York, or Rhode Island, those fees may be greater. Legal & Accounting: You will need to use the services of an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. If your Franchised Business is going to operate in a state that requires a license to operate a home care agency, you must use our approved vendor to secure your license. Our approved vendor, a law firm with an extensive home care practice, has agreed to flat fee packages. This flat fee arrangement is for professional fees only and you may incur additional costs to the state as identified in note 12. If you are going to open in Colorado, Illinois, New York, or Rhode Island, those fees may be greater.~~

(50) Legal and Compliance Toolkit Fee: We have partnered with a premier provider of federal and state compliance guidance regarding owning a home care agency. The information covers federal and state laws, sample agreements, model policies and forms, a survey on state laws on home care companions and other domestic workers, presentations on wage and hour issues, agency investigations, and other areas impacting the industry, guidelines to help small business comply with federal, state, and local employment laws. The Compliance Toolkit Fee is a one-time fee for access to this information that is updated on an on-going basis by our preferred partner.

(51) Opening Inventory: You will need to purchase materials for your grand opening. This includes (1) signing up for an A/I chatbot for lead generation on your local microsite through one of our approved vendors, (2) investing in a supplemental ~~digital advertising pay-per-lead~~ campaign through our approved vendor, (3) purchasing pre-opening Marketing Kits from our approved vendor, (4) purchasing at least one car wrap prior to opening from our approved vendor and having it installed by a vendor of your choice, and (5) hosting a grand opening ceremony.

(52) Dues & Subscriptions: We recommend, but you are not required, to join local organizations such as the Chamber of Commerce for networking and marketing purposes.

(53) Additional Funds: This estimates additional funds necessary for the first three (3) months of your business operations, and does not include an owner's salary or personal or living expenses. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the Franchised Business. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; local regulation compliance; the local market for SYNERGY HomeCare Businesses in your area; the prevailing wage rate; competition from other sellers of similar services in your area during this period. This includes a variety of expenses and working capital items during your start-up phase such as: legal and accounting fees; advertising, promotional expenses and materials; employee salaries (including a salary for the second employee and any necessary licenses or permits); and other miscellaneous costs. However, this excludes your salary and also excludes any sales, use or similar taxes that may be assessed by your state or local authorities. Please check with your local and state governmental agencies for any taxes that may be assessed.

(54) Total: In compiling the chart, we have relied on our ~~20~~ 21 years of experience in the industry. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

**ITEM 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Except as indicated below, you are not required to purchase or lease products or services from us or any Affiliate or from suppliers approved by us or under our specifications.

**Specifications/Approved Suppliers**

You must equip the Franchised Business according to our standards and specifications. All signs, equipment, and other items used in the operation of the Franchised Business must comply with our specifications and quality standards and, if we require, must only be purchased from Approved Suppliers that we designate. We ~~or one of our Affiliates~~ may be an Approved Supplier. We will provide you, in the Manual or other written or electronic form, a list of specifications for equipment, supplies, and other materials and, if required, a list of designated or Approved Suppliers for some or all of these items, which may include us ~~or our Affiliates~~. From time to time we may modify the list. We formulate and modify our specifications and standards for products and services based upon our industry knowledge.

If you would like to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications and/or samples for us to determine whether the item or service complies with our standards and specifications or the supplier meets our Approved Supplier criteria. We will not charge you to evaluate whether your proposed item or service meets our Approved Supplier criteria. We will decide and notify you in writing within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease such items or services from such supplier. We apply the following general criteria in approving a proposed supplier: the ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier. From time to time, we may review our approval of any item, service or supplier. We may revoke the approval of a supplier if it fails to continue to meet our standards. We will notify you if we revoke our approval of an item, service or supplier, and you must immediately stop purchasing disapproved items or services or from a disapproved supplier.

You must pay us the Systems Fee (Items 7 and 11). ~~We Neither we nor any Affiliates~~ are not the only supplier of any other products or services. None of our officers owns an interest in any suppliers.

**Computer Hardware and Proprietary Software**

You are required to purchase computer hardware and software that meet the specifications described in Item 11. We receive no other rebates, discounts or other benefits from your purchase of computer hardware, but we may derive revenue from future arrangements with suppliers based on franchisee purchases.

You are required to use software and related technology that we own or that is owned by our affiliate or a third party.

**Insurance**

At your expense you must purchase and maintain in effect during the term of the Franchise Agreement for each Franchised Business you operate: (i) “all risk” property insurance with fire, vandalism and malicious mischief coverage on all assets of the Franchised Business for full replacement value and business interruption insurance; (ii) comprehensive general liability insurance with minimum coverage of at least \$1,000,000 per occurrence and at least \$3,000,000 aggregate; (iii) automobile liability insurance (if

you use any vehicles in operating the Franchised Business) with a combined single limit of at least \$1,000,000; (iv) professional liability insurance with minimum coverage of at least \$1,000,000 per occurrence and at least \$3,000,000 aggregate, which must include abuse and molestation coverage; (v) employment practice liability insurance with a minimum of \$1,000,000 and a wage and hour insurance with a minimum coverage of at least \$100,000; (vi) workers' compensation and other insurance to meet statutory requirements including Employer's liability coverage with limits of a minimum of \$1,000,000; (vii) cyber liability coverage with a limit of at least \$1,000,000; (viii) indemnity insurance to cover your indemnification in the Franchise Agreement; and (viii) other insurance as we designate to provide coverage for services and products you offer in reasonable amounts.

You must also procure and maintain first and third-party fidelity/crime insurance (or its equivalent) in a minimum amount of at least \$25,000 with coverage for you and us, or with higher minimum terms and coverage which we may specify.

If state law requires higher insurance limits, you must purchase and maintain at least the minimum required by state law. Also, lenders and lessors may require you to purchase and maintain insurance. Your insurance policies must name us as an additional insured and/or loss payee and contain a waiver of subrogation rights against us.

At this time we receive no rebates, discounts or other benefits from your purchase of insurance, but we may derive revenue from future arrangements with suppliers based on franchisee purchases.

### Miscellaneous

We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the operation of the Franchised Business. Presently, no such purchase or supply agreements are in effect and there are no purchasing or distribution cooperatives that you are required to join. In the year ended December 31, ~~2022-2023~~ we received approximately \$~~191,843,176.176~~ of revenue as a result of franchisee purchases from vendors, which we used to support the cost of other services we provide to franchisees. This represents approximately ~~40.8%~~ of our total revenue of \$~~19,201,338,225,64,674~~. ~~In addition, our Elite Affiliate received \$66,309 in revenue as a result of franchisee purchases. We may derive revenue from future arrangements with suppliers based on franchisee purchases.~~

We estimate that approximately 10% to 30% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased either from us, our Affiliates or an Approved Supplier, or in accordance with our standards and specifications. We estimate that approximately 20% to 30% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our Affiliates, an Approved Supplier or in accordance with our standards and specifications.

We do not provide ~~or withhold~~ material benefits to you ~~(such as renewal rights or the right to open additional Franchised Businesses) based on whether or not if~~ you purchase through the sources we designate or approve; however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will allow us, among other things, to terminate the Franchise Agreement.

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

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

**Franchise Agreement**

<b>Obligation</b>		<b>Section in the Franchise Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Section 5	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 5 and 15	Item 8
c.	Site development and other pre-opening requirements	Sections 5 and 8	Item 6, 7 and 11
d.	Initial and ongoing training	Section 8	Item 11
e.	Opening	Sections 5 and 11	Item 11
f.	Fees	Sections 3, 5, 8, 10, 11, 12, 13, 15, 18, 21 and 22	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 6, 7, 9, 11, 12, 13 and 15	Item 11
h.	Trademarks and proprietary information	Sections 6, 7 and 9	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6, 9 and 13	Items 11 and 16
j.	Warranty and customer service requirements	Section 13	Items 11 and 16
k.	Territorial development and sales quotas	Sections 2, 4 and 16	Item 12
l.	Ongoing product/service purchases	Section 13	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 10 and 13	Item 11
n.	Insurance	Section 15	Items 7 and 8
o.	Advertising	Sections 3 and 11	Items 6, 7 and 11
p.	Indemnification	Section 21	Item 6
q.	Owner's participation/management/staffing	Section 13	Items 11 and 15
r.	Records and reports	Sections 3 and 12	Item 11
s.	Inspections and audits	Sections 12 and 13	Item 6
t.	Transfer	Section 18	Item 17
u.	Renewal	Section 4	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Sections 7 and 17	Item 17
x.	Dispute resolution	Section 23	Item 17

**ITEM 10**  
**FINANCING**

Except as stated below, we, our agents, and our affiliates offer no financing arrangements, and we, our agents, and our affiliates do not receive payment or other consideration for the placing of financing or do not guaranty any note, lease, or obligation you enter into for your SYNERGY HomeCare Business.

We do not guarantee your lease or other obligations. SYNERGY HomeCare franchisees may be eligible for expedited Small Business Administration (the “SBA”) loan processing through the SBA’s Franchise Registry Program, [www.franchiseregistry.com](http://www.franchiseregistry.com).

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

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

For the Franchisee, from time to time, we shall have the right to and will delegate the performance of any portion or all of our obligations and duties to a third party who is approved by us to deliver such services and perform such duties, whether these providers are agents of ours or as independent contractors which we have contracted with to provide such services. The Franchisee agrees in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

**A. PRE-OPENING ASSISTANCE**

Before you open the Franchised Business, we will:

1. Designate the Protected Territory within which you will operate the Franchised Business (Franchise Agreement, Section 2.4). See Item 12 for additional information on the Protected Territory.
2. If we have not already approved a site that you have selected prior to signing the Franchise Agreement, provide you with our criteria for site selection and approve the site you have selected for the location of the Franchised Business (Franchise Agreement, Section 5.1).

Neither we nor any of our employees have special expertise in selecting sites. We make no representations that the Franchised Business will be profitable or successful by being located at the “Approved Location” (this Item 11). Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

3. Provide approximately 42.5 hours of training. This training is described in detail later in this Item. (Franchise Agreement, Section 8.1)
4. At our discretion, provide on-site assistance and guidance. (Franchise Agreement, Section 8.2)
5. Loan to you one copy of, or make available electronically via the Internet, the SYNERGY HomeCare Operations Manual. (Section 9.1) The Table of Contents of the Operations Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. The total number of pages in the Operations Manual is 369.

3.4) 6. Deliver to you the Franchisee Technology Services (Franchise Agreement, Section 3.4)

## **B. ASSISTANCE DURING THE OPERATION**

After the opening of the Franchised Business, we will:

1. From time to time, advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters, webinars, and/or online training and other methods. (Franchise Agreement, Section 14.1)

2. At our discretion, we may make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any areas for improvement or deficiencies that become evident as a result of our visit. If we prepare a report, we will notify you in writing or orally that we prepared a report, and you may request a copy from us. If no written report is prepared, we will discuss our findings with you orally. (Franchise Agreement, Section 14.2)

3. Make available to you operations assistance and ongoing training as we deem necessary (Franchise Agreement, Sections 8.2 and 8.5).

4. Make available to you changes and additions to the System as generally made available to all franchisees. (Franchise Agreement, Section 14.3)

5. Provide to you, at our discretion, advertising and promotional materials including ad-slicks, brochures, fliers and other materials for use in the operation of the Franchised Business. (Franchise Agreement, Section 14.4)

6. Provide the Franchisee Technology Services (Franchise Agreement, Section 3.4).

## **C. ADVERTISING AND PROMOTION**

You will continuously promote the Franchised Business. Every month, you will spend the greater of \$300 or at least 2% of the previous month's Gross Sales on advertising, promotions and public relations within the Protected Territory ("Minimum Local Advertising Requirement"). Such expenditures will be made directly by you, subject to our approval and direction. We will provide general guidelines for conducting Local Advertising so as to better assist you. We will define what constitutes local advertising in the Operations Manual. You agree to send us, in a manner we prescribe, an accounting of local advertising expenditures at such times, and for such reporting periods, as we may specify from time to time. If you do not spend at least the Minimum Local Advertising Requirement on a monthly basis; then, within 30 days after such time as we specify, you will pay us the difference between the actual expenditures on local advertising, promotions and public relations and the Minimum Local Advertising Requirement. If we do collect the amount of the Minimum Local Advertising Requirement, we will also charge the Franchisee its then-current "Advertising Service Fee" (currently \$250 per month), plus the cost to use an advertising firm in your Protected Territory to place the advertising for you.

We have a system-wide Marketing Fund, and you are required to contribute 2% of your Gross Sales to the Marketing Fund. (Franchise Agreement, Section 11.2) We may adjust the percentage from time to time, but your contribution will not exceed 2% of your Gross Sales to the Marketing Fund. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements

and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising or other disbursements by the Marketing Fund. We may use your contributions to meet the costs of, or reimburse us for our expenses related to, the general promotion of the Marks and the System or to grow the SYNERGY HomeCare System, including producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and other forms of electronic media and advertising activities; research; employing advertising, public relations and other third party agencies to assist us; and promotional brochures and other marketing materials to franchisees and the advertising cooperatives); efforts to increase SYNERGY HomeCare's Franchised Businesses ability to service clients; and soliciting and the promotion of System products and services to National Referral Agencies or National Partnerships (including Medicare Advantage plans) as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in activities associated with the promotion of the Marks and the System and the growth of the SYNERGY HomeCare System. We may retain the services for, or purchase from, one or more of our Affiliates to provide services and products in connection with the Marketing Fund and may pay for the services and products from the Marketing Fund. We may use a national or regional advertising agency or other agencies to meet some of our needs as well.

We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the promotion of the Marks and the System, including the actual costs of salaries and fringe benefits paid to employees. We will not use Marketing Fund Contributions for the direct solicitation of franchise sales. Any Marketing Funds not spent in any year will be carried over to and available for use in the following year.

We may, at our discretion, allow contributions to accumulate in the Marketing Fund or to disburse contributions as necessary. We will use any interest or other earnings of the Marketing Fund before using current contributions. We intend for the Marketing Fund to be continual and perpetual, but we have the right to suspend (and subsequently reinstate) or terminate it if necessary. We will not terminate the Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a pro rata basis.

All SYNERGY HomeCare Businesses owned by us or our Affiliates are required to make similar contributions to the Marketing Fund as required of franchisees.

We will have an unaudited accounting of the Marketing Fund prepared each year in a format we determine and we will provide you with a copy of the unaudited accounting from the prior fiscal year if you request it. Should you request an audited copy, we may require you to pay for the cost of the audit.

The Marketing Fund is not a trust and we assume no fiduciary duty in administering the Marketing Fund.

During ~~2022~~2023, we spent the Marketing Fund contributions as follows: Production ~~49~~22%; Media Placement ~~65~~55%, Administration ~~46~~23%.

Although we are not obligated to do so, we may create a Cooperative Advertising program for the benefit of all SYNERGY HomeCare Businesses located within a particular region or defined market. We have the right to (a) allocate any portion of the Marketing Fund to a Cooperative Advertising program; and (b) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. We will determine the geographic territory and/or defined market areas for each Cooperative Advertising program. You must participate in any Cooperative Advertising program established in your region and/or defined market. If a Cooperative Advertising program is implemented in a particular region or defined

market, we may establish an advertising council for franchisees in that region or defined market to self-administer the program. You must participate in the council according to the council's rules and procedures and you agree to be bound by the council's decisions. Upon approval by the council, you must pay (and we may, but we are not obligated to, collect from you on the Cooperative Advertising program's behalf) contributions to the Cooperative Advertising program, in the amount approved, even if the contributions required exceed the Minimum Local Advertising Requirement (Franchise Agreement, Section 11.3). Any amounts paid by you to the Cooperative Advertising program in any month will be applied toward your Minimum Local Advertising Requirement for the month.

Currently, we do not have an advertising council composed of franchisees.

You must list the telephone number (which must be a landline and not a mobile number) for the Franchised Business in your local print and on-line directories as we specify. You must own your telephone lines but assign them to us upon the expiration or termination of your agreement. You must place the listings together with other Franchised Businesses operating within the distribution area of the directories. (Franchise Agreement, Section 11.5).

#### **D. COMPUTER SYSTEM**

You must purchase and use any and all computer software programs that we may develop or designate for use by the System, and to purchase all computer hardware necessary for the efficient operation of the software (Franchise Agreement, Section 12.5). In addition to the below, we may require you to purchase other computer hardware, software, firmware, dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as Franchisor may later specify in Franchisee Manuals or otherwise in writing.

Currently, your computer hardware and software must operate under the latest version Microsoft Windows Operating System, and must be loaded with the most current editions of Microsoft Office Small Business Edition and QuickBooks Professional. The Approved Suppliers for computer hardware are identified in the Operations Manual. We reserve the right to specify other computer hardware or software and to specify other computer-related standards in the future.

We reserve the right to provide you with access to a dedicated telephone phone number that you must use in your Business that we own. You also must have a color printer, a fax machine and copier.

Franchisee will be required to use our "Franchisee Technology Services" for which you will pay the Systems Fee (Items 6 and 7). The Franchisee Technology Services may include access to the SYNERGY HomeCare dashboard and extranet, email addresses, and other technology services used to support and promote the SYNERGY HomeCare System, SYNERGY HomeCare franchisees and SYNERGY HomeCare Businesses. The System Fee will also be used for maintenance of the Franchisee Technology Services. The System Fee is currently ~~\$8690~~.00 per week. We may change the System Fee at any time upon 60 days' notice.

In addition, you must purchase and use the software we require, including our designated scheduling software. Currently, you must pay approximately \$150 - \$500 per month for access to the scheduling software to our designated vendor. We may change the fee for access to the software we require as the fee the designated vendor charges us changes.

If you are in default under the Franchise Agreement, we may prohibit or limit your access to the Franchisee Technology Services or the scheduling software.

Franchisee must have access to the internet through a DSL, cable or faster internet connection available in your service area. Franchisee must have an electronic mail address approved by us and must routinely (but no less than on a daily basis) check email and the portion of our web site devoted to franchise owners.

The cost of the computer hardware and software for the Franchisee is estimated to range between ~~\$1,179 to \$4,147.~~ ~~\$1,750 to \$4,500.~~

Franchisee must arrange for and pay the costs for software support and on-line data storage and backups (Item 6). If you need support for software, you may be required to pay the software manufacturer for such support. The cost of on-line backup and storage will vary depending upon the vendor. We have no requirements for you to use any particular vendor. As services vary depending upon on-line data storage used and the vendor, there can be no estimate of this cost.

You must protect yourself from viruses, computer hackers, and other communications and computer-related problems, and have a data backup system in place. You may not sue us for any harm caused by such computer-related problems. You must also take reasonable steps to verify that any person or entity upon whom you rely is reasonably protected, including establishing firewalls and access code protection and protecting passwords.

The computer system must be maintained to ensure good working order. Such maintenance may occur at any time. Such maintenance could cost between \$150 and \$1,500. You may be required to purchase new computer hardware no more often than once each five (5) years. Such cost could be between \$500 and \$2,000. All software must be maintained with such patches as the manufacturers may require from time to time. As this is dependent upon the manufacturer's requirements there can be no estimate for such costs. You may be required to update the software. We have no schedule for this and as such we cannot estimate the cost of such updates. You shall not update, modify, enhance, or upgrade any computer hardware or software without Franchisor's written consent, which shall not be unreasonably withheld.

We have the right at any time to independently access your Franchised Business computer(s) and software, including any software provided by a third party supplier, without notifying you first. We have the right to and will at our sole discretion access all franchisee files, and any other files found on the computers, and will use all such information for any purpose, both during and after the expiration or termination of the Franchise Agreement. If your system is password controlled or has limited access, you must grant us the permission necessary to access your computers and software. This must be done before you open or upon request.

#### **E. METHODS USED TO SELECT THE LOCATION OF THE BUSINESS**

As for the Franchisee, if you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Franchise Agreement, Section 5.1).

The general site selection and evaluation criterion that we consider in approving the Franchisee's site includes condition of the premises, proximity to other SYNERGY HomeCare Businesses, proximity to major roads and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time after receiving all requested information, which usually does not exceed 30 days. If you and we cannot agree on a suitable site for the Franchised Business, we may terminate the Franchise Agreement. If we do not notify you that we do not approve a proposed office within

30 days after all required information about the proposed office is sent to us, then the proposed office will be deemed to be approved and will be the “Approved Location”.

Neither we nor any of our employees have special expertise in selecting sites. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience. Our approval of a location does not infer or guarantee the success or profitability in any manner.

**F. TYPICAL LENGTH OF TIME BEFORE OPERATION**

We have a twelve week training and pre-opening process that you must complete after signing the Franchise Agreement and paying the Initial Franchise Fee to help prepare you to open your Franchised Business. If there is a delay in obtaining your necessary licenses or permits after you have completed the pre-opening process, we may allow you a reasonable additional period of additional time for opening if you can demonstrate that you have expeditiously worked to obtain the necessary licenses and permits and the delay in receiving them is caused by the governmental authority and not your own delay. Factors that may affect how long it takes you to open the Franchised Business include your ability to secure licenses, permits, zoning and local ordinances, weather conditions, delays in installation of equipment and fixtures, and unforeseen circumstances. (Franchise Agreement, Section 5.4)

**G. TRAINING PROGRAM**

Prior to the opening of the Franchised Business, (i) you (or your owner if you are a corporation or other business entity) and (ii) the Designated Manager if you hire a Designated Manager other than you (or your owner if you are a corporation or other business entity) must attend and successfully complete an initial training program to our satisfaction. Although initial training is mandatory for you and any Designated Manager you hire, additional spouses, partners, or Designated Manager may attend.

Training is a comprehensive program consisting of pre-opening (Start-up) and post-opening sessions. The start-up training sessions are held on a regularly published schedule and delivered during the pre-opening preparation stage of your Franchised Business. There are approximately forty-two and a half (42.5) hours of content and covers all material aspects of operating a SYNERGY HomeCare Business, including the following topics:

**SYNERGY HOMECARE UNIVERSITY  
NEW FRANCHISE PARTNER TRAINING PROGRAM**

**PRE-OPENING - START-UP**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Intro to SYNERGY HomeCare	1	0	Our Headquarters or other location we designate

SYNERGY HomeCare Essentials	3	0	Our Headquarters or other location we designate
Home Care Business Fundamentals, Standards, and Compliance	4.5	0	Our Headquarters or other location we designate
Caregiver Recruitment, Onboarding, and Retention	6.5	0	Our Headquarters or other location we designate
Business Planning	8.5	0	Our Headquarters or other location we designate
Sales & Marketing	3.5	0	Our Headquarters or other location we designate
Finance and Accounting	4	0	Our Headquarters or other location we designate
Business Systems and Technology	10.5	0	Our Headquarters or other location we designate
CEO Leadership Training	1	0	Our Headquarters or other location we designate

TOTAL	42.5	0	
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The instructional materials for training are primarily the Franchisor’s operations manual, business start-up checklist, and pre-class workbooks. Prior to attending training, you may be provided with pre-work assignments that must be completed before each session. The Franchisor may modify the format of the training sessions (including content covered, number of days, hours, and/or mode of delivery) depending upon the experience and abilities of an attendee in training.

Circumstances may arise that require changing the dates of training from those previously published. If so, Franchisor will make every effort to provide registered attendees reasonable notice of any schedule changes. If a registered attendee has already incurred travel expenses in reliance upon the previously scheduled training date, and such arrangements cannot be canceled or rescheduled, the Franchisor may reimburse the registered attendee for such expense provided proof of non-refundable travel is provided.

If you replace your Designated Manager, your new Designated Manager must attend and complete the training program at the next available session or upon request. There is no fee for New Franchise Partner training. You are responsible for training your own employees and other management personnel. You are responsible for the salary, travel, lodging, and meals of all your employees attending in-person sessions. Your commitment to satisfactorily completing the pre- and post-opening sessions of the New Franchise Partner Training Program is a requirement of opening and operating your SYNERGY HomeCare Franchise Business. Additional refresher courses are or may be required (Franchise Agreement, Section 8.5).

From time to time Franchisor may provide, and if it does, has the right to require that the Designated Manager attend, ongoing training programs (in-person and/or on-line), seminars or meetings during the Initial Term of this Agreement, any Interim Period, and Successor Terms. The Franchisor will not charge a fee for any mandatory ongoing training, except for the Annual Franchise Meeting (“AFM”). You are responsible for all travel costs, living expenses and employees’ salaries incurred in connection with the Designated Manager’s attendance at such training.

The current registration fee to attend the Annual Franchise Meeting (“AFM”) is ~~\$600~~\$750 for a Franchisee plus one additional attendee, and \$250 for each additional guest attendee. The Franchisor has the right to assess and reasonably adjust the AFM registration fees annually as market and inflationary conditions make it necessary. Every Franchisee is required to attend AFM, unless the Franchisee has been open for less than six months as of the date of the AFM, and failure to attend will automatically incur a nonattendance fee of \$2,000, due and payable on demand.

Additionally, if you or your Designated Manager fails to attend ANY mandatory ongoing training program, we have the right to charge a non-attendance fee of \$2,000, which is due and payable on demand, for each mandatory ongoing training program missed. If you fail to attend two (2) or more mandatory ongoing training programs during the Initial Term of this Agreement and any Interim Period, we also have the right to terminate the Franchise Agreement.

Our training programs leverage the expertise of many subject matter experts which may include a combination of internal and external business support partners. All SYNERGY HomeCare University programs are administered by Shannon Poser, Director of Learning and Development, who was hired in July 2022.

## ITEM 12 TERRITORY

You must operate the Franchised Business only from the Approved Location listed on Exhibit A of the Franchise Agreement, which should be a leased facility or shared office in a suitably located area. The Approved Location must be within your Protected Territory. Although we may assist you in selecting a location, you are solely responsible for selecting the Approved Location and negotiating the terms of the lease.

We will also grant you a Protected Territory, subject to the National Partnerships Program described below. Each Protected Territory will include contiguous zip codes or other physical, political or natural boundaries. The number of persons in your Protected Territory will be determined by a recognized third-party provider selected by us based on using the most currently available information from the U.S. Census Bureau. If that third party provider makes an unintentional error in determining the Protected Territory, we may modify the Protected Territory. The Protected Territory will be defined by and exist within the zip codes or other physical, political or natural boundaries as set forth in Exhibit B of the Franchise Agreement. If the Protected Territory is determined by zip codes and the geographic area included within any zip code on the boundary of your Protected Territory changes after the effective date of the Franchise Agreement, then the Protected Territory will be deemed to be amended to include any additional area included within such zip codes so long as this area is not already included in the protected territory of any other franchisee.

We have the right, without compensation to you, to: (a) establish, own or operate, and license others to establish, own or operate, SYNERGY HomeCare Businesses outside of the Protected Territory as we deem appropriate; (b) establish, own or operate, and license others to establish, own or operate, other businesses under other systems using other proprietary marks at locations inside and outside of the Protected Territory and on such terms and conditions as we deem appropriate; (c) provide services and sell any products authorized for SYNERGY HomeCare Businesses using the Marks or any other trademark, service marks and commercial symbols through alternate channels of distribution including joint marketing with partner companies, all forms of Internet sales, catalog sales, telemarketing and other direct marketing, on such terms and conditions as we deemed appropriate; and (d) engage in any other activities not expressly prohibited by the Franchise Agreement.

We may periodically designate in the Manual or elsewhere certain National Partnerships (the “National Partnerships Program”). We have the exclusive right to negotiate and enter into agreements or approve forms of agreements related to any national partnerships. If we obtain a national partnership with a service location within your Protected Territory, we will refer that business to you. If you refuse to provide products or services to a national partnership in your Protected Territory, are unable to provide the products and services requested by the partnership and according to our standards, to protect the reputation of the System and preserve the partnership, we may service that national partnership in your Protected Territory and/or may license or appoint another person to service that partnership in your Protected Territory (including another SYNERGY HomeCare franchisee or a company that is not affiliated with us).

Your Protected Territory is exclusive and we will not operate locations or grant franchises for other SYNERGY HomeCare Businesses within your Protected Territory unless you fail to meet your Minimum Monthly Average Sales Quota as described below or are in breach of any other terms of the Franchise Agreement.

You must achieve and maintain the minimum levels of average monthly Gross Sales (the “**Minimum Monthly Average Sales Quota**”) set forth below for each Protected Territory during the following Months of Operation:

For a Protected Territory with 20,000 or more people age 65 or older:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$10,000
Year 2 Monthly Average	\$20,000
Year 3 Monthly Average	\$30,000
Year 4 Monthly Average	\$40,000
Year 5 Monthly Average	\$50,000

For a Protected Territory with less than 20,000 or more people age 65 or older:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$5,000
Year 2 Monthly Average	\$10,000
Year 3 Monthly Average	\$15,000
Year 4 Monthly Average	\$20,000
Year 5 Monthly Average	\$25,000

“Year of Operation” will be defined by the 12 calendar month periods that commence on the first day of the first full calendar month after your grand opening. After the last month of each Year of Operation period in the above chart, we will evaluate if you have satisfied the Monthly Average Sales Quota for that year. If you have failed to satisfy the Minimum Monthly Average Sales Quota for the Year of Operation, we have the right to reduce the size or eliminate the Protected Territory, establish other franchises within the territory, permit other franchisees to provide services to clients in the Protected Territory, fashion some other remedy, or terminate the Franchise Agreement, as we determine to be appropriate.

For any Successor Franchise Agreement, the Minimum Monthly Average Sales Quota for each Year of Operation for each Protected Territory will be the greater of the Year 5 Monthly Average or the highest Minimum Monthly Average Sales Quota in our then current Successor Franchise Agreement.

The Minimum Monthly Average Sales quota is not intended to be a financial performance representation. See Item 19 of this Franchise Disclosure Document for the financial performance representations.

You do not have any rights of first refusal or similar rights to acquire additional franchises or any Additional Protected Territories. In addition, we do not have to provide you with any notice or offer you the right to acquire Protected Territories adjacent or near your Protected Territory prior to entering into a Franchise Agreement with another franchisee for such Protected Territories.

If after you sign the Franchise Agreement, you wish to purchase additional Protected Territories and we have approved your request pursuant to Sections 2.4 and 3.1 of the Franchise Agreement (which request may be granted or denied for any reason or no reason at all), you will pay us an additional fee (each being an “Expansion Fee”). The Expansion Fee shall be 80% of our then current Initial Franchise Fee.

If we do not approve your request within 30 days after you have submitted the request, (unless Franchisor has notified you in writing that we need additional time to consider the request), then your request to add Additional Protected Territories will be deemed to have been denied.

If you purchase an Additional Protected Territory, you will be required to open and staff a separate office to service that Additional Protected Territory if that Additional Protected Territory is not contiguous with your existing Territory. If the Additional Protected Territory is contiguous, you may be required to open and staff a separate office.

If we approve your request, then we will provide you a copy of the then-current FDD that will also contain the then-current franchise agreement. Your right to open and operate in the additional Protected Territory will not be effective until: (i) the appropriate waiting period required by state and/or federal law (Waiting Period) has passed since you signed the Receipt for the FDD; (ii) you sign a copy of the franchise agreement identical to the one included in the FDD; and (iii) you pay the Expansion Fee. If Franchisee has not signed the franchise agreement and paid the Expansion Fee within 30 days after the end of the Waiting Period, then the approval will be rescinded and you will have to reapply for the award of the additional Protected Territory.

You may be considered for more than 2 Protected Territories at our discretion only under the following conditions:

- a. you have been operating each of the current Protected Territories for at least one (1) year each;
- b. you have met or exceeded the Minimum Monthly Average Sales Quota for each Year of Operation for each Protected Territory;
- c. you provide us with a written request that you wish to expand into a third territory;
- d. you have the commercially reasonable financial ability to expand into an additional territory; and,
- e. We approve your written request. Any such request can be approved or denied by us for any reason or for no reason at all.

There is absolutely no guarantee that any franchisee will be permitted to own more than one (1) Protected Territory

Except as described below, or in connection with our express written permission in connection with servicing a national partnership, you may not directly market to or solicit, or provide services to, clients whose principal residence is inside the protected territory of any other SYNERGY HomeCare Business. If you have our prior written approval, you have the right to accept orders for services and perform services for clients whose principal residence is outside of your Protected Territory so long as: (a) the client's principal residence is not inside the protected territory of any other SYNERGY HomeCare Business; and (b) the Franchised Business is able to perform services for the client according to the standards described in the Manual. Except as part of Cooperative Advertising, you may not advertise in any media whose primary circulation does not include or overlap with your Protected Territory without our prior written approval. We retain the sole right to market on the Internet, and you may not establish a presence on, or market using, the Internet in connection with the Franchised Business without our prior written consent, which approval we may rescind if you are not in compliance with the Franchise Agreement. Our approval may be conditioned upon your using only our approved vendor. You may not use any alternative channels of distribution, such as catalog sales, to market or make sales, whether inside or outside your Protected Territory.

Except with our prior written approval, you may not ~~(+)solicit~~ potential sources of client referrals or directly market to National Partnerships ~~with offices located~~ outside of the Protected Territory. A "National Partnership" is a referral partners who is a customer or a group of customers or an entity acting

on behalf of a customer group or membership that operate (as under common ownership or control) under the same trademarks or service marks through independent franchise or some other association or entity, for which Franchisor has arranged to provide services at multiple locations. National Partnerships may include: corporations, organizations, federal, state, and local government entities and organizations, employee assistance programs, memberships, back up care plans, Medicare Advantage plans, and other persons or entities that may have a need for products and services from Franchised Businesses at multiple locations. The locations of some National Partnerships and the locations at which some of the National Partnerships may require services of a Franchised Business may be located within or outside the Protected Territory.

~~or (ii) solicit clients or market to clients outside the Protected Territories. “Referring Agencies” means any governmental or private agency, organization or institution that can or does refer the Franchised Business to persons that need or want any of the services provided by the Franchised Business, or can or does refer such persons to the Franchised Business.~~

~~—————You may not directly solicit National Partnerships to perform services for clients whose principal residence is inside of the Protected Territory without prior approval from Franchisor. National Partnerships means Referring Agencies with offices or facilities in more than one geographic area that Franchisor has approved by designation in National Partnership Referral List file. Franchisor has the right to amend the list of approved National Partnerships at any time without prior notice to Franchisee. If any client’s principal residence later becomes part of another SYNERGY HomeCare Business’s protected territory, you may continue to perform services for that client, but you must refer any new clients who are within another SYNERGY HomeCare Business’s protected territory to that SYNERGY HomeCare Business.~~

If you wish to relocate the Franchised Business, you must obtain our approval for a substitute Approved Location. We follow the same general site selection and evaluation criteria as for approval of your initial site, and consider the condition of the premises, proximity to other SYNERGY HomeCare Businesses, proximity to major roads and overall suitability.

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

You must operate the Franchised Business under the name “SYNERGY HomeCare.” You may also use any other current or future Mark to operate the Franchised Business that we designate in writing, including the logo on the front of this Disclosure Document. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify SYNERGY HomeCare Businesses. The Marks are owned by us.

The following Marks have been registered on the Principal Register of the U.S. Patent and Trademark Office (“PTO”):

Mark	Filing Date	Registration Number	Registration Date
SYNERGY HomeCare (standard character mark)	July 16, 2004	3066796	March 7, 2006
SYNERGY HomeCare (standard character mark)	October 25, 2010	4147375	May 22, 2012
 SYNERGY HomeCare (design plus words)	April 17, 2014	4702669	March 17, 2015

As to the above Marks, there are currently no effective material determinations of the PTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving any of the Marks. All required affidavits have been filed.

As to the above Marks: (i) there are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which the Franchised Business may be located; and, (ii) there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us as soon as you become aware of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations; we have exclusive control over settlement, litigation or PTO or other proceeding arising out of any alleged infringement, challenge or claim or otherwise concerning any Mark. You must take any actions that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks. We have no obligation to indemnify you or reimburse you for your expenses incurred in connection with any litigation or proceeding in connection with your use of the Mark.

We can require you to modify or discontinue use of any Mark or use one or more additional or substitute trademarks or service marks. We will not be required to reimburse you for your expenses to modify or discontinue the use of a Mark or to substitute a trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner

that we do not authorize in writing. You must obtain fictitious or assumed name registrations as required by applicable law.

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

You may not establish, create or operate an Internet site or website using any domain name containing the words “SYNERGY HomeCare” or any variation thereof without our prior written consent.

We retain the sole right to advertise on the Internet and create websites using the “SYNERGY HomeCare” domain name and any other domain names we may designate in the Manual.

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

No patents are material to the Franchise Agreement.

We own certain copyrights in all Manuals, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain Confidential Information, certain trade secrets, methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a SYNERGY HomeCare Business. We will provide our Confidential Information to you during training, in the Manual and through our on-line support portal, and as a result of the assistance we furnish you during the term of the franchise. You may only use the Confidential Information for the purpose of operating your Franchised Business. You may only divulge Confidential Information to employees who must have access to it in order to fulfill their employment role in your Franchised Business. You are responsible for enforcing the confidentiality provisions with your employees.

Certain individuals with access to Confidential Information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the form attached as Exhibit E to the Franchise Agreement.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

You must immediately notify us as soon as you become aware of any apparent infringement of or challenge to your use of, any copyright, or any claim by any person of any rights in any copyrights, and

you may not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so, however, you may communicate with your own counsel and your own expense. We may take whatever action we deem appropriate in these situations; we have exclusive control over settlement, litigation, or Copyright Office or other proceeding arising out of any alleged infringement, challenge, or claim or otherwise concerning any copyright. You must take any actions that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the copyrights. We have no obligation to indemnify you or reimburse you for your expenses incurred in connection with any litigation or proceeding in connection with your use of the copyrights.

We can require you to modify or discontinue use of any copyright or use one or more additional or substitute copyrights. We will not be required to reimburse you for your expenses to modify or discontinue the use of the copyrights or to substitute a copyright for a discontinued copyright. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued copyright.

As to the above copyrights, there are currently no effective material determinations of the Copyright Office, or a court regarding the copyrights. There are no agreements currently in effect that significantly limit our rights to use or license the use of the copyrights in any manner material to the franchise.

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

The Franchised Business must always be under the direct full-time supervision of a Designated Manager, which is you if you are an individual, or is an individual you select if you are a business entity. The Designated Manager does not need to have an equity ownership interest in the franchise, but may if you so desire. You and your Designated Manager must attend and satisfactorily complete our initial training program before opening the Franchised Business. If you are a corporation or other business entity and the Franchised Business is under the supervision of a Designated Manager, he or she does not have to be one of your owners, but you must at all times maintain direct supervision of the Designated Manager and the Franchised Business.

As described in Item 11, all shareholders (and members of their immediate families and households), officers, directors, partners, members, managers, executives, employees and staff, and other individuals having access to Confidential Information may be required to sign nondisclosure and non-competition agreements the same as or similar to the form attached as Exhibit E to the Franchise Agreement. We will be a third party beneficiary with the right to enforce the agreements.

If you are a business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement as Exhibit C.

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

You may only use the Approved Location for the operation of the Franchised Business and you must not use, or permit the use of, the premises for any other purpose or activity without our written consent. You must operate the Franchised Business in strict conformity with those methods, standards and specifications in the Manual and as we may require otherwise in writing. You may not deviate from these standards, specifications and procedures without our written consent.

You must offer only the services and products we specify from time to time, in strict accordance with our standards and specifications, including services such as house cleaning and light maintenance, meal preparation, infant and child care, personal care, medication reminders, medical and social appointment scheduling and management, assistance with the management of household affairs and expenses, transportation services, care management, and companionship services. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time.

We may periodically change required and/or authorized products or services. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications.

From time to time, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences. You will be required to participate in test marketing no more than 1 time every 3 years. You will not be required to make any payments to us for test marketing and if any goods are to be purchased as a component of any test marketing program, they will be sold to you at our cost. Any costs associated with test marketing will not apply to the Minimum Local Advertising Requirement.

You have the sole discretion as to the prices to be charged to your customers, but we will offer you guidelines and advice. For certain national partnerships, however, we may set the maximum price that you may charge for defined services. You have the option not to participate in any national account program. If you elect not to participate, we may authorize another party, including another System Franchisee, to perform the work in your Protected Territory requested by a national account.

### **ITEM 17**

## **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

**This table lists important provisions of the Franchise Agreement and related agreements. You should read the full provisions in the Franchise Agreement attached to this Disclosure Document.**

#### **The Franchise Relationship**

<b>Provision</b>	<b>Section in the Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 4.1	The initial term is 5 years.
b. Renewal or extension of the term	Section 4.2	You may extend your rights to operate the Franchised Business for 5 additional terms of 5 years each, subject to (c) below.

Provision	Section in the Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 4.2	You may extend your rights to operate the Franchised Business if you: have substantially complied with the provisions of the Franchise Agreement; have the right to maintain possession of the Approved Location or an approved substitute location for the Subsequent Term; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us or any Affiliate; (you or any of your employees) have not been the subject of any criminal investigation or civil or administrative proceedings arising from providing in-home services; have not had fidelity/crime insurance revoked or terminated, and your insurance has not paid any claims against the fidelity/crime insurance; have met the Minimum Monthly Average Sales Quota; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely notice of your intent to extend your rights to operate the Franchised Business; sign a then-current Successor Franchise Agreement which may have materially different terms and conditions than your original franchise agreement; comply with current qualifications and training requirements; and sign our form of general release.
d. Termination by you	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 90 days of receiving your written notice. Provisions regarding termination by the franchisee may be subject to state law.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 16.2	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined-curable defaults	Section 16.3	<p>You can avoid termination of the Franchise Agreement if you cure the following defaults within:</p> <p>You have cure period of forty-eight (48) hours to cure defaults of your violations of any law, regulation, or order.</p> <p>You have five (5) days to cure any defaults regarding your failure to (1) pay us monies owing to us, or (2) maintain insurance.</p> <p>You have fourteen (14) days to cure other defaults if there is no time specified, except those which have no cure period.</p> <p>You have thirty (30) days to cure after receiving a notice of default that you failed to meet the Minimum Monthly Average Sales Quota.</p> <p>If a statute in a state or municipality in which your SYNERGY HomeCare Franchised Business is located requires application of that state or municipal law, and that statute requires a cure period for the applicable default which is longer than the cure period listed in the Franchise Agreement, the statutory cure period will apply.</p>

Provision	Section in the Franchise Agreement	Summary
h. "Cause" defined-non-curable defaults	Section 16.2	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to establish and equip the Franchised Business; fail to satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; or any fidelity/crime insurance required to be procured and maintained by you is revoked or terminated; use the Manual or Confidential Information in an unauthorized manner; abandon the Franchised Business for 5 or more consecutive days; surrender or transfer of control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled; submit reports on 2 separate occasions understating any amounts due by more than 3%; fail on 2 or more occasions to follow any term of the agreement, are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks, copyrights or Confidential Information; fail on 2 occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; fail to meet the Minimum Monthly Average Sales Quota; violate any health, safety or other laws or conduct the Franchised Business in a manner creating a health or safety hazard, or allow a license or permit necessary for the operation of the Franchised Business to lapse or providing SYNERGY HomeCare services to be revoked or suspended for a period exceeding 10 days; engage in conduct which reflects materially and unfavorably upon the operations and reputation of SYNERGY HomeCare, or default under any other agreement between you and us (or our Affiliates) such that we (or our Affiliates) have the right to terminate the Franchise Agreement; and/or service the client of another franchisee without permission.
i. Your obligations on termination/non-renewal	Section 17.1	If the Franchise Agreement is terminated or we do not extend your rights to operate the Franchised Business, you must: stop operating the Franchised Business; stop using any Confidential Information, the System and the Marks; if requested, assign your interest in the Approved Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return or destroy the Manual and all other Confidential Information at our direction, including electronic files; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by us	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by you-definition	Section 18.2	"Transfer" includes transfer of ownership in the franchise, the Franchise Agreement, the Approved Location, the Franchised Business's assets or the franchisee entity.
l. Our approval of transfer by you	Section 18.2	You may not transfer your interest in any of the above without our prior written consent.

Provision	Section in the Franchise Agreement	Summary
m. Conditions for our approval of transfer	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed our form of general release; the prospective transferee meets our then-current business and financial standards; the transferee and all persons owning any interest in the transferee sign the then-current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$25,000, provide training to the transferee and reimburse us for our administrative expenses and legal fees; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed our form of non-competition agreement; you agree to stay on and help operate the Franchised Business for at least a period of thirty (30) days after the transferee completes the initial training program, and before assuming management of the operation of the Franchised Business, the transferee's Designated Manager has completed the initial training program.
n. Our right of first refusal to acquire your Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Our option to purchase your Franchised Business	Section 17.5	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, when the Franchise Agreement expires or terminates, we may purchase assets at fair market value, less the value of any goodwill associated with our trademarks and other intangible assets.
p. Your death or disability	Section 18.6	If you (or one of you owners) die or become incapacitated, your representative must transfer, subject to the terms of the Franchise Agreement, your interest in the Franchised Business within 180 days of death or incapacity or we have the option to terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 7.3	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff or employees are prohibited from: attempting to divert any business or customer of the Franchised Business to a Competitive Business or causing injury or prejudice to the Marks or the System or owning or working for a Competitive Business. These provisions may be subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives managers, professional staff and employees (excluding caregivers) are prohibited from: owning or working for a Competitive Business operating within the Protected Territory or within 35 miles of the Protected Territory. These provisions may be subject to state law.
s. Modification of the agreement	Section 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may unilaterally modify the Manual if the modification does not materially alter your fundamental rights.

<b>Provision</b>	<b>Section in the Franchise Agreement</b>	<b>Summary</b>
t. Integration/merger clause	Section 22.7	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and the executed Franchise Agreement may not be enforceable.
u. Dispute resolution by mediation or arbitration	Sections 23.7 and 23.8	Except for claims relating to the Marks, Confidential Information, covenants not to compete, money due on contracts and termination for violations of health or safety regulations, all disputes first will be subject to non-binding mediation at our corporate headquarters at the time the mediation is filed, then (if not resolved) to binding arbitration in Maricopa County, Arizona. These provisions are subject to state law.
v. Choice of forum	Section 23.2	Any litigation must be pursued in courts located in Maricopa County, Arizona at the time the litigation is filed. This section may be superseded by a specific state addenda. See Exhibit H of this Franchise Disclosure Document for more details.
w. Choice of law	Section 23.1	Arizona law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.). This section may be superseded by a specific state addenda. See Exhibit H of this Franchise Disclosure Document for more details.

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

We do not presently use any public figures to promote our franchise.

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

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

For the purposes of this Item 19, each SYNERGY HomeCare “Unit” refers to a single Protected Territory. Many SYNERGY HomeCare Businesses operate more than one SYNERGY HomeCare Unit because they have multiple Protected Territories. As of December 31, ~~2022~~2023, there were a total of ~~175183~~ SYNERGY HomeCare Businesses in operation with a total of ~~417454~~ Units. The following is a statement of the “Average Annual Gross Sales” of ~~152157~~ SYNERGY HomeCare Businesses consisting of ~~384416~~ Units that have been in operation for 1 year or more as of December 31, ~~2022~~2023, for the period from January 1, ~~2022~~2023 to December 31, ~~2022~~2023. ~~2223~~ -SYNERGY HomeCare Businesses consisting of ~~3235~~ Units were not included in the information below because the SYNERGY HomeCare Businesses had not been in operation for 1 year or more as of December 31, ~~2022~~2023 or the businesses closed during the ~~2022~~2023 calendar year. ~~23~~ -other SYNERGY HomeCare businesses, consisting of ~~23~~ units, were not included in the information below because they are “mini” territories with less than 20,000 seniors age 65 or older. “Average Annual Gross Sales” was calculated by taking the total Gross Sales (as defined in Note 1 of Item 6) reported for each SYNERGY HomeCare Business by a franchisee during the ~~2022~~2023

calendar year and dividing it by the number of SYNERGY HomeCare Businesses in the Number of Years of Operation. We have presented Average Annual Gross Sales by SYNERGY HomeCare Businesses instead of by individual Units because our franchisees report Gross Sales by business and not by Units. Of the SYNERGY HomeCare Businesses in the statement, 4438 of them operated one Unit and the rest operated two or more Units.

These statements have not been prepared in accordance with generally accepted accounting principles. The figures were compiled from data received from the SYNERGY HomeCare franchisees using a uniform system of reporting Gross Sales to us. All of the SYNERGY HomeCare Businesses offered substantially the same services to the public. Substantially the same services were offered by us to the SYNERGY HomeCare Businesses upon which the data is based.

#### Multi-Unit Franchise Businesses

Number of Years in Operation	Number of SYNERGY HomeCare Businesses	Average Annual Gross Sales (9) per Business (\$)	Median Annual Gross Sales per Business (\$)	Maximum Annual Gross Sales per Business (\$)	Minimum Annual Gross Sales per Business (\$)	Average Gross Profit Margin (10)
Over 10 years(1)	<u>5159</u>	<u>2,288,488</u> <u>2.49</u> <u>2,862</u>	<u>1,898,809</u> <u>2,054</u> <u>739</u>	<u>8,975,341</u> <u>12.5</u> <u>27,438</u>	<u>98,313</u> <u>64.76</u> <u>3</u>	<u>49</u> <u>51%</u>
6 to 9 years(2)	<u>28</u> <u>22</u>	<u>1,623,245</u> <u>1.87</u> <u>3,354</u>	<u>1,438,181</u> <u>1,474</u> <u>194</u>	<u>6,838,945</u> <u>6.24</u> <u>3,716</u>	<u>269,286</u> <u>185</u> <u>137</u>	<u>50</u> <u>51%</u>
1 to 5 years(3)	<u>2938</u>	<u>895,124</u> <u>955.84</u> <u>2</u>	<u>586,254</u> <u>788.672</u> <u>7</u>	<u>5,657,876</u> <u>3.21</u> <u>7,597</u>	<u>46,986</u> <u>58.60</u> <u>7</u>	<u>51</u> <u>53%</u>
Over 1 year(4)	<u>108</u> <u>119</u>	<u>1,741,873</u> <u>1.88</u> <u>7,518</u>	<u>1,438,181</u> <u>1,458</u> <u>764</u>	<u>8,975,341</u> <u>12.5</u> <u>27,438</u>	<u>46,986</u> <u>58.60</u> <u>7</u>	<u>50</u> <u>51%</u>

#### Single-Unit Franchise Businesses

Number of Years in Operation	Number of SYNERGY HomeCare Businesses	Average Annual Gross Sales (9) per Business (\$)	Median Annual Gross Sales per Business (\$)	Maximum Annual Gross Sales per Business (\$)	Minimum Annual Gross Sales per Business (\$)	Average Gross Profit Margin (10)
Over 10 years(5)	<u>4</u> <u>15</u>	<u>1,767,978</u> <u>1.98</u> <u>3,566</u>	<u>1,382,073</u> <u>1,427</u> <u>470</u>	<u>4,149,257</u> <u>4.99</u> <u>5,204</u>	<u>223,957</u> <u>516</u> <u>703</u>	<u>49</u> <u>53%</u>
6 to 9 years(6)	<u>1</u> <u>28</u>	<u>883,682</u> <u>1,162</u> <u>925</u>	<u>618,542</u> <u>852.696</u> <u>8,609</u>	<u>3,139,981</u> <u>3.41</u> <u>8,609</u>	<u>60,419</u> <u>444.7</u> <u>51</u>	<u>53</u> <u>55%</u>
1 to 5 years(7)	<u>1</u> <u>715</u>	<u>451,776</u> <u>488.50</u> <u>1</u>	<u>486,221</u> <u>511,764</u> <u>522</u>	<u>974,117</u> <u>1,206</u> <u>522</u>	<u>48,720</u> <u>68.38</u> <u>0</u>	<u>50</u> <u>50%</u>
Over 1 year(8)	<u>4</u> <u>438</u>	<u>1,018,274</u> <u>1.22</u> <u>0,642</u>	<u>556,398</u> <u>661.534</u> <u>5,204</u>	<u>4,149,257</u> <u>4.99</u> <u>5,204</u>	<u>48,720</u> <u>68.38</u> <u>0</u>	<u>50</u> <u>53%</u>

(1) These SYNERGY HomeCare Businesses opened between January 1, 2005 to December 31, 20122013. These 5159 SYNERGY HomeCare Businesses operated 198228 units. Of the 5159 SYNERGY HomeCare Businesses, 1721 Businesses (3336%) met or exceeded the average annual Gross Sales and these Businesses operated a total of 89107 Units. Of the 5159 SYNERGY HomeCare Businesses, 2829 Businesses (5549%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of 97105 Units.

(2) These SYNERGY HomeCare Businesses opened between January 1, ~~2013-2014~~ and December 31, ~~2016-2017~~. These ~~2822~~ SYNERGY HomeCare Businesses operated ~~7060~~ Units. Of the ~~2822~~ SYNERGY HomeCare Businesses, ~~106~~-Businesses (~~3627~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~2518~~ Units. Of the ~~2822~~ SYNERGY HomeCare Businesses, ~~1916~~ Businesses (~~6873~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~4740~~ Units.

(3) These SYNERGY HomeCare Businesses opened between January 1, ~~2017-2018~~ and December 31, ~~2021-2022~~. These ~~2938~~ SYNERGY HomeCare Businesses operated ~~7290~~ Units. Of the ~~2938~~ SYNERGY HomeCare Businesses, ~~617~~-Businesses (~~2145~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~1944~~ Units. Of the ~~2938~~ SYNERGY HomeCare Businesses, ~~1717~~-Businesses (~~5945~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~4141~~ Units.

(4) These SYNERGY HomeCare Businesses opened between January 1, 2005 and December 31, ~~2021-2022~~. These ~~108119~~ SYNERGY HomeCare Businesses operated ~~340378~~ Units. Of the ~~108119~~ SYNERGY HomeCare Businesses, ~~4042~~-Businesses (~~3735~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~153171~~ Units. Of the ~~108119~~ SYNERGY HomeCare Businesses, ~~6562~~-Businesses (~~6052~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~187184~~ Units.

(5) These SYNERGY HomeCare Businesses opened between January 1, 2005 and December 31, ~~2012-2013~~. These ~~1515~~ SYNERGY HomeCare Business operated ~~1515~~ Units. Of the ~~1515~~ SYNERGY HomeCare Businesses, ~~66~~-Businesses (~~4040~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~66~~ Units. Of the ~~1515~~ SYNERGY HomeCare Businesses, ~~96~~-Businesses (~~6040~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~96~~ Units.

(6) These SYNERGY HomeCare Businesses opened between January 1, ~~2013-2014~~ and December 31, ~~2016-2017~~. These ~~128~~ SYNERGY HomeCare Businesses operated ~~128~~ Units. Of the ~~128~~ SYNERGY HomeCare Businesses, ~~53~~-Businesses (~~4238~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~53~~ Units. Of the ~~128~~ SYNERGY HomeCare Businesses, ~~64~~-Businesses (~~5050~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~64~~ Units.

(7) These SYNERGY HomeCare Businesses opened between January 1, ~~2017-2018~~ and December 31, ~~2021-2022~~. These ~~1715~~ SYNERGY HomeCare Businesses operated ~~1715~~ Units. Of the ~~1715~~ SYNERGY HomeCare Businesses, ~~98~~-Businesses (~~5353~~%) met or exceeded the average annual Gross Sales and these Businesses operated a total of ~~98~~ Units. Of the ~~1715~~ SYNERGY HomeCare Businesses, ~~97~~-Businesses (~~5347~~%) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~97~~ Units.

(8) These SYNERGY HomeCare Businesses opened between January 1, 2005 and December 31, ~~2021-2022~~. These ~~4438~~ SYNERGY HomeCare Businesses operated ~~4438~~ Units. Of the ~~4438~~ SYNERGY HomeCare Businesses, ~~1312~~-Businesses (~~3032~~%) met or exceeded the average annual Gross Sales and these

Businesses operated a total of ~~1312~~ Units. Of the ~~4438~~ SYNERGY HomeCare Businesses, ~~2518~~-Businesses (~~5747%~~) met or exceeded the Average Gross Profit Margin and these Businesses operated a total of ~~2518~~ Units.

(9) Gross Sales has the meaning described in Item 6.

(10) This section identifies our franchisees' average gross profit margin for ~~2022~~2023. Average gross profit margin is defined as gross margin divided by revenues. Gross margin is defined as Revenues less Cost of Goods Sold. Cost of Goods Sold includes only wages paid to caregivers, excluding state and federal payroll taxes and worker's compensation insurance.

The information described above is based on SYNERGY HomeCare Businesses open and operating for at least 1 year and does not include information based on SYNERGY HomeCare Businesses that have been operating for less than 1 year.

Except as explained in Note 8, these figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your SYNERGY HomeCare Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

You are responsible for developing your own business plan for your business. You should contact a professional of your own choosing to help you read this Item 19 (and the entire FDD) and to help you determine your costs and expenses.

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

Written substantiation of the data used in preparing this Statement will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future revenue and/or income, you should report it to the franchisor's management by contacting Michael Cocco, SYNERGY HomeCare Franchising, LLC at 960 W. Elliot Road, Suite 101, Tempe, AZ 85284, (480) 659-7771, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**UNITS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Unit Summary**  
**For Years ~~2020~~2021-~~2022~~2023\***

Unit Type	Year	Units at the Start of the Year	Units at the End of the Year	Net Change
Franchisees	<del>2020</del> 2021	336364	364406	+28+42
	<del>2021</del> 2022	364406	406454	+42+48
	<del>2022</del> 2023	454406	499454	+45+48
Company-Owned	<del>2020</del> 2021	00	00	00
	<del>2021</del> 2022	00	00	00
	<del>2022</del> 2023	00	00	00
Total Units	<del>2020</del> 2021	336364	364406	+28+42
	<del>2021</del> 2022	364406	406454	+42+48
	<del>2022</del> 2023	454406	499454	+45+48

**Table No. 2**  
**Transfers of Franchised Units**  
**For Years ~~2020~~2021-~~2022~~2023\***

State	Year	Number of Transfers
California	<del>2020</del> 2021	32
	<del>2021</del> 2022	20
	<del>2022</del> 2023	30
Florida	2021	0
	2022	0
	2023	1
Georgia	<del>2020</del> 2021	02
	<del>2021</del> 2022	20
	<del>2022</del> 2023	00
Kansas	<del>2020</del> 2021	03
	<del>2021</del> 2022	30
	<del>2022</del> 2023	00
Illinois	<del>2020</del> 2021	00
	<del>2021</del> 2022	01
	<del>2022</del> 2023	31
Maryland	<del>2020</del> 2021	00
	<del>2021</del> 2022	01
	<del>2022</del> 2023	01
Massachusetts	<del>2020</del> 2021	00
	<del>2021</del> 2022	01
	<del>2022</del> 2023	01
Missouri	<del>2020</del> 2021	00
	<del>2021</del> 2022	04
	<del>2022</del> 2023	04
Nebraska	<del>2020</del> 2021	00
	<del>2021</del> 2022	01
	<del>2022</del> 2023	01

**Table No. 3  
Status of  
Units  
For Years**

New York	<del>2020</del> 2021	<del>0</del> 21
	<del>2021</del> 2022	<del>2</del> 10
	<del>2022</del> 2023	<del>0</del> 0
Pennsylvania	2021	0
	2022	0
	2023	1
Tennessee	<del>2020</del> 2021	<del>0</del> 0
	<del>2021</del> 2022	<del>0</del> 2
	<del>2022</del> 2023	<del>2</del> 2
Texas	<del>2020</del> 2021	<del>0</del> 0
	<del>2021</del> 2022	<del>0</del> 2
	<del>2022</del> 2023	<del>1</del> 02
Vermont	2021	0
	2022	0
	2023	1
Wyoming	<del>2019</del> 0202	<del>0</del> 0
	<del>2020</del> 2021	<del>0</del> 2
	<del>2021</del> 2023	<del>0</del> 2
Totals	<del>2020</del> 2021	<del>7</del> 28
	<del>2021</del> 2022	<del>2</del> 814
	<del>2022</del> 2023	<del>2</del> 144

**Franchised  
2020-2022**

**Table No. 3  
Status of Franchised Units  
For Years 2021-2023\***

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Units at End of the Year
Alabama	<del>2020</del> 021	<del>7</del> 77	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>7</del> 77
	<del>2021</del> 022	<del>7</del> 77	<del>1</del> 01	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>8</del> 78
	<del>2022</del> 023	<del>8</del> 7	<del>0</del> 1	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>8</del> 8
Arizona	<del>2020</del> 021	<del>25</del> 1725	<del>0</del> 80	<del>0</del> 00	<del>0</del> 0	<del>0</del> 00	<del>0</del> 00	<del>25</del> 2525
	<del>2021</del> 022	<del>25</del> 2525	<del>1</del> 01	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>26</del> 2526
	<del>2022</del> 023	<del>2</del> 625	<del>0</del> 1	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>2</del> 626
Arkansas	<del>2020</del> 021	<del>1</del> 11	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>1</del> 11
	<del>2021</del> 022	<del>1</del> 11	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>0</del> 00	<del>1</del> 11
	<del>2022</del> 023	<del>1</del> 1	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>0</del> 0	<del>1</del> 1

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Units at End of the Year
California	<del>2020</del> <u>2021</u>	<del>342934</del>	<del>353</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>505</del>	<del>323432</del>
	<del>2021</del> <u>2022</u>	<del>323432</del>	<del>434</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>050</del>	<del>363236</del>
	<del>2022</del> <u>2023</u>	<del>3632</del>	<del>84</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>4436</del>
Colorado	<del>2020</del> <u>2021</u>	<del>131313</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>131313</del>
	<del>2021</del> <u>2022</u>	<del>131313</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>141314</del>
	<del>2022</del> <u>2023</u>	<del>1413</del>	<del>01</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>1414</del>
Connecticut	<del>2020</del> <u>2021</u>	<del>666</del>	<del>202</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>868</del>
	<del>2021</del> <u>2022</u>	<del>868</del>	<del>222</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>10810</del>
	<del>2022</del> <u>2023</u>	<del>108</del>	<del>02</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>1010</del>
Delaware	<del>2020</del> <u>2021</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2021</del> <u>2022</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2022</del> <u>2023</u>	<del>11</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>11</del>
Florida	<del>2020</del> <u>2021</u>	<del>121312</del>	<del>919</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>010</del>	<del>211221</del>
	<del>2021</del> <u>2022</u>	<del>211221</del>	<del>15915</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>362136</del>
	<del>2022</del> <u>2023</u>	<del>3621</del>	<del>515</del>	<del>10</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>4036</del>
Georgia	<del>2020</del> <u>2021</u>	<del>161516</del>	<del>332</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>010</del>	<del>191619</del>
	<del>2021</del> <u>2022</u>	<del>191619</del>	<del>030</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>191919</del>
	<del>2022</del> <u>2023</u>	<del>1919</del>	<del>30</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>2219</del>
Idaho	<del>2021</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>
	<del>2022</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>
	<del>2023</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
Illinois	<del>2020</del> <u>2021</u>	<del>202020</del>	<del>343</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>232023</del>
	<del>2021</del> <u>2022</u>	<del>232023</del>	<del>030</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>110</del>	<del>222322</del>
	<del>2022</del> <u>2023</u>	<del>2223</del>	<del>20</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>01</del>	<del>2422</del>

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Units at End of the Year
Iowa	<del>2020</del> <u>2021</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2021</del> <u>2022</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2022</del> <u>2023</u>	<del>11</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>11</del>
Indiana	<del>2020</del> <u>2021</u>	<del>313</del>	<del>222</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>535</del>
	<del>2021</del> <u>2022</u>	<del>535</del>	<del>020</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>555</del>
	<del>2022</del> <u>2023</u>	<del>55</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>20</del>	<del>35</del>
Kansas	<del>2020</del> <u>2021</u>	<del>333</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>333</del>
	<del>2021</del> <u>2022</u>	<del>333</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>333</del>
	<del>2022</del> <u>2023</u>	<del>33</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>33</del>
Maryland	<del>2020</del> <u>2021</u>	<del>545</del>	<del>212</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>757</del>
	<del>2021</del> <u>2022</u>	<del>757</del>	<del>323</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>10710</del>
	<del>2022</del> <u>2023</u>	<del>107</del>	<del>03</del>	<del>30</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>710</del>
Massachusetts	<del>2020</del> <u>2021</u>	<del>212</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2021</del> <u>2022</u>	<del>222</del>	<del>101</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2022</del> <u>2023</u>	<del>22</del>	<del>41</del>	<del>01</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>62</del>
Michigan	<del>2020</del> <u>2021</u>	<del>767</del>	<del>212</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>979</del>
	<del>2021</del> <u>2022</u>	<del>979</del>	<del>020</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>999</del>
	<del>2022</del> <u>2023</u>	<del>99</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>10</del>	<del>89</del>
Minnesota	<del>2020</del> <u>2021</u>	<del>11111</del>	<del>202</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>13113</del>
	<del>2021</del> <u>2022</u>	<del>13113</del>	<del>121</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>141314</del>
	<del>2022</del> <u>2023</u>	<del>1413</del>	<del>01</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>1414</del>

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Units at End of the Year
Mississippi	<del>2020</del> <u>2021</u>	<del>000</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>101</del>
	<del>2021</del> <u>2022</u>	<del>101</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2022</del> <u>2023</u>	<del>11</del>	<del>10</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>21</del>
Missouri	<del>2020</del> <u>2021</u>	<del>444</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>444</del>
	<del>2021</del> <u>2022</u>	<del>444</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>545</del>
	<del>2022</del> <u>2023</u>	<del>54</del>	<del>21</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>75</del>
Montana	<del>2020</del> <u>2021</u>	<del>111</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>212</del>
	<del>2021</del> <u>2022</u>	<del>212</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2022</del> <u>2023</u>	<del>22</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>22</del>
Nebraska	<del>2020</del> <u>2021</u>	<del>222</del>	<del>303</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>525</del>
	<del>2021</del> <u>2022</u>	<del>525</del>	<del>030</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>555</del>
	<del>2022</del> <u>2023</u>	<del>55</del>	<del>10</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>65</del>
New Hampshire	<del>2020</del> <u>2021</u>	<del>222</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2021</del> <u>2022</u>	<del>222</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>22</del>
	<del>2022</del> <u>2023</u>	<del>22</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>20</del>	<del>02</del>
New Jersey	<del>2020</del> <u>2021</u>	<del>292529</del>	<del>040</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>292929</del>
	<del>2021</del> <u>2022</u>	<del>292929</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>302930</del>
	<del>2022</del> <u>2023</u>	<del>3029</del>	<del>11</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>3130</del>
New York	<del>2020</del> <u>2021</u>	<del>252525</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>252525</del>
	<del>2021</del> <u>2022</u>	<del>252525</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>101</del>	<del>242524</del>
	<del>2022</del> <u>2023</u>	<del>2425</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>01</del>	<del>2424</del>
North Carolina	<del>2020</del> <u>2021</u>	<del>8128</del>	<del>020</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>060</del>	<del>787</del>
	<del>2021</del> <u>2022</u>	<del>787</del>	<del>404</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>101</del>	<del>10710</del>
	<del>2022</del> <u>2023</u>	<del>107</del>	<del>64</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>01</del>	<del>1610</del>

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Units at End of the Year
Ohio	<del>2020</del> <u>2021</u>	<del>101</del> <u>101</u>	<del>101</del> <u>101</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>202</del> <u>202</u>	<del>9109</del> <u>9109</u>
	<del>2021</del> <u>2022</u>	<del>9109</del> <u>9109</u>	<del>111</del> <u>111</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>020</del> <u>020</u>	<del>10910</del> <u>10910</u>
	<del>2022</del> <u>2023</u>	<del>109</del> <u>109</u>	<del>31</del> <u>31</u>	<del>40</del> <u>40</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>910</del> <u>910</u>
Oklahoma	<del>2020</del> <u>2021</u>	<del>333</del> <u>333</u>	<del>202</del> <u>202</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>535</del> <u>535</u>
	<del>2021</del> <u>2022</u>	<del>535</del> <u>535</u>	<del>525</del> <u>525</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>10510</del> <u>10510</u>
	<del>2022</del> <u>2023</u>	<del>105</del> <u>105</u>	<del>05</del> <u>05</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>1010</del> <u>1010</u>
Oregon	<del>2020</del> <u>2021</u>	<del>333</del> <u>333</u>	<del>202</del> <u>202</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>535</del> <u>535</u>
	<del>2021</del> <u>2022</u>	<del>535</del> <u>535</u>	<del>121</del> <u>121</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>656</del> <u>656</u>
	<del>2022</del> <u>2023</u>	<del>65</del> <u>65</u>	<del>01</del> <u>01</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>66</del> <u>66</u>
Pennsylvania	<del>2020</del> <u>2021</u>	<del>131313</del> <u>131313</u>	<del>202</del> <u>202</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>151315</del> <u>151315</u>
	<del>2021</del> <u>2022</u>	<del>151315</del> <u>151315</u>	<del>020</del> <u>020</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>151515</del> <u>151515</u>
	<del>2022</del> <u>2023</u>	<del>1515</del> <u>1515</u>	<del>10</del> <u>10</u>	<del>10</del> <u>10</u>	<del>10</del> <u>10</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>1415</del> <u>1415</u>
Rhode Island	<del>2020</del> <u>2021</u>	<del>000</del> <u>000</u>	<del>202</del> <u>202</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>202</del> <u>202</u>
	<del>2021</del> <u>2022</u>	<del>202</del> <u>202</u>	<del>020</del> <u>020</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>222</del> <u>222</u>
	<del>2022</del> <u>2023</u>	<del>22</del> <u>22</u>	<del>30</del> <u>30</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>52</del> <u>52</u>
South Carolina	<del>2020</del> <u>2021</u>	<del>666</del> <u>666</u>	<del>101</del> <u>101</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>767</del> <u>767</u>
	<del>2021</del> <u>2022</u>	<del>767</del> <u>767</u>	<del>010</del> <u>010</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>777</del> <u>777</u>
	<del>2022</del> <u>2023</u>	<del>77</del> <u>77</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>77</del> <u>77</u>
South Dakota	<del>2020</del> <u>2021</u>	<del>222</del> <u>222</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>222</del> <u>222</u>
	<del>2021</del> <u>2022</u>	<del>222</del> <u>222</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>222</del> <u>222</u>
	<del>2022</del> <u>2023</u>	<del>22</del> <u>22</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>22</del> <u>22</u>
Tennessee	<del>2020</del> <u>2021</u>	<del>303</del> <u>303</u>	<del>030</del> <u>030</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>333</del> <u>333</u>
	<del>2021</del> <u>2022</u>	<del>333</del> <u>333</u>	<del>303</del> <u>303</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>000</del> <u>000</u>	<del>636</del> <u>636</u>
	<del>2022</del> <u>2023</u>	<del>63</del> <u>63</u>	<del>33</del> <u>33</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>00</del> <u>00</u>	<del>96</del> <u>96</u>

State	Year	Units at Start of the Year	Units Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Units at End of the Year
Texas	<del>2020</del> <u>2021</u>	<del>434243</del>	<del>535</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>020</del>	<del>484348</del>
	<del>2021</del> <u>2022</u>	<del>484348</del>	<del>7507</del>	<del>303</del>	<del>000</del>	<del>000</del>	<del>100</del>	<del>514851</del>
	<del>2022</del> <u>2023</u>	<del>5148</del>	<del>117</del>	<del>13</del>	<del>00</del>	<del>00</del>	<del>01</del>	<del>6151</del>
Utah	<del>2020</del> <u>2021</u>	<del>555</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>555</del>
	<del>2021</del> <u>2022</u>	<del>555</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>656</del>
	<del>2022</del> <u>2023</u>	<del>65</del>	<del>11</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>76</del>
Vermont	<del>2020</del> <u>2021</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2021</del> <u>2022</u>	<del>111</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>
	<del>2022</del> <u>2023</u>	<del>11</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>11</del>
Virginia	<del>2020</del> <u>2021</u>	<del>12812</del>	<del>141</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>101</del>	<del>121212</del>
	<del>2021</del> <u>2022</u>	<del>121212</del>	<del>414</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111</del>	<del>151215</del>
	<del>2022</del> <u>2023</u>	<del>1512</del>	<del>44</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>01</del>	<del>1915</del>
Washington	<del>2020</del> <u>2021</u>	<del>141414</del>	<del>101</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>101</del>	<del>141414</del>
	<del>2021</del> <u>2022</u>	<del>141414</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>010</del>	<del>141414</del>
	<del>2022</del> <u>2023</u>	<del>1414</del>	<del>40</del>	<del>40</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>1414</del>
Wisconsin	<del>2020</del> <u>2021</u>	<del>989</del>	<del>212</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>11911</del>
	<del>2021</del> <u>2022</u>	<del>11911</del>	<del>020</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>111111</del>
	<del>2022</del> <u>2023</u>	<del>1111</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>1111</del>
Wyoming	<del>2020</del> <u>2021</u>	<del>212</del>	<del>010</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2021</del> <u>2022</u>	<del>222</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>000</del>	<del>222</del>
	<del>2022</del> <u>2023</u>	<del>22</del>	<del>10</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>00</del>	<del>32</del>
Total	<del>2020</del> <u>2021</u>	<del>364336364</del>	<del>523852</del>	<del>100</del>	<del>000</del>	<del>000</del>	<del>91010</del>	<del>406364406</del>
	<del>2021</del> <u>2022</u>	<del>406364406</del>	<del>575257</del>	<del>400</del>	<del>000</del>	<del>000</del>	<del>5105</del>	<del>454406454</del>
	<del>2022</del> <u>2023</u>	<del>454406</del>	<del>6557</del>	<del>144</del>	<del>10</del>	<del>00</del>	<del>55</del>	<del>499454</del>

**Table No. 4**  
**Status of Company-Owned Units**  
**For Years ~~2020~~2021-~~2022~~2023\***

State	Year	Units at Start of Year	Units Opened	Units Reacquired From Franchisee	Units Closed	Units Sold to Franchisee	Units at End of Year
<b>Total Units</b>	<del>2020</del> 2021	00	00	00	00	00	00
	<del>2021</del> 2022	00	00	00	00	00	00
	<del>2022</del> 2023	00	00	00	00	00	00

**Table No. 5**  
**Projected Franchise Openings as of**  
**December 31, ~~2022~~2023\***

State	Franchise Agreements Signed But Unit Not Opened	Projected New Franchised Units in the Next Fiscal Year	Projected New Company-Owned Units in the Next Fiscal Year
Alabama	1	21	0
Alaska		00	00
Arizona		00	0
Arkansas		11	0
California	57	65	00
Colorado		11	0
Connecticut	2	11	0
Delaware		11	0
Florida	714	65	0
District of Columbia		00	0
Georgia	2	21	0
Hawaii		00	00
Idaho		11	0
Illinois		42	0
Indiana	2	21	0
Iowa		01	0
Kansas		01	0
Kentucky		11	0
Louisiana		00	0
Maine		01	0
Maryland	1	22	0
Massachusetts	1	31	0
Michigan		11	0
Minnesota		11	0
Mississippi	2	11	0
Missouri	2	11	0

State	Franchise Agreements Signed But Unit Not Opened	Projected New Franchised Units in the Next Fiscal Year	Projected New Company-Owned Units in the Next Fiscal Year
Montana		<del>0</del> <u>1</u>	0
Nebraska		<del>1</del> <u>1</u>	<del>0</del> <u>0</u>
Nevada		<del>0</del> <u>1</u>	<del>0</del> <u>0</u>
New Hampshire		<del>0</del> <u>1</u>	0
New Jersey		<del>1</del> <u>1</u>	0
New Mexico		<del>0</del> <u>1</u>	0
New York		<del>1</del> <u>0</u>	0
North Carolina	<del>4</del> <u>2</u>	<del>2</del> <u>2</u>	0
North Dakota		<del>1</del> <u>0</u>	0
Ohio	<del>2</del> <u>2</u>	<del>2</del> <u>1</u>	0
Oklahoma		<del>0</del> <u>1</u>	0
Oregon	<del>2</del>	<del>1</del> <u>1</u>	<del>0</del>
Pennsylvania		<del>1</del> <u>2</u>	0
Rhode Island	<del>3</del>	<del>2</del> <u>1</u>	0
South Carolina		<del>1</del> <u>1</u>	0
South Dakota		<del>0</del> <u>1</u>	0
Tennessee	<del>2</del> <u>2</u>	<del>1</del> <u>1</u>	0
Texas	<del>6</del> <u>2</u>	<del>4</del> <u>4</u>	0
Utah		<del>0</del> <u>1</u>	0
Vermont		<del>0</del> <u>1</u>	0
Virginia	<del>1</del> <u>1</u>	<del>4</del> <u>2</u>	0
Washington	<del>1</del> <u>1</u>	<del>0</del> <u>1</u>	<del>0</del> <u>0</u>
West Virginia		<del>0</del> <u>1</u>	0
Wisconsin		<del>1</del> <u>1</u>	0
Wyoming		<del>0</del> <u>0</u>	0
<b>Totals</b>	<del>37</del> <u>36</u>	<del>60</del> <u>60</u>	0

\*Each SYNERGY HomeCare “Unit” refers to a single Protected Territory. Many SYNERGY HomeCare Businesses operate more than one SYNERGY HomeCare Unit because they have multiple Protected Territories.

A list of names of all franchisees and the addresses and telephone numbers of SYNERGY HomeCare Franchisees are listed in Exhibit B to this Disclosure Document. The name and last known home address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document are listed in Exhibit F to this Disclosure Document. If you buy a SYNERGY HomeCare franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Some of our current and former franchisees have signed confidentiality clauses in the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the SYNERGY HomeCare System. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

The following independent franchisee organizations have asked to be included in this disclosure document:

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

Attached as Exhibit E you will find our audited financial statements as of and for our fiscal years ended December 31, ~~2020~~2021, December 31, ~~2021~~2022, and December 31, ~~2022~~2023. ~~We have also included unaudited financial statements for the period ending April 30, 2023.~~

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

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

The SYNERGY HomeCare Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit C.

The SYNERGY HomeCare National Partnerships Program Participation Addendum is attached to the Franchise Agreement as Exhibit E.

The SYNERGY HomeCare Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit F.

The SYNERGY HomeCare Protection of Client Health Information Agreement is attached to the Franchise Agreement as Exhibit G.

The SYNERGY HomeCare Renewal Addendum is attached to the Franchise Agreement as Exhibit H.

The SYNERGY HomeCare General Release is attached to the Franchise Agreement as Exhibit I.

The SYNERGY HomeCare Directory Listing Assignment is attached to the Franchise Agreement as Exhibit J.

The SYNERGY HomeCare Electronic Funds Authorization is attached to the Franchise Agreement as Exhibit K.

The SYNERGY HomeCare Multi-State Addendum is attached to the Franchise Agreement as Exhibit L.

We provide no other contracts or agreements for your signature.

## **ITEM 23** **RECEIPT**

The last page of this Disclosure Document, as **Exhibit I**, is a detachable Receipt to be signed by you, dated and delivered to us. A copy of the Receipt for your records is also included in **Exhibit I**.



## **EXHIBIT A**

# **LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE**

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**  
**LIST OF STATE ADMINISTRATORS**  
**AND STATE AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Department of Business Oversight Department of Business Oversight	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48913
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198
New York (State Administrator)	New York State Department of Law Bureau of Investor Protection and Securities	120 Broadway, 23rd Floor New York, NY 10271
New York (Agent)	Secretary of State of the State of New York	41 State Street, Second Floor Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Division of Insurance, Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219 804-371-9733
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703



## **EXHIBIT B**

# **LIST OF FRANCHISEES**

# EXHIBIT B TO THE DISCLOSURE DOCUMENT

## LIST OF FRANCHISEES AS OF DECEMBER 31, ~~2022~~2023

As of December 31, ~~2022~~2023, we have the following Franchisees<sup>†\*</sup>:

<u>Full Name</u>	<u>Business Address</u>	<u>City, State</u>	<u>Business Phone</u>
<b>Alabama</b>			
<a href="#">Jessica Ott</a>	<a href="#">470 1st St. SW, Unit 470</a>	<a href="#">Alabaster, Alabama 35007</a>	<a href="#">(205) 600-1008</a>
<a href="#">Stan Solomon</a>	<a href="#">114 Trade Center Drive, Suite A</a>	<a href="#">Birmingham, Alabama 35244</a>	<a href="#">(205) 987-0555</a>
<a href="#">Andy Luedecke</a>	<a href="#">1048 Stanton Road, Suite D</a>	<a href="#">Daphne, Alabama 36526</a>	<a href="#">(251) 621-1900</a>
<a href="#">Scott &amp; Lynn Slocum</a>	<a href="#">3320 Skyway Drive, Suite 801</a>	<a href="#">Opelika, Alabama 36801</a>	<a href="#">(334) 203-1850</a>
<b>Arizona</b>			
<a href="#">Jeremy &amp; Sarah Claridge</a>	<a href="#">13210 W Van Buren St., Suite 100</a>	<a href="#">Goodyear, Arizona 85338</a>	<a href="#">(623) 246-1000</a>
<a href="#">Mike &amp; Maria Endredy</a>	<a href="#">1855 W Baseline Road Suite 202</a>	<a href="#">Mesa, Arizona 85202</a>	<a href="#">(480) 377-6770</a>
<a href="#">Kelly &amp; Sarah Engelhardt</a>	<a href="#">10505 N 69th Street, Suite 201</a>	<a href="#">Paradise Valley, Arizona 85253</a>	<a href="#">(480) 947-1234</a>
<a href="#">Alan &amp; Liz Wikman</a>	<a href="#">7762 E Florentine Road, Suite C</a>	<a href="#">Prescott Valley, Arizona 86314</a>	<a href="#">(928) 515-3318</a>
<a href="#">Kelly &amp; Michael Hyman</a>	<a href="#">3965 E. Foothills Dr., Ste. H</a>	<a href="#">Sierra Vista, Arizona 85635</a>	<a href="#">(520) 685-1035</a>
<a href="#">Steve Thompson</a>	<a href="#">10240 W Bell Road, Suite A</a>	<a href="#">Sun City, Arizona 85351</a>	<a href="#">(623) 875-7100</a>
<a href="#">Randy Geyen</a>	<a href="#">1050 E River Road, Suite 100</a>	<a href="#">Tucson, Arizona 85718</a>	<a href="#">(520) 327-2771</a>
<a href="#">Rob &amp; Melissa Dunn</a>	<a href="#">1405 W 16th Street, Suite A, D &amp; E</a>	<a href="#">Yuma, Arizona 85364</a>	<a href="#">(928) 817-7172</a>
<b>Arkansas</b>			
<a href="#">Angelo Volpi &amp; Lorel Wilhelm-Volpi</a>	<a href="#">300 South Rodney Parham, Suite 7</a>	<a href="#">Little Rock, Arkansas 72205</a>	<a href="#">(501) 313-2811</a>
<b>California</b>			
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<a href="#">Mark Gould</a>	<a href="#">800 Roosevelt Rd, Bldg B, Ste 222</a>	<a href="#">Glen Ellyn, Illinois 60137</a>	<a href="#">(630) 517-0068</a>
<a href="#">Ruchir Patel</a>	<a href="#">223 North Route 21</a>	<a href="#">Gurnee, Illinois 60031</a>	<a href="#">(847) 388-0014</a>
<a href="#">Nate Dissi</a>	<a href="#">10220 S Cicero Ave, Suite 204</a>	<a href="#">Oak Lawn, Illinois 60453</a>	<a href="#">(708) 853-3930</a>
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<a href="#">Karen Burkholder</a>	<a href="#">69 Mayo Road, Suite 204</a>	<a href="#">Edgewater, Maryland 21037</a>	<a href="#">(410) 263-4050</a>
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<a href="#">Jerry Sowik</a>	<a href="#">410 W. University Drive</a>	<a href="#">Rochester, Michigan 48307</a>	<a href="#">(248) 608-3970</a>
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~~Kley Achterhof & Tara Garrett 841 Broadway St, Ste 208 Sheridan, WY 82801 (307) 274-3177~~

† Some franchisees operate more than one SYNERGY HomeCare Unit.

\*These franchisees have signed a franchise agreement for one or more Units as of December 31, ~~2022~~2023, but had not yet begun operating their SYNERGY HomeCare Unit.



## EXHIBIT C

# FRANCHISE AGREEMENT



**SYNERGY HOMECARE FRANCHISING, LLC**

**FRANCHISE AGREEMENT**

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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# SYNERGY HOMECARE FRANCHISING, LLC

## FRANCHISE AGREEMENT

This Franchise Agreement, made this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_, is by and between SYNERGY HomeCare Franchising, LLC, an Arizona limited liability company, having its principal place of business at 960 W. Elliot Road, Suite 101, Tempe, AZ 85284 (“Franchisor”), and \_\_\_\_\_, whose principal address is \_\_\_\_\_, an individual/corporation/limited liability company established in the State of \_\_\_\_\_ (“Franchisee”).

### WITNESSETH:

WHEREAS, Franchisor has developed and is in the process of further developing a System\* identified by the trademark “SYNERGY HomeCare” relating to the establishment, development and operation of businesses that offer non-medical, in-home personal assistance, such as in-home personal care and companionship, child care, meal preparation, medication reminders, medical and social appointment scheduling and management, organizational and bill paying assistance, housecleaning services and light home maintenance to seniors, the convalescing, disabled persons and others who need help with daily living activities, and which are referred to in this Agreement as “SYNERGY HomeCare Businesses;” and

WHEREAS, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for business operations; procedures and strategies for sales, marketing, advertising and promotions; business techniques; the Marks; the Manual; training courses, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor grants to certain qualified persons the right to own and operate a single SYNERGY HomeCare Business under the System and using the Marks; and

WHEREAS, Franchisee desires to operate a SYNERGY HomeCare Business, has applied for a Franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System.

WHEREAS, Franchisee acknowledges that Franchisor neither dictates nor controls labor or employment matters for Franchisee and Franchisee’s employees;

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

### 1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

“Additional Protected Territory” means 1 or 2 additional Protected Territories that Franchisee purchases after the Effective Date that each contain approximately 20,000 persons who are age 65 or over, as Franchisor determines, based in accordance with the procedures set forth in Section 2.4 and upon payment of the “Expansion Fee” as set forth in Section 3.1;

\* Capitalized terms not otherwise defined are defined in Section 1.

“Affiliate” means any person or entity that controls, is controlled by, or is under common control with Franchisor;

“Agreement” means this agreement entitled “SYNERGY HomeCare Franchising, LLC Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Approved Location” means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

“Approved Supplier(s)” has the meaning given to such term in Section ~~13.143.1~~;

“Competitive Business” means any business that offers (or grants franchises or licenses to others to operate a business that offers) home care services (including housecleaning and light maintenance), personal care services (including meal preparation, child care, medication reminders, medical and social appointment scheduling, and management of and assistance with household affairs and expenses), transportation services, home care or home care-related internet-based services or products, care management and companionship services the same as or similar to those provided by SYNERGY HomeCare Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, its Affiliate(s) or its other franchisees; provided, however, that the term “Competitive Business” will not apply to (a) any business operated by Franchisee under a valid Franchise Agreement with Franchisor, or (b) any business operated by a publicly held entity in which Franchisee owns less than a 5% legal or beneficial interest;

“Confidential Information” means any trade secret and any information or matter that (a) is or may be used to gain a competitive advantage over Franchisor or any of its Affiliates or derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is not generally known by the public or is the subject of efforts that are reasonable under the circumstances to maintain its secrecy, whether or not in written or tangible form and regardless of the media (if any) on which it is stored, relating to the System (including know-how, knowledge and experience in operating a SYNERGY HomeCare Business, methods, formats, specifications, policies, procedures, information, standards, business management and operating systems and techniques, record keeping and reporting methods, accounting systems, management techniques, personnel recruitment, screening and training techniques, sales and promotion techniques, specifications for signs, displays, business forms and stationery, the Manual, any on-line franchisee support portal, ideas, research and development, lists of franchisees, suppliers, employees and clients, and suggested pricing and cost information), and any other information or material identified to Franchisee by Franchisor as confidential;

“Cooperative Advertising” means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region, as further described in Section ~~11.344.3~~;

“Designated Manager” means the person designated by Franchisee that Franchisor approves who has primary responsibility for managing the day-to-day affairs of the Franchised Business;

“Effective Date” means the date on which this Agreement is fully executed, thereby commencing its effectiveness and term;

“Electronic Depository Transfer Account” means an account maintained by Franchisee with a national banking institution approved by Franchisor providing Franchisor with access sufficient to electronically withdraw any funds due Franchisor;

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks;

“Franchise Disclosure Document” or “FDD” means the document delivered to the Franchisee pursuant to federal and/or state law;

“Franchise Fee” has the meaning given to such term in Section ~~3.13-1~~;

“Franchised Business” means the SYNERGY HomeCare Business to be established and operated by Franchisee pursuant to this Agreement;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement, and if Franchisee is a business entity, such term also includes all Owners (each of whom is identified in Exhibit D and has executed the supplemental signature page with respect to his or her individual obligations hereunder);

“Franchisor” means SYNERGY HomeCare Franchising, LLC;

“Franchisee Parties” means the Franchisee, its operational manager, and any of their officers, directors, shareholders, members, managers, managing members, management personnel, partners, general and/or limited partners, and all “immediate family members.” By way of inclusion and not limitation, “immediate family members” shall include all spouses and children, a civil union partner (or person with the equivalent status), and, if any person named herein later marries or enters into a civil union, then such spouse or member of the civil union. In such an event, each new immediate family member must sign all documents and will be subject to all covenants of this Franchise Agreement that reference a Franchisee Party.

“Grand Opening” means the date that is a maximum of 30 days after Franchisee completes Initial Training, as set forth in Section ~~8.18-1~~;

“Gross Sales” means the aggregate of all sales of services and products from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance but excluding all refunds made in good faith, any sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and the value of any allowance issued or granted to any client of the Franchised Business which is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business. For the purposes of calculating Gross Sales, the sale is made at the earlier of delivery of the service or product or creation of the customer invoice by Franchisee;

“Incapacity” means the inability of Franchisee (if Franchisee is an individual and not a business entity) to operate or oversee the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any 1 or more local or global interactive communications media that is now available, or that may become available, and includes sites and domain names on the World Wide Web;

“Local Advertising” has the meaning given to such term in Section ~~11.14-1~~;

“Manual” means the SYNERGY HomeCare Operations Manual (whether in hard copy or digital or electronic copy), and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor. The Manual does not include any required personnel policies or procedures. To the extent the Manual includes any suggested personnel policies or procedures, the Franchisee alone will determine to what extent, if any, those policies and procedures might apply to its operations.

“Marketing Fund” has the meaning given to such term in Section 3.3;

“Marketing Fund Contribution” has the meaning given to such term in Section ~~3.33-3~~;

“Marks” mean the trademark “SYNERGY HomeCare” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, copyrights, drawings and other commercial symbols as Franchisor may designate to be used in connection with SYNERGY HomeCare Businesses;

A “National Partnership” is a referral partners who is a customer or a group of customers or an entity acting on behalf of a customer group or membership that operate that operate (as under common ownership or control) under the same trademarks or service marks through independent franchise or some other association or entity, for which Franchisor has arranged to provide services at multiple locations. National Partnerships may include: corporations, organizations, federal, state, and local government entities and organizations, employee assistance programs, memberships, back up care plans, Medicare Advantage plans, and other persons or entities that may have a need for products and services from Franchised Businesses at multiple locations. The locations of some National Partnerships and the locations at which some of the National Partnerships may require services of a Franchised Business may be located within or outside the Protected Territory.

“National Referral Agencies” mean Referring Agencies with offices or facilities in more than 1 geographic area that Franchisor has approved by designation in the National Referral List file. Franchisor has the right to amend the list of approved National Referral Agencies at any time without prior notice to Franchisee.

“Nondisclosure and Non-competition Agreement” means Franchisor’s standard form of nondisclosure and non-competition agreement, as such agreement may be modified by Franchisor from time to time. Franchisor’s current form of nondisclosure and non-competition agreement as of the Effective Date is attached to this Agreement as Exhibit F.

“Owner” or “Owners” means any individual that owns a direct or indirect legal or beneficial ownership interest in either the franchise (whether as the Franchisee or otherwise) or the entity that is the Franchisee under this Agreement. “Owner” includes both passive and active owners, and any officers, directors, shareholders, members, managers, managing members, management personnel, partners, general and/or limited partners, all other business members, and all “immediate family members”. By way of inclusion and not limitation, “immediate family members” shall include all spouses and children, a civil union partner (or person with the equivalent status), and, if any person named herein later marries or enters into a civil union, then such spouse or member of the civil union. In such an event, each new immediate family member must sign the documents found at Exhibit F.

“Post-Term Restricted Period” means, with respect to Franchisee, a period of two (2) years after the termination, expiration or transfer of this Agreement. “Post-Term Restricted Period” means, with respect to an Owner, two (2) years after the Owner transfers his or her entire ownership interest in the franchise or in the entity that is the Franchisee, as applicable.

“Protected Territories” are the protected territories described on Exhibit B. Each protected territory is referred to as a “Protected Territory” and all Protected Territories are referred to collectively as the “Protected Territories”;

“Reasonable Business Judgment” means Franchisor will use its Reasonable Business Judgment in the exercise of its rights, obligations, and discretion, except where otherwise indicated. Use of its Reasonable Business Judgment will mean that Franchisor’s determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as Franchisor is intending to benefit, or in acting in a way that could reasonably benefit any component of the System and/or the Marks, any one or more of the franchisees or any other aspect of the franchise system. Such decisions may include, but will not be limited to, matters that may: enhance and/or protect the Marks and the System; increase customer satisfaction; increase the use of the services all franchisees offer; and customer satisfaction. Franchisor will not be required to consider the Franchisee’s or any other franchisee’s particular economic or other circumstances when exercising its Reasonable Business Judgment. Reasonable Business Decisions will not affect all franchisees equally, and some may be benefited while others will not.

“Referring Agencies” means any governmental or private agency, organization or institution that can or does refer the Franchised Business to persons that need or want any of the services provided by the Franchised Business, or can or does refer such persons to the Franchised Business;

“Royalty Fee” has the meaning given to such term in Section ~~3.23-2~~;

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor (including any modifications made by any SYNERGY HomeCare Business or franchisee, all of which is the property of Franchisor as described in Section ~~7.87-8~~), and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of a SYNERGY HomeCare Business.

## **2. LICENSE/LOCATION/TERRITORY**

### **2.1. Grant and Reasonable Business Judgment**

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate 1 SYNERGY HomeCare Business using the System and Marks in the Protected Territories.

Franchisee grants to Franchisor an irrevocable, worldwide, royalty-free license to use Franchisee (and Franchisee’s owners’) likeness, trade name, trademarks, images, images of the SYNERGY HomeCare Business, or other proprietary and intellectual property rights now owned or hereafter adopted, acquired, owned, or developed by Franchisee (provided that such proprietary marks, intellectual property and intellectual property rights are related to the SYNERGY HomeCare Business or any agreement between Franchisor and Franchisee), in any manner Franchisor deems appropriate in Franchisor’s sole and absolute discretion. Franchisee’s grant to Franchisor survives termination or expiration of this Franchise Agreement.

Franchisor shall have the right to, and will use its Reasonable Business Judgment when making any decision under this Agreement.

### **2.2. Approved Location**

The street address (or detailed description of the premises) of the Approved Location is set forth in Exhibit A. If the Approved Location of the Franchised Business is not determined as of the Effective Date, then Franchisee will select a location for the Franchised Business as provided in Section ~~5.15-1~~. When the Approved Location is determined, its address will be inserted into Exhibit A. The failure to insert such address will not automatically affect the enforceability of this Agreement.

### **2.3. Sub-franchising/Agents**

Franchisee will not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee’s rights or obligations licensed hereunder, or to grant any person or entity the right to act as Franchisee’s agent to perform any part of Franchisee’s rights or obligations hereunder.

### **2.4. Territorial Protection - Protected Territories and Minimum Monthly Average Sales Quota**

Franchisor will not, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof (including the Minimum Monthly Average Sales Quota), license, own or operate any other SYNERGY HomeCare Business within the Protected Territories. If the Protected Territories are determined by zip codes and the geographic area included within any zip code on the boundary of Franchisee’s Protected Territory changes after the Effective Date, then the Protected Territories will be deemed to be amended to include any additional area included within such zip codes so long as this area is not already included in the protected territory of any other franchisee. Notwithstanding any of the above, Franchisor may, in its sole discretion, develop a National Partnerships Program. If Franchisor develops a National Partnerships Program, and a National Partnership requests service in Franchisee’s Protected Territory, a Franchisee who has elected to participate in the National Partnerships Program will have the first right of refusal to service the National Partnership inside Franchisee’s Protected Territory. If Franchisee is unable or unwilling to provide service to the National Partnership inside Franchisee’s

territory, then Franchisor may, at its option, authorize a third party (including another SYNERGY HomeCare Franchisee) to provide service to that National Partnership inside Franchisee’s Protected Territory.

Franchisee must achieve and maintain the minimum levels of Monthly Average Gross Sales (the “**Minimum Monthly Average Sales Quota**”) set forth below for each Protected Territory each month during the following Years of Operation:

For Protected Territories with 20,000 or more people age 65 or older:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$10,000
Year 2 Monthly Average	\$20,000
Year 3 Monthly Average	\$30,000
Year 4 Monthly Average	\$40,000
Year 5 Monthly Average	\$50,000

For Protected Territories with less than 20,000 people age 65 or older:

<b>Year of Operation</b>	<b>Minimum Monthly Average Gross Sales</b>
Year 1 Monthly Average	\$5,000
Year 2 Monthly Average	\$10,000
Year 3 Monthly Average	\$15,000
Year 4 Monthly Average	\$20,000
Year 5 Monthly Average	\$25,000

For purposes of this Agreement, each “Year of Operation” will be defined by a twelve month period that commences on the first day of the first full calendar month after Franchisee’s Grand Opening and ends on the last day of the twelfth calendar month thereafter. At the end of each Year of Operation Franchisor will evaluate if Franchisee has satisfied the Minimum Monthly Average Sales Quota for the Year of Operation. If Franchisee has failed to satisfy the Minimum Monthly Average Sales Quota, Franchisor has the right to reduce the size or eliminate the Protected Territories, establish other franchises in the territory, fashion some other remedy, or terminate Franchisee’s Agreement, as Franchisor determines to be appropriate.

For any Successor Franchise Agreement, the Minimum Monthly Average Sales Quota for each Year of Operation for each Protected Territory will be the greater of the Year 5 Monthly Average or the Franchisor’s then-current highest Minimum Monthly Average Sales Quota for Successor Franchise Agreements.

All Gross Sales from clients located outside of the Protected Territories (but for which Franchisee has Franchisor’s permission to service) will not be credited towards satisfying the Minimum Monthly Average Sales Quota.

If Franchisee desires to purchase an Additional Protected Territory after this Agreement has been signed, Franchisee will send written request to Franchisor, together with such additional information as Franchisee believes will assist Franchisor in its decision to grant or deny Franchisee’s request to add an Additional Protected Territory. Franchisor can request such additional information as it determines is necessary to make its decision. Franchisor may approve or deny Franchisee’s request in whole or in part for any reason or no reason at all. If Franchisor does not approve Franchisee’s request within 30 days after Franchisee has submitted its request, (unless Franchisor has notified Franchisee that Franchisor needs additional time to consider Franchisee’s request), then Franchisee’s request to add Additional Protected Territories will be deemed to have been denied.

If Franchisor approves Franchisee’s request, then Franchisor will provide Franchisee a copy of the then-current FDD that will also contain the then-current franchise agreement. Franchisee’s right to open and operate in the additional Protected Territory will not be effective until: (i) the appropriate waiting period required by state and/or federal law

("Waiting Period") has passed since Franchisee signed the receipt for the FDD (which is found at the last page of the FDD); (ii) franchisee signs a copy of the franchise agreement identical to the one included in the FDD; and (iii) franchisee pays the Expansion Fee.

Franchisee may be considered for more than 1 Additional Protected Territory under the following conditions:

- a. Franchisee has been operating the current Protected Territories for at least 1 year;
- b. Franchisee has met or exceeded the Minimum Monthly Average Sales Quota for each Year of Operation of each such Protected Territories;
- c. Franchisee provides Franchisor with a written request that Franchisee wishes to expand into an Additional Protected Territory;
- d. Franchisee has the commercially reasonable financial ability to expand into an Additional Protected Territory; and,
- e. Franchisor approves Franchisee's written request. Any such request can be approved or denied by the Franchisor for any reason or for no reason at all.

There is absolutely no guaranty that Franchisee will be permitted to own more than 1 Protected Territory.

## **2.5. Marketing and Solicitation Restrictions**

2.5.1 Franchisee will not directly market to or solicit, or provide services to, clients whose principal residence is inside the protected territory of any other SYNERGY HomeCare Business. If Franchisee seeks to service a client whose principal residence is within the protected territory of another franchisee, Franchisee must immediately and before accepting such client, contact in writing the franchisee in whose protected territory the proposed client is located and receive specific written permission to service this client. The franchisee in whose protected territory the client is located, has no obligation or duty to grant Franchisee permission. If Franchisee is granted permission then Franchisee may service the client so long as Franchisee is able to perform the services for the client according to the standards described in the Manual. If Franchisee is not granted permission, Franchisee may not service such client. If Franchisee nonetheless services such client or if Franchisee fails to provide written notification to the franchisee in whose protected territory the client is located but instead services such client, Franchisee will be in violation of this Franchise Agreement. Within 10 days of receiving written notice of such violation, Franchisee must: (i) turn over within 24 hours the service work for the clients; and (ii) may be required to pay to Franchisor the greater of (a) a \$5,000 fee for each client serviced in another franchisee's territory, or (b) 25% of the gross revenue received.

In all cases of a violation as stated above, Franchisee is responsible for all fees including reasonable attorney's fees, and Franchisor's then-current "Investigative Fee" incurred by Franchisor in investigating such violations. For purposes of this Agreement, the Investigative Fee will be the fee charged by Franchisor at the time of the investigation (currently \$150 an hour) and, if applicable, any attorneys' fees and costs incurred by the Franchisor during the course of such investigation.

With the prior written approval of Franchisor, Franchisee may perform services for clients whose principal residence is outside of its Protected Territories so long as: (a) such clients' principal residence is not inside the protected territory of any other SYNERGY HomeCare Business; (b) the Franchised Business is able to perform services for such client according to the standards set forth in the Manual; and (c) the amount of Gross Sales generated from such services does not exceed 25% of Franchisee's aggregate Gross Sales for the Franchised Business in any month of operation. Except as part of any Cooperative Advertising program implemented pursuant to Section ~~2.42.4~~, Franchisee will not advertise in any media whose primary circulation does not include or overlap with Franchisee's Protected Territories without the prior written approval of Franchisor. None of the Gross Sales generated from

services for clients whose principal business residence is outside of its Protected Territories will be credited toward its Minimum Monthly Average Sales Quota.

2.5.2. Except with the prior written approval of Franchisor, Franchisee will not (i) solicit potential sources of client referrals or directly market to Referring Agencies with offices located outside of the Protected Territories or (ii) solicit clients or market to clients outside the Protected Territories.

Franchisee may not directly solicit National Referral Agencies or National Partnerships to perform services for clients whose principal residence is inside of the Protected Territories without prior approval from Franchisor.

If any client's principal residence becomes part of the protected territory subsequently granted to any other SYNERGY HomeCare Business, Franchisee has the right to continue to perform services for such client; provided, however, that any new client referrals or inquiries received by Franchisee who are within another SYNERGY HomeCare Business's protected territory must be referred to that SYNERGY HomeCare Business. Should the services being performed terminate for any reason, Franchisee will not have the right to service that client again without obtaining approval of the new SYNERGY HomeCare Business which owns the territory where the client resides.

2.5.3. Franchisor may solicit National Partnerships in the Protected Territory. If Franchisor obtains a National Partnership with a service location in the Protected Territory, Franchisor will refer that business to Franchisee. Franchisee is not obligated to accept any National Partnership referred by Franchisor, but if Franchisee accepts any National Partnership, Franchisee must comply with Franchisor's conditions, standards, procedures, and policies for servicing that account, as provided in the Manual. If Franchisee declines to accept a National Partnership according to the standards determined by Franchisor, to protect the reputation of the System and preserve the account, Franchisor may service that account in the Territory and/or may license or appoint another person to service that account in the Protected Territory, including another franchisee or a company unrelated to Franchisor, without any compensation to Franchisee.

## **2.6. Franchisor's Rights**

Except to the extent provided in Section [2.42.4](#), Franchisor retains all of its rights and discretion with respect to the System and Marks, including the right to:

2.6.1. establish, own or operate, and license others to establish, own or operate, SYNERGY HomeCare Businesses outside of the Protected Territories as Franchisor deems appropriate;

2.6.2. establish, own or operate, and license others to establish, own or operate, other businesses under other systems using other proprietary marks at such locations inside and outside the Protected Territories and on such terms and conditions as Franchisor deems appropriate;

2.6.3. provide the services and sell any products authorized for SYNERGY HomeCare Businesses using the Marks or other trademarks, service marks and commercial symbols through any alternate channel of distribution, such as joint marketing with partner companies and all forms of Internet sales, on such terms and conditions as Franchisor deems appropriate, whether inside or outside the Protected Territories; and

2.6.4. engage in any activities not expressly prohibited by this Agreement.

## **2.7. Anti-Terrorism Laws**

Franchisee and its Owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its Owners certify, represent, and warrant that none of their property or interests are subject to being

“blocked” under any of the Anti-Terrorism Laws and that Franchisee and its Owners are not otherwise in violation of any of the Anti-Terrorism Laws.

Franchisee and its Owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>).

Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its Owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 2.7.

Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its Owners, agents, or its employees constitutes grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or any of Franchisor’s affiliates.

“**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 and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

### 3. **FEES**

#### 3.1. **Franchise Fee**

Upon execution of this Agreement, Franchisee will pay a fee (“**Franchise Fee**”) by certified check or wire transfer to Franchisor equal to the amount described in Exhibit B. The Franchise Fee is deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3.

The Franchise Fee also includes payment for the initial license fee and training cost for Franchisor’s approved scheduling software.

If after the Franchise Agreement has been signed, Franchisee desires to purchase Additional Protected Territories and Franchisor has approved Franchisee’s request to purchase Additional Protected Territories pursuant to Section 2.4 and this Section 3.1 (which request may be granted or denied for any reason or no reason at all), Franchisee will pay Franchisor an additional fee within the time period required in Section 2.4. (**the “Expansion Fee”**). The Expansion Fee shall be the then-current Initial Franchisee fee after reducing it by twenty percent.

There is absolutely no guaranty that Franchisee will be permitted to own more than 1 Protected Territory.

#### 3.2. **Royalty Fees**

After the Franchised Business opens, on Tuesday of each week, Franchisee will pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement is in effect, a weekly fee (“**Royalty Fee**”) equal to 5% of Gross Sales for the week ending at the close of business the previous Sunday. Each weekly Royalty Fee payment will be paid through electronic transfer as set forth in Section ~~3.63-6~~.

Beginning with the seventh month after the Franchised Business opens and continuing for the rest of the Term of the Franchise Agreement, if and only if the Franchisee did not obtain the Monthly Minimum Sales Quota as set forth in Section 2.4, Franchisee shall pay to Franchisor a Minimum Royalty Fee (“**Minimum Royalty Fee**”) equal to the difference between (a) 5% of Gross Sales from the prior month, and (b) the Royalty Fee that would have been due had Franchisee obtained the Minimum Monthly Sales Quota. The Minimum Royalty Fee shall be paid two weeks following the end of a calendar month.

Each weekly Royalty Fee and Minimum Royalty Fee payment will be paid through electronic transfer as set forth in Section ~~3.63-6~~. Franchisee and Franchisor agree that the Franchise Fee, the weekly Royalty Fee, and the Minimum Monthly Royalty Fee hereunder will be earned by Franchisor prior to the date when the Fees are due to Franchisor. Franchisor may change the date and manner in which the Royalty Fee and Minimum Monthly Royalty Fee is paid to Franchisor upon notice to Franchisee.

### 3.3. Marketing Fund Contribution

Franchisor has established and will administer a System-wide marketing, advertising and promotion fund (“**Marketing Fund**”). Franchisee will pay to Franchisor a weekly contribution to the Marketing Fund in an amount equal to 2% of Gross Sales for the week ending at the close of business the previous Sunday (“**Marketing Fund Contribution**”) or such lesser amount as Franchisor may specify from time to time. Marketing Fund Contributions will be made at the same time and in the same manner as Royalty Fee payments. The Marketing Fund will be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section ~~11.211-2~~.

Beginning with the seventh month after the Franchised Business opens and continuing for the rest of the Term of the Franchise Agreement, if and only if the Franchisee did not obtain the Monthly Minimum Sales Quota as set forth in Section 2.4, Franchisee shall pay to Franchisor a Minimum Marketing Fund Contribution Fee (“**Minimum Marketing Fund Contribution Fee**”) equal to the difference between (a) 2% of Gross Sales from the prior month, and (b) the Marketing Fund Contribution that would have been due had Franchisee obtained the Minimum Monthly Sales Quota. The Minimum Marketing Fund Fee shall be paid two weeks following the end of a calendar month.

Each weekly Marketing Fund Contribution Fee and Minimum Marketing Fund Contribution Fee payment will be paid through electronic transfer as set forth in Section ~~3.63-6~~. Franchisor may change the date and manner in which the Marketing Fund Contribution Fee and Minimum Marketing Fund Contribution Fee is paid to Franchisor upon notice to Franchisee.

### 3.4. Franchisee System Services; Systems Fee; Satellite Systems Fee

Franchisee must pay Franchisor the then-current systems fee (“**Systems Fee**”) for the Franchisee System Services. The Systems Fee will be due starting on the fourth month after the Effective Date and will be made at the same time and in the same manner as Royalty Fee payments. The “**Franchisee System Services**” may include access to the SYNERGY HomeCare dashboard and extranet, email addresses, and other technology services or products used to support and promote the SYNERGY HomeCare system, SYNERGY HomeCare franchisees and SYNERGY HomeCare Businesses. The Systems Fee will also be used for maintenance of the Franchisee System Services. Franchisor may change the Systems Fee at any time upon 60 days prior written notice to Franchisee.

If Franchisee elects to open a Satellite Office within the Protected Territory, Franchisee must pay a Satellite Systems Fee for the Franchisee System Services. The Satellite Systems Fee will be due and collected in the same manner as the Systems Fee.

At Franchisor’s option, Franchisee must use the telephone number, telephone answering service, and email address that Franchisor provides in the operation of the Franchised Business and no other telephone number, telephone answering service, or email address. Franchisee acknowledges that Franchisor owns and has the right to control the telephone number and email address used in the Franchised Business.

### **3.5. Taxes**

Franchisee will pay to Franchisor an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

### **3.6. Electronic Payment of all Fees and Costs**

All Royalty Fees, Minimum Royalty Fees, Marketing Fund Contributions, Minimum Marketing Fund Contributions Fees, Cooperative Advertising contributions, Systems Fees, amounts due for purchases by Franchisee from Franchisor and any other amounts due to Franchisor must be paid through an Electronic Depository Transfer Account, on-line check or by any other means that the Franchisor may determine.

At Franchisor's request, Franchisee will open and maintain an Electronic Depository Transfer Account, and will provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Franchisee will maintain at all times sufficient funds in the Electronic Depository Transfer Account to cover amounts owed to Franchisor. Franchisee will execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account (Exhibit K). Once established, Franchisee will maintain an Electronic Depository Transfer Account at all times and will provide ample notice to Franchisor if Franchisee makes any modifications to such Electronic Depository Transfer Account.

If Franchisor changes its method of collection from an Electronic Depository Transfer Account to any other method, Franchisor will notify the Franchisee in writing and the Franchisee will have 5 business days within which to make such changes.

If Franchisee does not provide Franchisor with the information Franchisor requires to determine Gross Sales, Franchisor has the right to estimate the Gross Sales for the missing period and collect from Franchisee's account an amount equal to the Royalty Fees and Marketing Fund Contributions that would be due based on such estimation. In making Franchisor's estimate, Franchisor may consider prior Gross Sales reports that Franchisor received from Franchisee, any system-wide averages and other pertinent information available to Franchisee.

### **3.7. Interest**

All Royalty Fees, Marketing Fund Contributions, Systems Fees, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within 5 days after the due date will bear interest at the highest rate allowed by law from the date payment is due to the date payment is received by Franchisor. Franchisee will pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions, Systems Fees, amounts due for purchases by Franchisee from Franchisor or any other amounts due Franchisor, including reasonable accounting and legal fees.

### **3.8. Application of Payments**

Notwithstanding any designation by Franchisee, Franchisor will have the sole and absolute discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor.

## **4. TERM AND SUCCESSOR TERM**

### **4.1. Initial Term**

This Agreement is effective and binding for an initial term ("Initial Term") of 5 years from the Effective Date, unless sooner terminated pursuant to Section 16+6.

## 4.2. Successor Term

Subject to the conditions below, Franchisee has the right to extend its rights to operate the Franchised Business at the expiration of its Initial Term. Franchisee's right to enter into a new franchise agreement ("Successor Franchise Agreement") is limited to 5 successive periods (each a "Successor Term") of 5 years each, such that the total term of the Franchise will not exceed 30 years. To qualify for the extension of its rights to operate the Franchised Business, each of the following conditions must have been fulfilled by Franchisee and remain true as of the last day of the Initial Term of this Agreement:

4.2.1 Franchisee has, during the entire Initial Term of this Agreement, substantially complied with all material provisions of the Agreement;

4.2.2 Franchisee has access to and, for the duration of the Successor Term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards for the duration of the Successor Term;

4.2.3 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the Initial Term of this Agreement;

4.2.5 Franchisee and its Owners have not been the subject of any criminal investigation, civil proceedings or administrative proceedings arising from in-home services provided through the Franchised Business;

4.2.6 If fidelity/crime insurance (or the equivalent) is required by Franchisor pursuant to Section 15.2, Franchisee's insurance agent or provider has not revoked or terminated such fidelity/crime insurance and has not paid any claims against such fidelity/crime insurance;

4.2.7 Franchisee has met the Minimum Monthly Average Sales Quota for each Year of Operation during the Initial Term and for any Successor Term;

4.2.8 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.9 Franchisee has given written notice of the extension of its rights to operate the Franchised Business to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the Initial Term;

4.2.10 Franchisee has executed a Successor Franchise Agreement, or has executed documents related to the extension of Franchisee's rights to operate the Franchised Business at Franchisor's election (with appropriate modifications to reflect the fact that the Successor Franchise Agreement relates to the grant of a Successor Term), which Successor Franchise Agreement will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, a renewal fee to renew the franchise agreement, a greater Minimum Monthly Average Sales Quota, or Marketing Fund Contribution; provided, however, that Franchisee will not be required to pay the then-current Franchise Fee. Franchisor has no obligation to negotiate any term of the Successor Franchise Agreement;

4.2.11 Franchisee has complied or agrees to comply with Franchisor's then-current qualifications for a new franchisee and any training requirements; and

4.2.12 Franchisee has executed a general release, in, or substantially similar to, the form attached as Exhibit I, of any and all claims against Franchisor, its Affiliate(s) and its officers, directors, shareholders and employees, except to the extent prohibited by the laws of the state where the Franchised Business is located.

4.2.13 If Franchisee does not sign the Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (a) expired as of the date of expiration with Franchisee then operating without a franchise agreement in violation of Franchisor's rights; or (b) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

## **5. APPROVED LOCATION**

### **5.1. Selection of Site**

Franchisee will promptly select a site for the Franchised Business's office and will notify Franchisor of such selection in writing. The Franchised Business's office must be in Franchisee's Protected Territories. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee will select a new site. If Franchisor fails to notify Franchisee that it does not approve a proposed office within 30 days after all required information about the proposed office is sent to Franchisor, then the proposed office will be deemed to be approved and will be the Approved Location. Franchisor will provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, proximity to other SYNERGY HomeCare Businesses, proximity to major roads and overall suitability. Franchisee will not locate the Franchised Business on a selected site without the prior written approval of Franchisor. Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.

### **5.2. Lease of Approved Location**

Franchisee will execute a lease for the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor will not unreasonably withhold its approval after using its Reasonable Business Judgment. Franchisor's review of a lease, or any advice or recommendation offered by Franchisor, will not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease. Franchisor is entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee will take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Franchisor's approval of a lease may be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease will contain such provisions as Franchisor may reasonably require, including, but not limited to:

5.2.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the Franchisee;

5.2.2 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default; and

5.2.3 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business.

### **5.3. Development of Approved Location**

Upon opening for business, or ninety days after the Effective Date, whichever comes first, Franchisee will cause the Approved Location to be appropriately developed and equipped for the operation of the Franchised Business. In connection with the development of the Approved Location, Franchisee will:

5.3.1 obtain all signage, health, and business permits and licenses, any other permits and licenses required for the operation of the Franchised Business (including using Franchisor's Approved Vendor for permits and licenses as may be required by Franchisor), and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

5.3.2 purchase and install all equipment, signage, furniture and fixtures required for the operation of the Franchised Business, including any payment processing and computer equipment, software and any other required computer programs; and

5.3.3 obtain a high-speed Internet connection solely dedicated to the Franchised Business.

5.3.4 at Franchisor's option, use the telephone number that Franchisor designates and owns in the Franchised Business.

### **5.4. Opening**

Before opening the Franchised Business and commencing business, Franchisee must:

5.4.1 fulfill all of the obligations pursuant to the other provisions of this Section 5;

5.4.2 complete initial training to the satisfaction of Franchisor;

5.4.3 recruit, perform national background checks utilizing the approved vendor(s) and reference checks (in accordance with the procedures in the Manual) on, hire and train the personnel required for the operation of the Franchised Business;

5.4.4 obtain or require its employees to obtain any applicable license or certification required by any municipality, county, state or other governmental division in which the Franchised Business is located;

5.4.5 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request; and

5.4.6 pay in full all amounts due to Franchisor.

Franchisee will comply with these conditions and be prepared to open and continuously operate the Franchised Business within three months after the Effective Date, unless Franchisor has approved in writing a longer period of time for opening the Franchised Business. If the delay is due to delays in obtaining necessary licenses and permits, Franchisor may allow Franchisee a reasonable additional time period in which to open if Franchisee can demonstrate that Franchisee has expeditiously worked to obtain the necessary licenses and permits and the delay in receiving them is caused by the governmental authority and not your own delay.

## **6. MARKS**

### **6.1. Ownership**

Franchisee acknowledges that Franchisor is the exclusive owner of the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement. Franchisee's use of the Marks, and any goodwill created thereby, will inure to the benefit of Franchisor. Franchisee will not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title or interest in the Marks to Franchisee. Franchisee will not, at any time during the Initial Term of this Agreement, any Interim Period or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

### **6.2. Limitations on Use**

Franchisee will not use any Mark or portion of any Mark as part of any business entity name or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without the prior written consent of Franchisor. Franchisee will not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee will give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee will not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee will include on its letterhead, forms, cards and other such identification, and will display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated SYNERGY HomeCare Franchise."

### **6.3. Notification of Infringements and Claims**

Franchisee will immediately notify Franchisor if Franchisee becomes aware of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee will not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor will have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks and Franchisee may not undertake such action on its own. Franchisee will execute any and all instruments and documents, render such assistance, and do such acts and things as, in the opinion of Franchisor's counsel, may be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

### **6.4. Discontinuance of Use**

Franchisor has the right to modify or discontinue use of any of the Marks, and/or use 1 or more additional or substitute trade names, trademarks, service marks or other commercial symbols. Franchisee will comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor will not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

### **6.5. Right to Inspect**

Franchisor has the right to inspect Franchisee's use of the Marks pursuant to Section ~~13.243.2~~ of this Agreement.

## **6.6. Franchisor's Sole Right to Domain Name**

Franchisee will not establish, create or operate an Internet site or website using a domain name or uniform resource locator (URL) containing the Marks or the words "SYNERGY HomeCare" or any variation thereof or any domain name that would be confusingly similar. Franchisor has the exclusive right to advertise on the Internet and create websites using or containing the "SYNERGY HomeCare" name and any other Mark. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor may designate in the Manual.

If Franchisee undertakes to create a URL, domain name, website landing page, or creates any other advertising media that does not contain the Marks but is used to attract or drive business to the Franchised Business, such URL, domain name, website landing page or the like shall be: (i) subject to this Agreement; and (ii) covered by Exhibit J, and any revenue generated thereby shall be considered Gross Sales pursuant to this Agreement.

## **7. COVENANTS RELATING TO COMPETITION AND CONFIDENTIAL INFORMATION**

### **7.1. Reason for Covenants**

Franchisee acknowledges that Franchisor's Confidential Information and the training and assistance that Franchisor provides would not be acquired except through implementation of this Agreement. Franchisee also acknowledges that competition by Franchisee, the Owners or persons associated with Franchisee or the Owners (including immediate family members) could seriously jeopardize the entire franchise system because Franchisee and the Owners have received an advantage through knowledge of the Confidential Information and day-to-day operations related to the System. Accordingly, Franchisee and the Owners agree to comply with the covenants described in this Section to protect Franchisor's Confidential Information and the System.

### **7.2. Confidential Information**

Franchisee and the Owners agree: (i) neither Franchisee nor any Owner will use the Confidential Information in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement; (ii) Franchisee and the Owners will maintain the confidentiality of the Confidential Information at all times; (iii) neither Franchisee nor any Owner will make unauthorized copies of documents containing any Confidential Information; (iv) Franchisee and the Owners will take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) Franchisee and any Owner will divulge Confidential Information only to employees who must have access to it in order to fulfill their employment role; and (vi) Franchisee and the Owners will cease using the Confidential Information immediately upon the expiration, termination or transfer of this Agreement, and any Owner who ceases to be an Owner before the expiration, termination or transfer of this Agreement will cease using the Confidential Information immediately at the time he or she ceases to be an Owner.

### **7.3. Unfair Competition During Term**

Franchisee and the Owners agree not to unfairly compete with Franchisor during the Initial Term or any Interim Period by engaging in any of the following activities ("**Prohibited Activities**"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of 5% or less in a publicly traded company that is a Competitive Business; (ii) diverting or attempting to divert any business from Franchisor (or one of Franchisor's affiliates or franchisees); or (iii) inducing any of Franchisor's clients (or any clients of any of Franchisor's affiliates or franchisees) to transfer their business away from Franchisor or its affiliates or franchisees, as applicable.

### **7.4. Unfair Competition After Term**

During the Post-Term Restricted Period, Franchisee and the Owners agree not to engage in any Prohibited Activities. Notwithstanding the foregoing, Franchisee and the Owners may have an interest in a Competitive

Business during the Post-Term Restricted Period as long as the Competitive Business is not located within, and does not provide competitive goods or services to clients who are located within the Protected Territories or within 35 miles of the Protected Territories. If Franchisee or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to Franchisee or the non-compliant Owner, as applicable, shall be extended by the period of time during which Franchisee or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

#### **7.5. Other Individuals Associated with the Franchised Business**

Each officer, director, executive and manager of Franchisee must sign a Nondisclosure and Non-competition Agreement prior to or at the time such individual becomes an officer, director, executive or manager. In addition, the spouse or civil-union partner (or the equivalent in the state in which the Franchise is located) of each Owner must sign a Nondisclosure and Non-competition Agreement at the later of: (i) the date that the Owner acquires his or her ownership interest in Franchisee or the franchise; or (ii) the date that the spouse or member of a civil union marries or unites with the Owner. Each Owner agrees to immediately notify Franchisor of any change to his or her marital status or the identity of any new spouse. Franchisor may also require that the immediate family members of Franchisee's Owners, officers, directors, executives and managers sign a Nondisclosure and Non-competition Agreement (Exhibit F) at any time during the Initial Term or any Interim Period. Franchisee must ensure that all of its other employees, independent contractors and other persons associated with Franchisee or the Franchised Business (excluding caregivers) who may have access to Franchisor's Confidential Information sign a Noncompetition Agreement before having access to the Confidential Information. Franchisee must provide Franchisor with a copy of each Nondisclosure and Non-competition Agreement signed pursuant to this Section within 5 days after it is signed. Franchisee must use its best efforts to ensure that all individuals who sign a Nondisclosure and Non-competition Agreement pursuant to this Section comply with the terms of the Nondisclosure and Non-competition Agreement and Franchisee must immediately notify Franchisor of any breach that comes to Franchisee's attention. Franchisee agrees to reimburse Franchisor for all reasonable expenses that Franchisor incurs in enforcing a Nondisclosure and Non-competition Agreement, including reasonable attorneys' fees and court costs. Upon Franchisor's request, Franchisee agrees, at Franchisee's sole expense, to enforce the terms of Nondisclosure and Non-competition Agreements against individuals who breach the covenants contained therein.

#### **7.6. Covenants Reasonable and Enforceability**

Franchisee and the Owners acknowledge that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee and the Owners acknowledge and agree that: (i) the terms of this Section 7 are reasonable both in time and in scope of geographic area; (ii) Franchisor's use and enforcement of covenants similar to those described above with respect to other franchisees benefits Franchisee and the Owners in that it prevents others from unfairly competing with Franchisee's Franchised Business; and (iii) Franchisee and the Owners have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Section 7. **FRANCHISEE AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 7 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

Notwithstanding the foregoing, if a court or tribunal of competent jurisdiction finds any covenant of this Section 7 to be too restrictive, then such court or tribunal may amend the offending limitation, in the least manner possible so as to create a covenant that is enforceable to the fullest extent permissible.

Should any restrictive covenants in this Section 7 be challenged, then any time period that runs as part of the challenged restrictive covenant (including the Post-Term Restricted Period, and referred to as the "Time Period") shall be temporarily tolled as of the date that such challenge was filed with the appropriate judicial or arbitration authority. Thereafter, the Time Period shall not start again until a final determination (from which there is no appeal) has been rendered. If the challenge resulted in the continued enforcement of the restrictive covenant, then the Time Period remaining shall begin again to run starting on the first day following the date that the final determination was made.

## **7.7. Breach of Covenants**

Franchisee and the Owners agree that failure to comply with the terms of this Section 7 will cause substantial and irreparable damage to Franchisor and/or other SYNERGY HomeCare franchisees for which there is no adequate remedy at law. Therefore, Franchisee and the Owners agree that any violation of the terms of this Section 7 will entitle Franchisor to injunctive relief. Franchisee and the Owners agree that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee and the Owners, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). None of the remedies available to Franchisor under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that Franchisee or an Owner may have against Franchisor, regardless of cause or origin, cannot be used as a defense against Franchisor's enforcement of this Section 7.

## **7.8. Additional Developments**

All ideas, concepts, techniques, processes or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its Owners or employees, must be disclosed to Franchisor promptly, but in any case in not more than the earlier of 30 days of being created by or for Franchisee or 15 days after request by Franchisor; and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its Owners or employees therefor. Franchisee is solely responsible for compensating any third party hired by Franchisee whose employment or service rendered results in the creation or modification of such items. Franchisor has the right to incorporate such items into the System without compensating Franchisee. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee will assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor's ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor may disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee will take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

## **8. TRAINING AND ASSISTANCE**

### **8.1. Initial Training**

Prior to the opening of the Franchised Business, (i) the Franchisee (or Franchisee's Owner if Franchisee is a corporation or other business entity) and (ii) the Designated Manager if Franchisee hires a Designated Manager other than the Franchisee (or Franchisee's Owner if Franchisee is a corporation or other business entity), must attend and successfully complete, to Franchisor's satisfaction, an initial training program consisting of three phases of training. The First Phase of Training is conducted virtually and lasts three days for four hours per day and covers introductory topics including business planning, CRM training, sales, marketing, recruiting, finance and accounting, and national partnerships. The Second Phase of Training is conducted virtually and is conducted over four weeks following the completion of the First Phase of Training. The Second Phase of Training consists of webinars between one hour and one and a half hours and continues training on business planning, marketing and sales, recruiting and retention, and CRM training. The Third Phase of Training is conducted either virtually or in-person, at Franchisor's discretion, and lasts five days and covers all other material aspects of the operation of the SYNERGY HomeCare Business including a more in-depth discussion on the topics covered in the First and Second Phases of Training, as well as new topics such as setting goals, navigating the Franchise Support Portal, understanding the home care marketplace, intake management, managing a sales team, home assessments, scheduling, and roleplaying. Franchisor will make the training program available to the Franchisee if Franchisee (or Franchisee's Owner if Franchisee is a corporation or other business entity) acts as the Designated Manager and up to one assistant. Alternatively, if Franchisee hires a Designated Manager, then Franchisor will make the initial training program available to the Franchisee (or Franchisee's Owner if Franchisee is a corporation or other business entity),

the Designated Manager and up to one assistant. Franchisor will not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, is the sole responsibility of Franchisee. Franchisee is responsible for training its management and other employees. Notwithstanding the foregoing, the Franchisor can increase or decrease the number of days for training depending upon the experience and abilities of any attendee to training. Further, Franchisor can reasonably change the dates of training from those that had previously been approved with the understanding that if a trainee has already incurred a commercially reasonable expense in reliance upon the previous date and provides written proof of the same, the Franchisor may reimburse the trainee for such expense.

## **8.2. Opening Assistance**

In conjunction with, and prior to, the beginning of operation of the Franchised Business, if Franchisor determines it is necessary, Franchisor may make available to Franchisee, one of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. Should Franchisee request such additional assistance from Franchisor in order to facilitate the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor may provide such additional assistance at Franchisor's then-current standard rates, plus expenses.

## **8.3. Failure to Complete Initial Training Program**

If, at any time during the training program, Franchisor determines that Franchisee and/or the Designated Manager is unable to complete the training program described above to Franchisor's satisfaction, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section ~~8.38.3~~, Franchisor will return to Franchisee 50% of the Franchise Fee paid by Franchisee, after payment of any taxes, broker fees and/or commissions, upon Franchisor's receipt of a general release in or substantially similar to the form attached as Exhibit I. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's satisfaction, Franchisor has the right to permit Franchisee to select a new Designated Manager and such manager must complete the initial training to Franchisor's satisfaction. Franchisee may be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

## **8.4. New Designated Manager**

If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, the new Designated Manager must attend and complete, to Franchisor's satisfaction, the next available initial training program. Franchisee will be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

## **8.5. Ongoing Training**

From time to time Franchisor may provide ongoing training programs, seminars or meetings. If it does, the Franchisor has the right to require that the Franchisee or Designated Manager attend. Such training may occur during the Initial Term of this Agreement, any Interim Period or Successor Term. Franchisor will not charge a fee for any mandatory ongoing training. Franchisee is responsible for all travel costs, living expenses and employees' salaries incurred in connection with the Designated Manager's attendance at such training. Franchisee must attend the Annual Franchise Meeting ("AFM"). Franchisee must pay our then current attendance fee (currently ~~\$\$600-750~~ for three people, and \$200 for each additional person) and Franchisee must pay such amount at least 30 days prior to attending the AFM. Franchisor may change the AFM Attendance fee at any time upon 60 days prior written notice to Franchisee. Franchisee is responsible for all travel costs, living expenses and employees' salaries incurred in connection with attendance at the AFM. However, if the Franchised Business has been open for less than six months as of the date of the AFM, Franchisee is not required to attend the AFM and will not incur a nonattendance fee if Franchisee elects to not attend. If Franchisee or its Designated Manager fails to attend any mandatory ongoing training program or the AFM, Franchisor has the right to charge Franchisee a nonattendance fee (currently \$2,000),

which is due and payable on demand, for each mandatory ongoing training program or AFM that Franchisee fails to attend. Franchisor has the right to change the non-attendance fee at any time upon 60 days prior written notice to Franchisee. Franchisee authorizes Franchisor to obtain payment for such nonattendance fees from the Electronic Depository Transfer Account in accordance with Section 3.6 and 3.7. Franchisor at its option may seek payment of the full amount or apportion payments over a time period determined by Franchisor until such fees are paid in full.

## **9. MANUAL**

### **9.1. Loan by Franchisor**

While this agreement is in effect, Franchisor will loan to Franchisee a copy of the Manual, or, if the Manual is accessible through a computer system, Franchisor will allow Franchisee access to the Manual. Franchisee will conduct the Franchised Business in strict compliance with the provision set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials designated by Franchisor and may be in written or electronic form. The Manual will, at all times, remain the sole property of Franchisor and will promptly be returned upon expiration or termination of this agreement.

### **9.2. Revisions to the Manual**

Franchisor has the right, but not the obligation to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee will immediately, upon notice, adopt any such changes.

### **9.3. Confidentiality of Manual**

The Manual contains proprietary information of Franchisor and will be kept confidential by Franchisee during the Initial Term of the Franchise and any Interim Period, and subsequent to the expiration or termination of this Agreement. If the Manual is distributed in paper form or as an electronic file, Franchisee will at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. Franchisee will not disclose, duplicate or otherwise use any portion of the Manual or any electronic file or computer media containing the Manual in an unauthorized manner. Franchisee will maintain the Manual (whether in paper form or electronic file) in a locked receptacle at the Approved Location or in a password-protected file on Franchisee's computer system, as appropriate, and will only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle, the password to any file, program or Internet site or the computer or computers on which it is stored. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters is controlling.

## **10. FRANCHISE SYSTEM**

### **10.1. Uniformity**

Franchisee will strictly comply, and will cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

### **10.2. Modification of the System**

Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, supplies or techniques. Franchisee will accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee will make such expenditures as such changes, additions or modifications in the System as Franchisor may reasonably require. Any required

expenditure for changes or upgrades to the System will be in addition to expenditures for repairs and maintenance as required in Section ~~13.313.3~~.

### **10.3. Variance**

Franchisor has the right, at its sole discretion and as it may deem in the best interests of the system or a specific franchisee in any particular instance, to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site, special circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular SYNERGY HomeCare Business. Franchisor will not be required to disclose or grant to Franchisee a like or similar variance hereunder.

### **10.4. Software License**

Franchisor has the right to require Franchisee to use certain computer software that is now owned by Franchisor, its affiliate or a third party or that is purchased or licensed by Franchisor from Franchisor's affiliate or a third party. Franchisor reserves the right to suspend, modify or terminate Franchisee's use of such software at any time if Franchisee is in breach of this Agreement. Franchisee must pay Franchisor, its affiliate or a third party all applicable fees for use of the software. Franchisee's right to use any such software will terminate or expire on the date this Agreement terminates or expires. Any fees for Franchisee's use of required software are in addition to the Systems Fee.

## **11. MARKETING AND PROMOTIONAL ACTIVITIES**

### **11.1. Local Advertising**

Franchisee will continuously promote the Franchised Business. Every month, Franchisee will spend the greater of \$300 or at least 2% of the previous month's Gross Sales on advertising, promotions and public relations within the Protected Territories ("Minimum Local Advertising Requirement"). Such expenditures will be made directly by Franchisee, subject to the approval and direction of Franchisor using its Reasonable Business Judgment. Franchisor will provide general guidelines for conducting Local Advertising so as to better assist Franchisee. Franchisor will define what constitutes local advertising in the Manual. Franchisee agrees to send Franchisor, in a manner Franchisor prescribes, an accounting of local advertising expenditures at such times, and for such reporting periods, as Franchisor may specify from time to time. If Franchisee does not spend at least the Minimum Local Advertising Requirement on a monthly basis; then, within 30 days after such time as Franchisor specifies, Franchisee will pay to Franchisor the difference between the actual expenditures on local advertising, promotions and public relations and the Minimum Local Advertising Requirement. If the Franchisor collects the amount of the Minimum Local Advertising Requirement, Franchisor will also charge the Franchisee its then-current "Advertising Service Fee" (currently \$250 per month), plus the cost to use an advertising firm in Franchisee's Protected Territories to place the advertising for Franchisee.

Franchisee will submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail, digital media, social media, email marketing, depictions of vehicle wraps and all other advertising and promotional materials bearing the Marks. Franchisor will use reasonable efforts to provide notice of approval or disapproval within 30 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials within 30 days, such materials will be deemed to have not received the required approval. Franchisee will not use any marketing or promotional material prior to approval by Franchisor. Subject to Section 14.1, the submission of advertising materials to Franchisor for approval will not affect Franchisee's right to determine the prices at which Franchisee provides services or sells products.

## 11.2. Marketing Fund

Franchisee will pay weekly to the Franchisor the Marketing Fund Contributions equal to 2% of that week's Gross Sales or such lesser amount as set by Franchisor, which may be adjusted from time to time but will not exceed 2% of each week's Gross Sales. Franchisor will notify Franchisee at least 30 days before changing Marketing Fund Contribution requirements. The Marketing Fund will be maintained and administered by Franchisor or its designee as follows:

Franchisor or Franchisor's Representatives will oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant or guaranty that any particular franchisee will benefit directly or pro rata from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide. Franchisee's Marketing Fund Contributions may be used to meet the costs of, or reimburse Franchisor for its expenses related to, the general promotion of the Marks and the System or to grow the SYNERGY HomeCare system, including producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and other forms of electronic media and advertising activities; research; employing advertising, public relations and other third party agencies to assist Franchisor therein; providing promotional brochures and other marketing materials to franchisees and the advertising cooperatives); efforts to increase SYNERGY HomeCare's Franchised Businesses ability to service clients; and soliciting and promoting System products and services to National Referral Agencies or National Partnerships (including a Medicare Advantage plan) as well as accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in activities associated with the promotion of the Marks and the System and the growth of the SYNERGY HomeCare system. Franchisor will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Franchisor may retain the services of, or purchase from, one or more of its Affiliates to provide services and products in connection with the Marketing Fund and may pay for the services and products from the Marketing Fund.

All Marketing Fund Contributions will be maintained in a separate account from the monies of Franchisor and will not be used to defray any of Franchisor's general operating expenses, except for the costs and expenses related to the Marketing Fund described above. The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations regarding the Marketing Fund.

Although Franchisor intends the Marketing Fund to be of continual and perpetual duration, Franchisor has the right to suspend (and subsequently reinstate) or terminate the Marketing Fund at any time. The Marketing Fund will not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a pro rata basis.

Franchisor has the right to allow Marketing Fund Contributions to accumulate in the Marketing Fund or to disburse such contributions as necessary. If funds remain in any Marketing Fund at the end of any fiscal year, all expenditures in the following fiscal year(s) will be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of current contributions.

Each SYNERGY HomeCare Business operated by Franchisor, or any Affiliate of Franchisor, will make Marketing Fund Contributions at the same rate as SYNERGY HomeCare franchisees.

Franchisee has the right to request an unaudited accounting of the operation of the Marketing Fund for the prior fiscal year and Franchisor will provide it in a format Franchisor determines. Franchisor retains the right to have the Marketing Fund audited, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

### 11.3. Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of SYNERGY HomeCare Businesses located within a particular region or defined market. Franchisor has the right to (a) allocate any portion of the Marketing Fund to the Cooperative Advertising program; and (b) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program, and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region or defined market. If a Cooperative Advertising program is implemented in a particular region or defined market, Franchisor has the right to establish an advertising council comprised of SYNERGY HomeCare franchisees to self-administer the Cooperative Advertising program. Franchisee must participate in the council according to the council's rules and procedures. Franchisee agrees to be bound by the council's decisions. Franchisee will participate in the council according to the council's rules and procedures and Franchisee will agree to be bound by the council's decisions. Upon approval by the council, the Franchisee must pay (and the Franchisor may, but is not obligated to, collect from Franchisee on the Cooperative Advertising program's behalf) contributions to the Cooperative Advertising program in the amount approved, even if the required contributions exceed the Minimum Local Advertising Requirement. Any amounts paid by Franchisee to the Cooperative Advertising program in any month will be applied toward the Franchisee's Minimum Local Advertising Requirement for the month.

### 11.4. Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent, which consent may be granted, denied or revoked for any reason or no reason at all. Franchisor has established and maintains an Internet website at the uniform resource locator ("URL") [www.synergyhomecare.com](http://www.synergyhomecare.com) that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor has the right (but not the obligation) to include at the SYNERGY HomeCare website an interior page containing information about the Franchised Business. If Franchisor includes such information on the SYNERGY HomeCare website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information is subject to Franchisor's approval prior to posting. Franchisor retains the sole right to market on the Internet, including but not limited to the use of websites, domain names, URL's, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and will be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisor retains the sole right to approve any linking to, or other use of, the SYNERGY HomeCare website. Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisee may not use any vendor to advertise on the Internet unless that vendor has been approved by Franchisor. Any grant of permission or grant of rights to the Franchisee by the Franchisor under this Section may be rescinded by the Franchisor if the Franchisee is in breach of any term, covenant or condition of this Agreement, even if the same is timely cured.

### 11.5. Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in all online and print directories Franchisor requires. Franchisee must place such advertisements and listings together with other SYNERGY HomeCare Businesses operating within the distribution area of the directories. If a joint listing is obtained, all SYNERGY HomeCare Businesses listed together will pay an equal share of the cost of the advertisements and listings.

## **12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS**

### **12.1. Records**

During the Initial Term of this Agreement and any Interim Period, Franchisee will maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee will retain during the Initial Term of this Agreement, and for 3 years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns (including all schedules and amendments) for the Franchisee, the Designated Manager, and the Franchisee's shareholders, partners, Members and Managing Members), cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

### **12.2. Reports**

Franchisee must provide us with all reports that Franchisor requires related to the Franchised Business in the format Franchisor requires, including reports related to Gross Sales or income statements.

### **12.3. Financial Statements and Tax Returns**

Franchisee will supply to Franchisor on or before the 15<sup>th</sup> day of the month following each calendar quarter, in a form approved by Franchisor, a balance sheet as of the end of the preceding calendar quarter and a Profit and Loss statement for the preceding calendar quarter and the year-to-date. Franchisee will, at its expense, submit to Franchisor within 90 days after the end of each fiscal year, a Profit and Loss statement for the fiscal year just ended and a balance sheet as of the last day of the fiscal year. Such financial statements must be prepared in accordance with generally accepted accounting principles (GAAP) applied on a consistent basis. If required by Franchisor, such financial statements will be reviewed or audited by a certified public accountant. Franchisee will, at its expense, also submit to Franchisor, within 30 days after filing with the Internal Revenue Service, a copy of its annual income tax return (inclusive of all tax forms, schedules and amendments) for the SYNERGY HomeCare Business. If the tax returns are not prepared by a third party, Franchisee must provide proof of submission of the forms. If the Franchisee is a business entity, the Franchisor has the right to receive from each owner of a capital account of the Franchisee (including all shareholders, partners, Members and Managing Members), a copy of its annual income tax return (inclusive of all tax forms, schedules and amendments) as filed with the Internal Revenue Service. Franchisee will submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing. If Franchisee has other reportable income, those records must be kept separate from the records of the Franchised Business. Franchisee will be required to submit Financial Statements and Tax Returns for each separate Franchised Business.

### **12.4. Other Reports**

Within 10 days after request from Franchisor, Franchisee will submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor will have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee will certify as true and correct all reports to be submitted pursuant to this Agreement.

### **12.5. Access to Computer System**

Franchisor will have full access to all of Franchisee's computer and sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. In addition, Franchisor will have full access to any third party software or systems purchased and/or implemented by Franchisee relating to the ownership and operation of the Franchised Business. Franchisee agrees to provide Franchisor with any passwords and other data to allow Franchisor to access Franchisee's computer at any time.

## **12.6. Right to Inspect**

Franchisor, or its designee, has the right during normal business hours to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee will immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the maximum rate permitted by law. If the inspection discloses an underpayment of 3% or more of the amount due for any period covered by the audit, Franchisee will, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies will be in addition to any other remedies Franchisor may have.

## **12.7. Release of Records**

At Franchisor's request, Franchisee will authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Initial Term of this Agreement and any Interim Period or until such time as Franchisor withdraws its request. Franchisee will execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

## **13. STANDARDS OF OPERATION**

### **13.1. Authorized Services and Suppliers**

Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its clients. Accordingly, Franchisee will provide those services and use only those supplies, signs, equipment and other items that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such services or items will be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliates). Franchisee will not provide any services that Franchisor has not approved, either through the Franchised Business or from the Approved Location.

Franchisor will provide Franchisee, in the Manual, in an on-line support portal, or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment, software and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee will execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and products that require supplier approval), Franchisee will first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the service or product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisor will decide within a reasonable time (usually 30 days) after receiving the required information whether Franchisee may purchase or lease such services or items or from such supplier. Approval of any supplier may be conditioned upon the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section will be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any services, items or suppliers. Franchisor may revoke its approval of any service, item or supplier at any time, and in its sole discretion, by notifying Franchisee and/or the supplier. Franchisee will, at its

own expense, promptly cease using, selling or providing any services or items disapproved by Franchisor and will promptly cease any and all purchases from suppliers disapproved by Franchisor.

Franchisor has the right to retain volume rebates, markups and other benefits from any third party suppliers or in connection with the sale or furnishing of products, supplies, or services by Franchisor or its affiliates to Franchisee. Franchisee will have no entitlement to or interest in any such benefits. Franchisor will have no obligation or responsibility to negotiate, secure or provide the lowest or best prices on any service or item purchased by Franchisee from a designated or Approved Supplier.

### **13.2. Right to Inspect**

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, and to ensure that Franchisee is following the System and complying with this Agreement, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations both in the Franchised Business's office and on-site with clients, including interviewing or videotaping clients and employees, conducting client and Referring Agencies' surveys, and inspecting equipment, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents will have the right, at any reasonable time, to remove sufficient quantities of any items used in rendering services, to test whether such items meet Franchisor's then-current standards.

### **13.3. Appearance and Condition of the Franchised Business**

Franchisee will maintain the Franchised Business and any related vehicles, equipment and signage in "like new" condition. The expense of such maintenance will be borne by Franchisee and will be in addition to any required System modifications as described in Section ~~10.2~~10.2.

### **13.4. Ownership and Management**

The Franchised Business will, at all times, be under the direct supervision of Franchisee, acting in the capacity of Designated Manager. The Franchisee, acting as the Designated Manager, will devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least 35 hours per week, excluding reasonable vacation, sick leave and similar absences. Franchisee may hire an approved Designated Manager to manage the day-to-day operation of the Franchised Business; but Franchisee must at all times maintain direct supervision of the Designated Manager and the Franchised Business. If the Franchisee ceases to act in the capacity of Designated Manager or if the approved Designated Manager is unwilling or unable to fulfill his or her duties, whether due to illness, injury, death, vacation, termination or for any other reason, Franchisee will promptly hire a substitute or replacement Designated Manager approved by Franchisor and the Designated Manager must successfully complete training by Franchisor. Franchisee and the Designated Manager must not engage in any business or other activities that will conflict with their obligations under this Agreement. In addition to the Designated Manager, the Franchise Business must also, at all times, have at least one other full-time employee.

### **13.5. Hours of Operation**

Franchisee will make services available to clients as required by such client and as specified in the Manual, and the Designated Manager must be on call 24 hours per day, 7 days per week, for caregiver calls, home assessments and client consultations. Franchisee must ensure that the Franchised Business' telephone is answered live 24 hours per day, 7 days per week, for these calls.

### **13.6. Licenses and Permits**

Franchisee will secure and maintain in force all required bonds, licenses, permits and certificates necessary for the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations at the Federal, state and local levels. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee will be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

### **13.7. Notification of Proceedings and Charges**

Franchisee will notify Franchisor in writing of: (i) the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business; (ii) the issuance of any order, writ, injunction, award or decree which may affect the operation or financial condition of the Franchised Business; and (iii) the filing of any charges against Franchisee, the Franchised Business or any employee of the Franchised Business involving Franchisee or the Franchised Business. Franchisee will provide a copy of any documentation of any such commencement of a suit, proceeding, charges, or any order, writ, injunction, award or decree not more than 5 days after such commencement or issuance. Franchisee will deliver to Franchisor not more than 5 days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

### **13.8. Compliance with Good Business Practices**

Franchisee acknowledges that the quality of client service, and every detail of appearance and demeanor of Franchisee and its employees is material to this Agreement and the relationship created hereby. Therefore, Franchisee will endeavor to maintain the highest standards of quality and service with regard to the operation of the Franchised Business. Franchisee will, at all times, provide prompt, courteous and efficient service to clients of the Franchised Business. The Franchised Business will, in all dealings with its clients, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. Franchisee will reimburse Franchisor for all costs incurred by Franchisor in servicing a client of the Franchised Business.

### **13.9. Uniforms**

Franchisee will abide by any uniform or dress code requirements as stated in the Manual. Uniforms and/or related identification items, if required, must be purchased from an Approved Supplier, in accordance with Section 13.1. If Franchisee desires to utilize any uniform, dress code products and/or related identification items that have not been approved, Franchisee will seek approval for the third party supplier as an Approved Supplier in accordance with Section 13.1.

### **13.10. Form of Payment**

Franchisee will only accept payment from clients, Referring Agencies or any other third-party payer in cash, by check or credit card or through other such instruments representing or denominated in U.S. dollars, and will not accept or arrange for payment in the form of barter, exchange of services or any other non-monetary form.

### **13.11. Credit Cards**

Franchisee will, at its expense, lease or purchase the necessary equipment and/or software and will have arrangements in place with Visa, MasterCard, American Express, and such other credit card issuers as Franchisor may designate from time to time to enable the Franchised Business to accept such methods of payment from its clients. Franchisee will comply with all security protocols including, but not limited to, PCI-DSS Compliance and submit evidence of such compliance to Franchisor on a quarterly basis.

### **13.12. Best Efforts And Quality Control**

Franchisee will use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee will require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

## **14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE**

### **14.1. General Advice and Guidance**

Franchisor or Franchisor's representative will be available to render advice, discuss challenges and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating SYNERGY HomeCare Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee will have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor will have the right to set maximum prices and minimum prices that Franchisee may charge if, in Franchisor's opinion, such decision is in the best interests of the System.

### **14.2. Periodic Visits**

Franchisor, or Franchisor's representative, may make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee will implement any required changes or improvements in a timely manner as detailed in such written report. Upon providing no less than 48 hour notice, the Franchisee agrees that Franchisee will be personally available (or if the Franchisee is a business entity, the Franchisee will have the principal(s) of the business entity and any Designated Manager available) to meet with the Franchisor and/or its representative for the entirety of the periodic visit. If the Franchisee fails to be available, the failure will be deemed to be a breach of this Franchise Agreement and in addition to any other remedy found herein, the Franchisor will also have the right to recover its costs associated with such periodic visit including travel, room and board.

### **14.3. System Improvements**

Franchisor will communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor from time to time and implemented as part of the System.

### **14.4. Marketing and Promotional Materials**

Franchisor may periodically provide advertising and promotional materials including ad-slicks, brochures, fliers, digital images, and other materials to Franchisee for use in the operation of the Franchised Business. Franchisee must use any such advertising or promotional materials only in the manner approved of by Franchisor.

## **15. INSURANCE**

### **15.1. Types of Insurance and Amounts of Coverage**

At its sole expense, Franchisee will procure within the earlier of 60 days after the Effective Date or 30 days prior to opening the Franchised Business, and maintain in full force and effect during the Initial Term of this Agreement and

any Interim Period, the types of insurance listed below. All policies will expressly name Franchisor as an additional insured or loss payee and will contain a waiver of all subrogation rights against Franchisor and its successors and assigns. Insurance requirements below need to be on admitted paper. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee will procure:

15.1.1 “all risk” property insurance coverage on all assets, real property, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee’s property insurance policy will include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost and also include business interruption, for at minimum a 12 month period insurance, to compensate Franchisee for loss of income related to the temporary interruption of business due to fire or such other disaster, with a minimum liability coverage sufficient to cover continuing expenses and obligations of the Franchised Business until the cause of the interruption is remedied;

15.1.2 comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee’s conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and at least \$3,000,000 aggregate that can be satisfied through a combination of primary and excess limits, or, if higher, the statutory minimum limit required by state law;

15.1.3 automobile liability insurance for owned and non-owned vehicles, hired vehicles with a combined single limit for bodily injury and property damage of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law;

15.1.4 professional liability insurance against claims from clients for injuries or damages occurring in conjunction with the rendering of services or the operation of the Franchised Business, which insurance must include abuse and molestation coverage, with a minimum liability coverage of \$1,000,000 per occurrence and at least \$3,000,000 aggregate, or, if higher, any statutory minimum limit required by state law. Sexual abuse and molestation coverage should contain limits in addition to and not erode the overall professional liability limit and can be satisfied through a stand-alone policy or in combination with the general or professional liability programs;

15.1.5 “employment practice liability” insurance, which provides protection for an employer against claims made by employees and third parties, former employees, or potential employees relating to many types of employee related lawsuits including claims of sexual harassment, discrimination, wrongful termination, breach of employment contract, negligent evaluation, failure to employ or promote, wrongful discipline, deprivation of career opportunity, wrongful infliction of emotional distress, etc., with a minimum coverage of at least \$1,000,000, or, if higher, the statutory minimum limit as required by state law;

15.1.6 wage and hour insurance that covers claims related to wage and hour disputes with your employees with a minimum coverage of at least \$100,000;

15.1.7 workers’ compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located, including Employers Liability coverage with limits of at minimum \$1,000,000.

15.1.8 cyber liability with a \$1,000,000 minimum limit responding to unauthorized access of your Franchised Business’s computer system, covering costs associated with notification of affected parties, credit monitoring, investigative & administrative costs, as well as third party liability for the breach.

15.1.9 such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.2; and

15.1.10 such other insurance as is necessary to provide coverage for all services and products Franchisee is authorized to offer pursuant to this Agreement and in such amounts as are reasonable for the type of service or product being provided by Franchisee and approved by Franchisor.

## **15.2. Fidelity/Crime Insurance Requirements**

Franchisee will procure and maintain in force first and third-party fidelity/crime insurance (or its equivalent) in a principal amount of not less than \$25,000. If required, such fidelity/crime insurance will provide coverage to Franchisee and Franchisor against dishonesty and criminal acts by the Franchised Business's employees and independent contractors. Such fidelity/crime insurance will have the minimum terms and coverage as may be specified by Franchisor from time to time, which minimum terms and coverage may be increased by Franchisor in its sole discretion.

## **15.3. Future Increases**

Franchisor has the right to reasonably increase the minimum liability protection, change the types of coverage and insurance coverage requirements as Franchisor deems necessary and to require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

## **15.4. Carrier Standards**

Such insurance policies must be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification as indicated in [A.M. Best's Key Rating Guide](#).

## **15.5. Evidence of Coverage**

Franchisee's obligation to obtain and maintain the required insurance policies is not limited in any way by reason of any insurance which may be maintained by Franchisor, nor will Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.2. Franchisee will provide, prior to opening and annually thereafter prior to expiration, evidence of compliance as Franchisor requests with the insurance obligations described in this Section 15, including any evidence of endorsements, certificates of insurance and copies of fidelity/crime insurance showing compliance with the foregoing requirements. Such endorsements, certificates and fidelity/crime insurance will state that said policy or policies will not be canceled or altered without at least 30 days prior written notice to Franchisor and will reflect proof of payment of premiums.

## **15.6. Failure to Maintain Coverage**

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, must be payable by Franchisee immediately upon notice.

## **16. DEFAULT, TERMINATION and DAMAGES**

### **16.1. Termination by Franchisee**

If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within 90 days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such 90 days. If the breach cannot reasonably be cured in such 90 days, Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

### **16.2. Termination by Franchisor - No Cure**

Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1 fails to establish and equip the Franchised Business, or fails to hire and retain the staff necessary for the full operation of the Franchised Business, as required in Section 5;

16.2.2 fails to satisfactorily complete the training program pursuant to Section 8;

16.2.3 makes any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business, or any fidelity/crime insurance required to be procured and maintained by Franchisee pursuant to Section 15.2 is revoked or terminated by the insurance agent or such agent has paid any claims against such fidelity/crime insurance;

16.2.5 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any other Confidential Information;

16.2.6 abandons (by failing to maintain the Franchised Business under the primary supervision of the Designated Manager), fails or refuses to actively operate the Franchised Business, and such abandonment, failure or refusal continues for 5 or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location or the destruction, condemnation or other event rendering the Approved Location unusable;

16.2.7 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

16.2.8 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the 180 days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 18.6;

16.2.9 fails to retain the services of a new Designated Manager who will assume the title and function of the Designated Manager within 60 days of the date that the prior Designated Manager quits, resigns, or is fired, with the understanding that such Designated Manager once hired must complete training;

16.2.10 submits to Franchisor on 2 or more separate occasions at any time during the Initial Term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than 3% for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.11 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for 30 days or longer (unless superseding bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and has not been dismissed within 30 days or is not in the process of being dismissed;

16.2.12 misuses or makes an unauthorized use of any of the Marks or copyrighted or Confidential Information or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.13 fails on 2 or more separate occasions within any period of 12 consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution,

Systems Fee, or Cooperative Advertising program contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.14 on 2 separate occasions, during the Initial Term of this Agreement or during any Successor Term, Franchisee breaches any other term, covenant or condition of this Agreement, or any combination thereof, and then receives notice of a third violation of any term, covenant or condition of this Agreement;

16.2.15 violation of Section 2.5.1 for the second time even if a Second Violation Fee is timely paid;

16.2.16 continues to violate any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its clients, employees or the public, or if any license or permit necessary for the operation of the Franchised Business or for providing services of the type provided by SYNERGY HomeCare Businesses is revoked or suspended for a period exceeding 10 days;

16.2.17 engages in conduct which reflects materially and unfavorably upon the operations and reputation of the System; or

16.2.18 defaults under any other agreement between Franchisor (or any of its Affiliates) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

### **16.3. Termination by Franchisor - With Cure**

Except as otherwise provided above, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and will continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.3.1 Within forty eight (48) hours of receiving notice of Franchisee's failure to cure violation of any law, regulation, or order;

16.3.2 Within five (5) days of receiving notice of Franchisee's failure to (1) pay monies owing to Franchisor, or (2) maintain the required level of insurance,

16.3.3 Within fourteen (14) days of receiving notice of any other default by Franchisee under this Agreement or upon Franchisee's failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manual or otherwise prescribed in writing, other than the failure to meet the Minimum Monthly Average Sales Quota, or

16.3.4 Within thirty (30) days of receiving notice of default from Franchisor that Franchisee has failed to meet its Minimum Monthly Average Sales Quota

Notwithstanding the foregoing, if a statute in the state or municipality in which the Franchisee conducts business is located, or any statute within the Protected Territory, requires application of that state or municipal law, and that statute requires a cure period for the applicable default which is longer than any cure period specified in this section, the statutory cure period will apply.

Upon providing notice of termination to Franchisee under this Section 16.3, Franchisor and any of its affiliates at their option may suspend all services provided to Franchisee under this Agreement, and reinstate such services only

upon Franchisee's curing of the default or failure, including restricting or blocking Franchisee's access to the Franchisee Systems Services or the designated software.

#### **16.4. Reinstatement and Extension**

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or expiration other than in accordance with applicable law, Franchisor may reinstate or extend the Initial Term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

#### **16.5 Damages**

Upon Franchisee's failure to cure any event of default within the time period specified above, or if no cure is provided, Franchisor may proceed to enforce any or all of the following non-exclusive remedies or any other remedy, claim, cause of action, award, or damages allowed by law or equity, with the understanding that the pursuit of any one remedy shall not be deemed an election or waiver by Franchisor to pursue additional remedies as all remedies are cumulative and are not exclusive:

16.5.1. Bring one or more actions for: lost profits as measured by the future stream of Royalty Fees (reduced to present value the calculation of which will be determined by the Franchisor's certified public accountant or other accountant using a generally accepted method for such calculation) and other fees that would have been due and payable had breach and default not occurred; penalties and interest as provided for in this Franchise Agreement; and for all other damages sustained by Franchisor as a result of Franchisee's breach of this Franchise Agreement.

16.5.2. Accelerate the balance of any outstanding installment obligation due hereunder and bring an action for the entire accelerated balance.

16.5.3 Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Franchise Agreement and otherwise stop Franchisee from engaging in actions prohibited hereby, including, without limitation: (a) improper use of the Marks or System; (b) unauthorized assignment of the Franchise Agreement; (c) violation of any of the restrictive covenants; and (d) Franchisee's failure to meet or perform Franchisee's obligations upon termination or expiration of this Franchise Agreement.

16.5.4 Terminate this Franchise Agreement and proceed to enforce Franchisor's rights under the appropriate provisions. Such termination shall be effective upon delivery of a notice of termination to Franchisee without further action by Franchisor. The Franchisor and Franchisee agree that such termination will not prejudice Franchisor's right to bring an action for lost future Royalty or other fees.

16.5.5. If Franchisee operates the Business after transfer, repurchase, termination or expiration; uses any of the Marks or any aspect of the System; violates any restrictive covenant after any termination, Transfer, or Assignment, then, in addition to any remedies provided above, and in addition to any other remedies in law or equity (all of which shall be cumulative and shall not be deemed to be an election of remedies to the exclusion of other remedies), Franchisor's remedies will include, but will not be limited to, recovery of the greater of: (a) all profits earned by Franchisee in the operation of the business using Franchisor's Marks or System after such Transfer, Assignment, repurchase, termination, or expiration; and/or (b) all Royalty Fees, advertising contributions, and other amounts which would have been due if such Transfer, Assignment, repurchase, termination, or expiration had not occurred; and/or (c) any other remedies available in law or equity.

16.5.6. Further, Franchisee agrees that, in the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee will not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and the System, and Franchisee further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor.

## 17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

### 17.1. **Actions to be Taken**

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee will terminate and Franchisee will:

17.1.1 immediately cease to operate the Franchised Business and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Confidential Information, the System and the Marks including, without limitation, all software, signs (including vehicle wraps), slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks and complete any other de-identification required by Franchisor;

17.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining Initial Term, and on the same terms and conditions as Franchisee's lease), its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "SYNERGY HomeCare" or any other Mark, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement;

17.1.5 pay all sums owing to Franchisor and its Affiliate(s) which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, Marketing Fund Contributions, Systems Fees and any other amounts due to Franchisor or its Affiliate(s);

17.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor arising out of or related to Franchisee's default of this Agreement or the exercise of Franchisor's right to terminate this Agreement pursuant to Section 16 or incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other remedy or relief for the enforcement of any provisions of this Agreement;

17.1.7 destroy or immediately return to Franchisor (as Franchisor's discretion) the Manual and all other Confidential Information including records (including employee and customer lists), files (electronic or otherwise), instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

17.1.8 take all actions necessary or desirable to assign all telephone listings and numbers, e-mail addresses and registered domain names and URL's for the Franchised Business to Franchisor, including ratifying the form of assignment attached as Exhibit H, which will be executed by Franchisee concurrently with the execution of this Agreement, and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and will authorize transfer of same to or at the direction of Franchisor; and comply with all other applicable provisions of this Agreement.

## **17.2. Post-Termination Covenant Not to Compete**

Franchisee and the Owners agree to comply with the restrictive covenants described in Sections 7.2 and 7.4 following the expiration, termination or transfer of this Agreement.

## **17.3. Unfair Competition**

If Franchisee operates any other business, Franchisee will not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee will not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections ~~7.47.4~~, ~~17.117.1~~ or ~~17.217.2~~.

## **17.4. Alteration of Approved Location**

Upon termination or expiration, if Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee will make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers, removing the signage and otherwise de-identifying the Franchised Business) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location.

## **17.5. Franchisor's Option to Purchase Certain Business Assets**

If this Agreement expires or is terminated for any reason (other than due to breach of Franchisor), Franchisor has the option (but not the obligation), upon 30 days' written notice from the date of expiration or termination, to purchase from Franchisee any and all of the tangible and intangible assets relating to the Franchised Business (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets"). Franchisor may assign to a third party this option to purchase separate and apart from the remainder of this Agreement.

The purchase price for the Purchased Assets will be the fair market value of the Purchased Assets; provided that: (1) Franchisor may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) Franchisor may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, Franchisor will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between Franchisee and Franchisor. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed 60 days, after the fair market value is determined. At the closing, Franchisee will deliver documents transferring good and merchantable title to the Purchase Assets, free and clear of all liens, encumbrances and liabilities to Franchisor or its designee and such other documents Franchisor may reasonably request to permit Franchisor to operate the Franchised Business without interruption. Franchisor may set off against and reduce the purchase price by all amounts Franchisee owes to Franchisor or any of its affiliates. If Franchisor exercises Franchisor's option to purchase assets of the Franchised Business, Franchisor may, pending the closing, appoint a manager to maintain Franchised Business operations.

## **18. TRANSFERABILITY OF INTEREST**

### **18.1. Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred provided, however, that with respect to

any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee will assume the obligations of Franchisor hereunder and Franchisor will thereafter have no liability for the performance of any obligations contained in this Agreement.

## **18.2. Transfer by Franchisee to a Third Party**

18.2.1 The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its Owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval is null and void and will constitute a material breach of this Agreement.

18.2.2 Prior to contacting any broker or agent or making or receiving any offer to sell all or part of the Franchised Business, Franchisee must send written notice to Franchisor stating its desire to sell all or part of the Franchised Business, the nature of the interest that Franchisee desires to sell and such other information as Franchisor may request in connection with any intended sale of all or part of the Franchised Business; and

18.2.3 If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer may be conditioned upon the satisfaction of the following requirements:

18.2.3.1 Franchisee has provided Franchisor with the written notice required by Section 18.2.1;

18.2.3.2 Franchisee has complied with the requirements set forth in Section 19;

18.2.3.3 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3.4 Franchisee (and any transferring Owners, if Franchisee is a business entity) has executed a general release in, or substantially similar to, the form attached as Exhibit I, of any and all claims against Franchisor, including its officers, directors, shareholders and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee will give the maximum release allowed by law;

18.2.3.5 the prospective transferee has satisfied Franchisor that it meets Franchisor's then-current management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require in its sole discretion, to demonstrate its ability to conduct the Franchised Business;

18.2.3.6 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the Franchise Agreement then executed will be for the term specified in such agreement;

18.2.3.7 the transferee has executed a general release in, or substantially similar to, the form attached as Exhibit I, of any and all claims against Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.3.8 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.3.9 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount equal to \$25,000, plus any applicable broker or sales service commissions that Franchisor incurs;

18.2.3.10 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its Initial Term;

18.2.3.11 If the transferee is the spouse, child or relative of Franchisee or a Guarantor or a Controlled Entity owned by the spouse, child or relative of Franchisee or a Guarantor, then Franchisee and such Guarantor have agreed to be bound to the obligations of the new Franchise Agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.3.12 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.3.13 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in, or substantially similar to, the form attached as Exhibit F;

18.2.3.14 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager will complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1;

18.2.3.15. Prior to, and as a condition of closing, Franchisee must: (i) have prepared introduction letters to all Referral Agencies, caregivers, clients and vendors ("Introduction Letters"). The Introduction Letters will at a minimum: (a) identify the transferee by name, address and telephone number; (b) state the date that the transferee will be taking over the Franchised Business; and, (c) will state that the Franchisee will after the date of the transfer, refrain from contacting the Referral Agencies, caregivers, clients and vendors during the Post-Term Restricted Period if such contact is in reference to a Competing Business; and, (ii) in cooperation with the transferee, contacted all hosting companies, email providers, telephone companies, and the like to inform each of the impending transfer. To this end, the transferee and Franchisee must sign all documents and do all things necessary to insure that each such company or agency has all documentation necessary to make the transfer on the closing. All letters, documents, and permissions required under this subsection 18.2.3.15 shall be first reviewed by Franchisor and sent out by the transferee on the day of closing; and,

18.2.3.16 Beginning on the first business day following the transferee's completion of the initial training program, Franchisee will assist the transferee for a reasonable period of time of no less than 30 consecutive business days for at least 5 business hours each day to transition the Franchised Business to the transferee. After said 30 business days, the Franchisee shall be available to telephone consultation by the transferee for an additional 30 business days (for up to 3 hours per day) of telephone or email consultation. Such assistance will include but not be limited to the transfer of all contact information (including any URLs, telephone numbers, emails and contact information) to the transferee. If the transferee deems it to be reasonable, the Franchisee will personally introduce the transferee to all caregivers, vendors, clients, and administrative staff. The terms, covenants and conditions of this Section 18.2 shall survive the transfer and shall remain the continuing obligation of the Franchisee.

### **18.3. Transfer to a Controlled Entity**

If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which must be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is

being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer may be conditioned upon the satisfaction of the following requirements:

18.3.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the transferee will be required to pay a transfer fee, as required, pursuant to Section 18.2.3.9;

18.3.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof of a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.7 copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents will also be furnished to Franchisor immediately upon adoption.

The term of the transferred franchise will be the unexpired Initial Term of this Agreement, including all rights to a Successor Term, subject to any and all conditions applicable to such rights.

Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, will not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor will it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

#### **18.4. Franchisor's Disclosure to Transferee**

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and will release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

#### **18.5. For-Sale Advertising**

Franchisee will not, without prior written consent of Franchisor and compliance with Section 18.2.2, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

## **18.6. Transfer by Death or Incapacity**

Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual Franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, are subject to the conditions for assignments and transfers contained in this Agreement. During that 180 day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management qualifications.

## **18.7. Public Offering**

Stock, partnership interests, or other securities in Franchisee may be offered to the public only with the prior written consent of Franchisor, which consent will not be unreasonably withheld. As a condition of its approval of such offering, Franchisor may, in its sole discretion, require that immediately after such offering (whether registered or exempt) the Controlling Principals retain a Controlling Interest in Franchisee. All materials required for such offering by federal or state law must be submitted to Franchisor for a review limited solely to the subject of the relationship between Franchisee and Franchisor prior to being filed with any governmental agency. Any materials (including any private placement memorandum) to be used in any exempt offering or private placement must be submitted to Franchisor for such review prior to their use. No offering will imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee, Franchisor, or any affiliate of Franchisor. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described herein. Franchisee, its Controlling Principals, and the other participants in the offering must fully indemnify Franchisor and its affiliates, and each of their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees in connection with the offering. For each proposed offering, Franchisee will pay to Franchisor a non-refundable fee of \$5,000, or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. Franchisee will give Franchisor written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section [18.7+18.7](#).

## **19. RIGHT OF FIRST REFUSAL**

### **19.1. Submission of Offer**

If Franchisee, or any of its Owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee will obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its Owners.

### **19.2. Franchisor's Right to Purchase**

Franchisor will, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit will be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor will have up to 60 days to close the purchase. Franchisor will be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

### **19.3. Non-Exercise of Right of First Refusal**

If Franchisor does not exercise this right of first refusal within 30 days, the offer or proposal may be accepted by Franchisee or any of its Owners, subject to Franchisor's prior written approval as required by Section 18. Should the sale fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal will renew and be implemented in accordance with this Section.

### **20. BENEFICIAL OWNERS OF FRANCHISEE**

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit D as Holders of a Legal or Beneficial Interest, each of whom have executed the supplemental signature page below with respect to his or her individual obligations under this Agreement, are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee.

### **21. RELATIONSHIP AND INDEMNIFICATION**

#### **21.1. Independent Contractor; No Fiduciary Duty.**

Franchisee is an independent contractor. Franchisee is not an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During any term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee will take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances will Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisor will in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Unless otherwise stated herein, Franchisor owes absolutely no fiduciary duty to the franchisee.

Franchisee is obligated and has sole authority to make all employment-related decisions, including hiring, firing, disciplining, wages, hours, and compensation for Franchisee's employees. The Franchisee must inform all new employees that Franchisee is the employer, not the Franchisor. Franchisee acknowledges that Franchisor does not have direct or indirect control over labor and employment decisions for Franchisee's employees.

#### **21.2. Indemnification**

Franchisee will hold harmless and indemnify Franchisor their Affiliates, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any of its Affiliates); (d) defamation of Franchisor, or the System; (e) acts, errors, or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information.

#### **21.3. Right to Retain Counsel**

Franchisee will give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel

of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer will automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances will Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss will in no way reduce the amounts recoverable by Franchisor from Franchisee.

## **22. GENERAL CONDITIONS AND PROVISIONS**

### **22.1. No Waiver**

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee or any other franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, will constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee will not be binding unless in writing and executed by Franchisor and will not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

### **22.2. Injunctive Relief**

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and ~~1717~~ would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor will be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without having to post bond in excess of \$1,000.

### **22.3. Notices**

Except as otherwise stated in this Franchise Agreement, all notices required or permitted under this Agreement will be in writing and will be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) at the time delivered by electronic mail to the email address that Franchisor designates for use in the Business; (c) 2 business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) 5 business days after being sent by Registered Mail, return receipt requested. All notices will be sent to Franchisee at the address listed on page 1 of this Agreement or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement will be sent to Franchisor at the following address:

SYNERGY HOMECARE FRANCHISING, LLC  
Attention: General Counsel  
960 W. Elliot Road, Suite 101  
Tempe, AZ 85284

### **22.4. Cost of Enforcement or Defense**

All reasonable and necessary costs and expenses, including attorneys' fees, incurred by Franchisor or Franchisee in enforcing any provisions of this Agreement, or in defending against any claims made against one by the other with respect to this Agreement, whether through injunctive relief or otherwise, will be paid to the prevailing party or the successful party in such action by the other party.

## **22.5. Guaranty and Assumption of Obligations**

All holders of a legal or beneficial interest in Franchisee of 5% or greater will be required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Ex. C, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement (including the obligations set forth in Section 23) and to be personally liable hereunder for all of the same. If, after the Effective Date of this Agreement, any person or entity becomes a legal or beneficial interest holder of Franchisee of 5% or greater, Franchisee agrees that such person's or entity's interest will only become effective upon that person or entity executing the Guaranty and Assumption of Obligations Agreement attached as Ex. C.

## **22.6. Approvals**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee will make a timely written request to Franchisor therefor and, except as otherwise provided herein, any approval or consent granted will be effective only if in writing. Unless otherwise noted herein, Franchisor will use its Reasonable Business Judgment when making any decision. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **22.7. Entire Agreement and State Amendments**

This Agreement, its exhibits and the documents referred to herein will be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and will supersede all prior agreements. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchisor's SYNERGY HomeCare Franchise Disclosure Document. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's SYNERGY HomeCare Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing by both parties. Please see Exhibit I for an amendment to this Agreement that may be required by Franchisee's state.

## **22.8. Severability and Modification**

Except as noted below, each paragraph, part, term and provision of this Agreement will be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling will not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions will be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Notwithstanding the above, each of the covenants contained in Sections 7 and 17 will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it will be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

## **22.9. Construction**

All captions herein are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision hereof. Whenever the term “including” is used, it shall mean “including, but not limited to...”. All captions are for convenience only. The plural shall include the singular, the reference to a business entity shall where applicable refer to a person, and the reference to one gender shall refer to the other gender.

## **22.10. Force Majeure**

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party will be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act will be extended for the amount of time of the delay. This clause will not result in an extension of the Initial Term of this Agreement.

## **22.11. Timing**

Time is of the essence; except as set forth in Section ~~22.10~~<sup>22-10</sup>, failure to perform any act within the time required or permitted by this Agreement will be a material breach.

## **22.12. Withholding Payments**

Franchisee will not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to any of its Affiliates. Franchisee will not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor’s right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee’s past due indebtedness as Franchisor deems appropriate. Franchisor will set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

## **22.13. Further Assurances**

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

## **22.14. Multiple Originals**

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original. Further, to the extent permitted by state and federal law, Franchisor may permit the Franchisee to electronically execute documents in accordance with the procedures set forth in the Manuals.

## **22.15. Survival of Certain Provisions**

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement, including, but not limited to those found in Sections 7.1, 7.2, 7.4, 7.7, 9.1, 17, 18.2, 21.2, 21.3, 22.4, 22.5, 22.8, and 23, will continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## **23. DISPUTE RESOLUTION**

### **23.1. Choice of Law**

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement will be governed by and construed in accordance with the laws of the State of Arizona (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act will govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

### **23.2. Consent to Jurisdiction**

Any action brought by either party, except those claims required to be submitted to mediation or arbitration, will be brought in the appropriate state or federal court located in or serving Maricopa County, Arizona. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision will not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

### **23.3. Cumulative Rights and Remedies**

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be in addition to every other right or remedy. Nothing contained herein will bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

### **23.4. Limitations of Claims**

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within 1 year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

### **23.5. Limitation of Damages**

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section [22.422.4](#). Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages will not exceed and will be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

### **23.6. Waiver of Jury Trial**

All Parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement. This waiver is done voluntarily and knowingly, and with the opportunity to review this provision with an attorney.

### **23.7. Mediation**

Except as otherwise stated in this Section 23.7, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to arbitration or to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization within 15 days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, at Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation of the mediator, will be borne equally by the parties. If the parties cannot resolve the claim, controversy or dispute within 90 days after conferring with the mediator, either party may submit such claim, controversy or dispute to arbitration under Section 23.8 below. Franchisor may bring an action under the applicable provisions of this Section 23 without first submitting the action to mediation under this Section 23.7 if the action relates to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition, money due Franchisor or its affiliates, or claims arising from or related to termination of this Agreement for violations of health or safety regulations.

### **23.8. Arbitration**

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks, the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition, money due Franchisor or its affiliates, or claims arising from or related to termination of this Agreement for violations of health or safety regulations, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Superior Court for the State of Arizona and located in Maricopa County, Arizona. Any award will, at a minimum, be a reasoned award. The arbitration shall be conducted in Maricopa County, Arizona. Any action shall be conducted on an individual basis, and not part of a consolidated, common, or class action, and Franchisee and Owners waive any and all rights to proceed on a consolidated, common, or class basis.

Except for the appeals process described below, the decision of the arbitrator(s) will be final and binding on all parties to the dispute,

Any award rendered by the arbitrator(s) may be appealed pursuant to the American Arbitration Association's Optional Appellate Arbitration Rules in effect as of the Effective Date of this Agreement ("Appellate Rules"). The award will not be considered final until after the time for filing the notice of appeal pursuant to Rule A-3 of the existing Appellate Rules, by filing a notice of appeal with any AAA office. The appeal tribunal may affirm, reverse, or modify the award of the arbitrator(s), and/or return the matter to the arbitrator(s) for further action. A final award may be entered once the appeal process is completed or the time for filing an appeal has expired, and a judgment entered upon the arbitration award in accordance with the procedures identified herein.

Judgment upon the award rendered by the arbitrator(s) may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**SYNERGY HOMECARE FRANCHISING, LLC**

By:

Signed: \_\_\_\_\_

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

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

**FRANCHISEE:**

By:

Signed: \_\_\_\_\_

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

[SUPPLEMENTAL SIGNATURE PAGE FOLLOWS]

The following have duly executed this Agreement with respect to, and agree to be personally bound by, the obligations contained in this Agreement including, without limitation, those contained in Sections 7, ~~17+7~~, ~~18+8~~, ~~19+9~~, ~~20+0~~ and ~~21+1~~:

Signed: \_\_\_\_\_

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

Relationship to Franchisee: \_\_\_\_\_

Signed: \_\_\_\_\_

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

Relationship to Franchisee: \_\_\_\_\_

**EXHIBIT A TO THE FRANCHISE AGREEMENT**

**APPROVED LOCATION**

The street address (or detailed description of the premises) of the Approved Location is:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_.

Agreed to and acknowledged by:

SYNERGY HOMECARE  
FRANCHISING, LLC

FRANCHISEE:

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

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

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

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

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

**EXHIBIT B TO THE FRANCHISE AGREEMENT**

**FRANCHISE FEE/PROTECTED TERRITORY**

A. Franchise Fee. Franchisee will pay Franchisor a Franchise Fee equal to \$\_\_\_\_\_.

B. Protected Territories. The Protected Territories are as follows:

1. First Protected Territory: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Second Protected Territory: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Protected Territories will be defined by and exist within the following zip codes or other physical, political or natural boundaries.

Franchisee acknowledges and agrees that if a third party provider generates the Protected Territory on Franchisor's behalf and that provider makes an unintentional error in assigning zip codes or other boundaries, Franchisor may reasonably alter the Protected Territory to correct such error.

Agreed to and acknowledged by:

SYNERGY HOMECARE  
FRANCHISING, LLC

FRANCHISEE:

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

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

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

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

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

**EXHIBIT B-1 TO THE FRANCHISE AGREEMENT**

**MAP OF PROTECTED TERRITORY**

Gen 03-29-24  
© 2024 SYNERGY HomeCare Franchising, LLC., All rights reserved  
Gen 04-14-23  
© 2023 SYNERGY HomeCare Franchising, LLC., All rights reserved

**EXHIBIT C TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Agreement”) by SYNERGY HOMECARE FRANCHISING, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement. Each of the undersigned are personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty are joint and several; (b) it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (d) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the Term of this Agreement and any Interim Period.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

**PERSONAL GUARANTOR**

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

\_\_\_\_\_  
Personally and Individually (Signature)

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**EXHIBIT D TO THE FRANCHISE AGREEMENT**

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST  
IN FRANCHISEE; OFFICERS, DIRECTORS**

Holders of Legal or Beneficial Interest	Percentage of Ownership	Position/Title
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Officers and Directors	Position/Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**EXHIBIT E TO THE FRANCHISE AGREEMENT**

**NATIONAL PARTNERSHIPS PROGRAM**

**PARTICIPATION ADDENDUM**

This Addendum is entered into by and among Franchisor and Franchisee as of this \_\_\_ day of \_\_\_\_\_, 202\_\_.

RECITALS

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted a license to use the Marks and System in the operation of the Franchise in the Protected Territory;

WHEREAS, Franchisor may develop various National Partnerships under the National Partnerships Program; and Franchisee desires to participate in the National Partnerships Program and Franchisor desires to have Franchisee participate in the National Partnerships Program;

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

**1. Definitions**

A “National Partnership” is a referral partners who is a customer or a group of customers or an entity acting on behalf of a customer group or membership ~~that operate~~ that operate (as under common ownership or control) under the same trademarks or service marks through independent franchise or some other association or entity, for which Franchisor has arranged to provide services at multiple locations. National Partnerships may include: corporations, organizations, federal, state, and local government entities and organizations, employee assistance programs, memberships, back up care plans, Medicare Advantage plans, and other persons or entities that may have a need for products and services from Franchised Businesses at multiple locations. The locations of some National Partnerships and the locations at which some of the National Partnerships may require services of a Franchised Business may be located within or outside the Protected Territory.

**2. No Territorial Rights**

Regardless of any other provisions in the Agreement, Franchisor grants to Franchisee no territorial rights of any kind whatsoever in connection with the National Partnerships Program. Franchisor agrees to provide Franchisee the right of first refusal to service a National Partnership in the Protected Territory provided that Franchisee is in full compliance with the Franchise Agreement. If Franchisee is unable or unwilling to provide service to the National Partnership inside the Protected Territory, then Franchisor may, at its option, authorize a third party (including another SYNERGY HomeCare Franchisee) to provide service to that National Partnership inside Franchisee’s Protected Territory.

**3. Best Efforts**

Franchisee must use Franchisee’s best efforts to perform services to National Partnerships located: (i) in the Protected Territory in which the Franchised Business is located; and (ii) outside the Protected Territory in which the Franchised Business is located, if directed to do so by Franchisor. Franchisee must use Franchisee’s best efforts to perform services to National Partnerships on the terms and conditions specified in the program for those National Partnerships, which Franchisor, in Franchisor’s sole discretion, may modify or amend from time to time. The terms of various National

Partnerships may vary from National Partnership to National Partnership depending on the situations and circumstances. Franchisee is bound by the rules governing each National Partnership.

#### **4. Alternative Services**

Franchisee must fully perform services for any National Partnership which Franchisor designates. In addition, Franchisee recognizes that some National Partnerships, for whatever reason, may decide that they do not want to do business with Franchisee. If that happens, Franchisor, in Franchisor's sole discretion, will cooperate with Franchisee, at Franchisee's expense, to the extent Franchisor deems reasonably predictable, to resolve the National Partnership's concern. However, if after Franchisor exercises what Franchisor believes, in Franchisor's sole discretion, to be reasonable efforts to rectify the concern, and the National Partnership continues to refuse to do business with Franchisee, then Franchisee agrees that Franchisor, or any other franchisee or any third party that Franchisor designates (the "Other Franchisee") may provide services to that National Partnership. Franchisee also agrees that Franchisor or Other Franchisee may perform services for any National Partnership located anywhere in the Protected Territory or outside the Protected Territory, from whom Franchisee has declined to provide services, is unable to provide services, or whom refuses to do business with Franchisee. Franchisor or Other Franchisee who provides services for a National Partnership will not be liable to Franchisee or obligated to pay to Franchisee any compensation for doing so nor will Franchisor or Other Franchisee be considered in breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor. Franchisee releases Franchisor and Other Franchisee providing services to such National Partnerships, from any liability or obligation to Franchisee for providing services to such National Partnerships.

#### **5. Forms and Reports**

For the purposes of coordinating efforts and results of National Partnership's programs, Franchisee must provide Franchisor with copies of all reports, forms, and notices, relating to performing services for National Partnerships that Franchisor may specify from time to time. Franchisee also agrees to coordinate with Franchisor any solicitations Franchisee conducts that may have potential for development as National Partnerships.

#### **6. Billings and Collection**

Franchisee recognizes that various National Partnerships may require billing and collection procedures that differ from those specified in the Franchise Agreement. Franchisee is required to comply with any of the billing and collection procedures specified by Franchisor for various National Partnerships. For example, Franchisor may require Franchisee to participate in a centralized billing and collection procedure through which all billings for a National Partnership will be accomplished. Accordingly, Franchisor may require that all contracts, invoices, and billings for products or services be submitted to a centralized billing service which Franchisor or the applicable National Partnership designates. If Franchisee receives any payments from any National Partnerships which requires centralized billing, Franchisee must immediately remit such payments, properly endorsed, directly to the centralized billing service, without any deduction.

#### **7. Eligibility**

Due to the need to ensure adherence to quality standards and performing services for National Partnerships, Franchisee will not be eligible to perform services for a National Partnership unless the Franchisee is in full compliance with the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**SYNERGY HOMECARE FRANCHISING, LLC**

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

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

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

**FRANCHISEE:**

By:

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

## EXHIBIT F TO THE FRANCHISE AGREEMENT

### NONDISCLOSURE, NONSOLICITATION AND NONCOMPETITION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of SYNERGY HomeCare Franchising, LLC, an Arizona limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Approved Location*” means the site for the operation of Franchisee’s SYNERGY HomeCare business, which is located at \_\_\_\_\_ (or any subsequent address following an approved relocation).

“*Competitive Business*” means any business that offers (or grants franchises or licenses to others to operate a business that offers) home care services (including housecleaning and light maintenance), personal care services (including meal preparation, child care, medication reminders, medical and social appointment scheduling, and management of and assistance with household affairs and expenses), transportation services, home care or home care-related internet-based services or products, care management and companionship services the same as or similar to those provided by SYNERGY HomeCare Businesses or in which Confidential Information could be used to the disadvantage of us, our Affiliate(s) or our other franchisees.

“*Confidential Information*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a SYNERGY HomeCare business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manual.

“*Copyrights*” means all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow SYNERGY HomeCare franchisees to use, sell or display in connection with the marketing and/or operation of a SYNERGY HomeCare business, whether now in existence or created in the future.

“*Franchisee*” means the SYNERGY HomeCare franchisee with whom you are associated, whether as an officer, director, executive, manager, employee, independent contractor, spouse of an Owner, or immediate family member of any of the foregoing.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Confidential Information and System.

“*Manual*” means the SYNERGY HomeCare Operations Manual, and any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, us.

“*Marks*” means the trademark “SYNERGY HomeCare” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as we may designate to be used in connection with SYNERGY HomeCare businesses.

“*Protected Territory*” means the protected territory described in the SYNERGY HomeCare franchise agreement for the SYNERGY HomeCare franchise with whom you are associated, whether as an officer, director, executive, manager, employee, independent contractor, spouse of an Owner, or immediate family member of any of the foregoing.

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“*Restricted Period*” means the period of time that you are associated with Franchisee (whether as an officer, director, executive, manager, employee, independent contractor, spouse of an Owner, or immediate family member of any of the foregoing) and for a period of two (2) years after the later of (i) the termination, expiration or transfer of Franchisee’s SYNERGY HomeCare franchise agreement; (ii) the date that Franchisee’s association with Franchisee ends or if this Agreement is made subject to litigation or arbitration than the date that the court or arbitrator affirms the Franchisor’s right to a Restricted Period. For purposes of this definition, a spouse’s divorce from an officer, director, executive, manager, employee or independent contractor of Franchisee shall not, in and of itself, be considered a disassociation from Franchisee.

“*Restricted Territory*” means the Protected Territory, the area within 35 miles from the border of the Protected Territory or any protected territory of another SYNERGY HomeCare franchisee or Franchisor or its affiliates.

“*System*” means the uniform standards, methods, procedures and specifications developed by us (including any modifications made by any SYNERGY HomeCare business or franchisee, all of which is our property), and as may from time to time be added to, changed, modified, withdrawn or otherwise revised by us, in our sole discretion, for the operation of a SYNERGY HomeCare business.

**2. Background.** You have a significant association with Franchisee by virtue of the services you provide for Franchisee or Franchisee’s relationship with a person who provides substantial services for Franchisee. As a result of this association, you may gain knowledge of our System and Confidential Information, even though disclosure of such knowledge may be prohibited (particularly if you are a spouse or family member of a person who provides services for Franchisee). You understand that protecting our Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Our Confidential Information and Intellectual Property.** You agree: (i) you will not use the Confidential Information in any business or capacity other than the SYNERGY HomeCare business operated by Franchisee; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing any Confidential Information; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately if you are no longer an officer, director, executive, manager, employee or independent contractor of Franchisee (spouses and immediate family members of these individuals have no right to gain access to or use our Confidential Information for any purpose whatsoever). You further agree that you will not use our Intellectual Property for any purpose other than the performance of Franchisee’s duties for Franchisee within the scope of Franchisee’s employment or other engagement with Franchisee.

**4. Unfair Competition.** You agree not to unfairly compete with us during the Restricted Period by engaging in any of the following activities:

(i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business that is located within, and/or provides competitive goods or services to clients who are located within, the Restricted Territory.

(ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); or

(iii) inducing any client of ours (or of one of our affiliates or franchisees) to transfer their business away from us (or our affiliate or franchisee).

Section 4(i) does not prevent you from owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business. If you engage in any of these prohibited activities during the Restricted Period, then you agree that

Franchisee's Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Notwithstanding the foregoing, if a court or tribunal of competent jurisdiction finds any covenant of this Agreement to be too restrictive, then such court or tribunal may amend the offending limitation, in the least manner possible so as to create a covenant that is enforceable to the fullest extent permissible.

**6. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other SYNERGY HomeCare franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement. Franchisee is an express and intended third party beneficiary of this Agreement and has the right, with our approval, to enforce the provisions hereof to the same extent as us.

**7. Miscellaneous.**

(a) If a party to this Agreement is required to enforce any term, covenant or condition of this Agreement in a judicial or arbitration proceeding, the "Prevailing Party" will be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding. For the purposes of this Agreement, the Prevailing Party shall be deemed to be that party which has obtained the greatest net judgment in terms of money or money equivalent. If money or money equivalent has not been awarded, the Prevailing Party shall be that party which has prevailed on a majority of the material issues decided. The "net judgment" is determined by subtracting the smallest award of money or money equivalent from the largest award. Further, where a party seeks money damages and the other party seeks equitable relief and both prevail, fees and costs under this section shall be awarded by the court to the Party that it deems has substantially prevailed after considering the tenor and content of this covenant.

(b) This Agreement will be governed by, construed and enforced under the laws of the state of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

EXECUTED on the date stated below.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

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Typed or Printed Name

**EXHIBIT G TO THE FRANCHISE AGREEMENT  
PROTECTION OF CLIENT HEALTH INFORMATION AGREEMENT**

This Protection of Client Health Information Agreement is entered into between \_\_\_\_\_ (“Franchisee”) and SYNERGY HomeCare Franchising, LLC (“Franchisor”) in order to comply with the privacy and security provisions of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended from time to time (the Act and regulations shall be collectively referred to as “HIPAA”).

**RECITALS**

WHEREAS Franchisor performs certain services for Franchisee described in the Franchise Agreement and may receive from Franchisee, or create, receive, maintain or transmit on behalf of Franchisee, health information that is protected under federal and/or state law;

WHEREAS, some of this information may be considered Protected Health Information for Franchisees that are Covered Entities;

WHEREAS, Franchisee and Franchisor desire to protect health information in accordance with all applicable federal and state law, including the Privacy, Security, Enforcement, and Breach Notification Rules promulgated by the Department of Health and Human Services at 45 C.F.R. Parts 160 and 164 under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”);

WHEREAS, Franchisee may or may not be a Covered Entity subject to HIPAA and Franchisee acknowledges it is solely responsible for determining its status as a Covered Entity;

WHEREAS Franchisee is, or may become, a Covered Entity, Franchisee is solely responsible for meeting its obligations as a Covered Entity under HIPAA.

WHEREAS, Franchisor seeks to act in accordance with the standards set forth in the HIPAA Rules, which are specifically set forth in this Agreement, and would generally be applicable to an entity that is a Business Associate;

WHEREAS, Franchisor seeks to adopt the uniform standards of this Agreement regardless of whether Franchisee is subject to the HIPAA Rules as a Covered Entity or whether Franchisor is subject to the HIPAA Rules as a Business Associate;

NOW, THEREFORE, the foregoing recitals are incorporated into this Agreement as if fully set forth herein, and the parties agree as follows:

**STATEMENT OF AGREEMENT**

1. Definitions. Terms used, but not otherwise defined, in this Agreement will have the same meaning as those terms in HIPAA; provided that PHI refers only to protected health information of the Covered Entity unless otherwise stated.

2. Compliance and Agents. Franchisor agrees that when using or disclosing PHI, Franchisor will comply with the requirements of this Agreement with respect to such PHI. Franchisor will ensure that every agent, including a subcontractor, to whom Franchisor provides PHI received from, or created or received by Covered Entity will enter into a written agreement with Franchisor that includes substantially the same restrictions and conditions as set forth in this Agreement. If Franchisor is required to carry out an obligation of Covered Entity under HIPAA, Franchisor will comply with applicable requirements of HIPAA that apply to Covered Entity in the performance of that obligation.

3. Use and Disclosure; Rights. Franchisor agrees that it shall not use or disclose PHI except for those

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purposes necessary to perform the services under the Franchise Agreement, or as otherwise permitted under this Agreement, or as required by law. Franchisor's use and disclosure of PHI shall comply with the provisions of HIPAA applicable to business associates. Franchisor may also use or disclose the PHI to provide data aggregation functions to or for the benefit of Covered Entity to the extent permitted by 45 C.F.R. § 164.504(e)(2)(i)(B). Franchisor may use the PHI for its management and administration, or to carry out its legal responsibilities. Franchisor may disclose PHI received by it to manage and administer its business or to carry out its legal responsibilities if: (a) the disclosure is required by law, or (b) Franchisor obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person agrees to notify Franchisor of any instances of which the person is aware of any other use or disclosure of the PHI. Covered Entity shall not ask Franchisor to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity.

4. Safeguards. Franchisor agrees to implement appropriate physical, administrative, and technical safeguards as required by 45 CFR §§164.308-164.316, to prevent any use or disclosure of electronic PHI other than as permitted or required by this Agreement.

5. Minimum Necessary. Franchisor will limit any use, disclosure, or request for use or disclosure of PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request.

#### 6. Report of Improper Use or Disclosure, Security Incidents, and Breaches.

Franchisor will report to Covered Entity any use or disclosure of PHI for purposes other than those permitted by this Agreement of which it becomes aware.

Franchisor will report to Covered Entity any Security Incident of which Franchisor becomes aware. Specifically, Franchisor will report to Covered Entity any successful unauthorized access, use, disclosure, modification, or destruction of ePHI or interference with system operations in an information system containing ePHI of which Franchisor becomes aware. Franchisor and Covered Entity acknowledge and agree that this Section constitutes notice by Franchisor to Covered Entity of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents. "Unsuccessful Security Incidents" will include, but not be limited to, pings and other broadcast attacks on Franchisor's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI.

Franchisor will, following the discovery of a breach of unsecured protected health information, as defined in 45 CFR §164.402, notify Covered Entity of such breach within 15 business days. To the extent known to Franchisor, the notice will include the identification of each individual whose unsecured protected health information has been, or is reasonably believed by Franchisor to have been, accessed, acquired, or disclosed during such breach and other information required by HIPAA.

7. Individual Access. To the extent Franchisor maintains PHI in a Designated Record Set that is not duplicative of a Designated Record Set maintained by Covered Entity, in accordance with an individual's right to access to his or her own PHI in a designated record set under 45 CFR §164.524, Franchisor will make available all PHI in a designated record set to Covered Entity upon request by Covered Entity for access to such PHI. If an individual makes a request for access directly to Franchisor, Franchisor will forward such request in writing to Covered Entity. Covered Entity will be responsible for making all determinations regarding the grant or denial of an individual's request for PHI and Franchisor will make no such determinations. Only Covered Entity will release PHI to an individual pursuant to such a request, unless Covered Entity directs Franchisor to do so.

8. Amendment of PHI. To the extent Franchisor maintains PHI in a Designated Record Set that is not duplicative of a Designated Record Set maintained by Covered Entity, Franchisor will make available for amendment PHI in a designated record set to Covered Entity for amendment upon receiving a request from Covered Entity to amend an individual's PHI in accordance with 45 CFR §164.526. Alternatively, if Covered Entity's

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request includes specific instructions on how to amend the PHI, Franchisor will incorporate such amendment into the PHI it holds in a designated record set after receipt of the Covered Entity's request. If an individual makes a request for amendment directly to Franchisor, Franchisor will forward such request in writing to Covered Entity. Covered Entity will be responsible for making all determinations regarding amendments to PHI and Franchisor will make no such determinations unless Covered Entity directs Franchisor to do so.

9. Accounting. Franchisor agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to an individual's request for an accounting of disclosures of their PHI in accordance with 45 CFR §164.528. Franchisor agrees to make available to Covered Entity the information needed to enable Covered Entity to provide the individual with an accounting of disclosures as set forth in 45 CFR §164.528. Franchisor will maintain its record of such disclosures for six (6) years from the date of the disclosure. For each disclosure for which it is required to keep a record under this section, Franchisor will record and maintain the following information: (1) the date of disclosure; (2) the name of the entity or person who received the PHI and the address of such entity or person, if known; (3) a description of the PHI disclosed; and (4) a brief statement of the purpose of the disclosure.

10. HHS Access to Books, Records, and Other Information. Franchisor will make available to the U.S. Department of Health and Human Services ("HHS") its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Franchisor on behalf of, Covered Entity for purposes of determining the Covered Entity's compliance with HIPAA.

11. Individual Authorizations; Restrictions. Covered Entity will notify Franchisor of any limitation in Covered Entity's notice of privacy practices, any restriction on the use or disclosure of PHI that Covered Entity has agreed to with an individual, and any changes to or revocation of an authorization or other permission by an individual, to the extent that such limitation, restriction, change, or revocation may affect Franchisor's use or disclosure of PHI.

12. Term. This Agreement takes effect on the effective date of the Franchise Agreement, and continues in effect unless and until either party terminates the Agreement.

13. Breach; Termination; Mitigation. Covered Entity may terminate this Agreement upon material breach of this Agreement. Covered Entity will provide Business Associate with written notice of the breach of this Agreement and afford Business Associate the opportunity to cure the breach to the satisfaction of Covered Entity within thirty (30) days of the date of such notice. If Business Associate fails to timely cure the breach, as determined by Covered Entity in its sole discretion, Covered Entity may terminate this Agreement. Franchisor will take reasonable actions available to it to mitigate any detrimental effects of such violation or failure to comply.

14. Return of PHI. Franchisor agrees that upon termination of this Agreement, and if feasible, Franchisor will (a) return or destroy all PHI received from Covered Entity, or created or received by Franchisor on behalf of Covered Entity, that Franchisor or any subcontractor maintains in any form or manner and retain no copies of such information or, (b) if such return or destruction is not feasible, immediately notify Covered Entity of the reasons return or destruction are not feasible, and extend indefinitely the protection of this Agreement to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI not feasible.

15. Conflicts. The terms and conditions of this Agreement will override and control any conflicting term or condition of the Franchise Agreement. All non-conflicting terms and conditions of the Franchise Agreement will remain in full force and effect. Any ambiguity in this Agreement with respect to the Franchise Agreement will be resolved in a manner that will permit Covered Entity to comply with HIPAA.

Agreed to and acknowledged by:

SYNERGY HOMECARE  
FRANCHISING, LLC

FRANCHISEE:

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

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

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

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

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

## EXHIBIT H TO THE FRANCHISE AGREEMENT

### **RENEWAL ADDENDUM TO FRANCHISE AGREEMENT**

#### INTRODUCTION

Franchisor and Franchisee are parties to a franchise agreement dated \_\_\_\_\_ (the “Old Franchise Agreement”) under which Franchisee operates a SYNERGY HomeCare® business (the “Business”). Guarantor agreed to personally guarantee Franchisee’s obligations under the Old Franchise Agreement. Franchisee desires to exercise an option to renew the grant of the franchise, which requires Franchisee to sign Franchisor’s current form of franchise agreement (the “New Franchise Agreement”) and sign a general release. Franchisor and Franchisee have signed the New Franchise Agreement as of the Effective Date, but Franchisor and Franchisee acknowledge and agree that certain provisions of the New Franchise Agreement are not applicable to Franchisee due to its existing contractual relationship with Franchisor. Franchisor and Franchisee desire to enter into this Renewal Addendum to reflect the agreement regarding the inapplicability of such provisions and to attain the general release.

#### AGREEMENTS

In consideration of the foregoing, the parties hereto agree as follows:

1. Termination of the Old Franchise Agreement. As of the Effective Date, the Old Franchise Agreement is terminated and is of no further force and effect, provided any provisions of the Old Franchise Agreement which, either explicitly or by their nature, survive termination will remain in full force and effect, including obligations relating to confidentiality and retention of records.

2. Minimum Monthly Sales Quota. Section 2.4 of the New Franchise Agreement is amended to delete the second, third and fourth paragraph in Section 2.4 of the New Franchise Agreement and replace it with the following:

In order to maintain exclusivity of Franchisee’s Protected Territory, Franchisee must achieve and maintain ~~at least \$35,000 of the~~ Monthly Average Gross Sales (the “**Minimum Monthly Average Sales Quota**”) for each Protected Territory each month during every Year of Operation.

“For purposes of this Agreement, each “Year of Operation” will be defined by a twelve month period that commences on the first day of the first full calendar month after Franchisee’s Grand Opening and ends on the last day of the twelfth calendar month thereafter. At the end of each Year of Operation Franchisor will evaluate if Franchisee has satisfied the Minimum Monthly Average Sales Quota for the Year of Operation. If Franchisee has failed to satisfy the Minimum Monthly Average Sales Quota, Franchisor has the right to reduce the size or eliminate the Protected Territories and establish other franchises in the territory, fashion some other remedy, or terminate Franchisee’s Agreement, as Franchisor determines to be appropriate.

For any Successor Franchise Agreement, the Minimum Monthly Average Sales Quota for each Year of Operation for each Protected Territory will be the greater of the Year 4 Monthly Average or the Franchisor’s then-current highest Minimum Monthly Average Sales Quota for Successor Franchise Agreements.”

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3. Successor Term. Section 4.2 of the New Franchise Agreement is amended to provide that Franchisee’s right to enter into a Successor Franchise Agreement is limited to \_\_\_ Successor Terms of 5 years each.

4. Initial Training. Section 8.1 of the New Franchise Agreement is amended to provide that Franchisor and Franchisee acknowledge and agree that the Designated Manager has successfully completed Franchisor’s initial training program, and Franchisor will not conduct an initial training program for Franchisee.

5. Opening Assistance. Section 8.2 of the New Franchise Agreement is deleted in its entirety.

6. Manual. Section 9.1 of the New Franchise Agreement is amended to provide that Franchisee has received access to a copy of the Manual.

7. Release. Franchisee and Guarantor, and his respective heirs, successors and assigns, release and forever discharge Franchisor, its affiliates, successors, assigns, officers, directors, employees, and agents (the “Franchisor Parties”), of and from any claims, debts, liabilities, demands, obligations, costs expenses, actions and causes of action of every natures whether known or unknown, vested or contingent, which Franchisee or any Guarantor may now or in the future own or hold arising prior to and including the Effective Date against any one or more of the Franchisor Parties for any matter, fact or thing including, without limitation, any claims arising out of or relating to the Old Franchise Agreement or the Business, from the beginning of time to the Effective Date.

8. Construction. This Addendum supersedes any contradictory provisions in the New Franchise Agreement. In all other respects, the New Franchise Agreement will be construed and enforced with its terms. All capitalized terms which are not defined herein will have the meaning as described in the New Franchise Agreement.

The parties have signed this Addendum as of the date first above written.

Agreed to and acknowledged by:

SYNERGY HOMECARE  
FRANCHISING, LLC

FRANCHISEE: \_\_\_\_\_  
(type/print name)

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

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

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

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

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

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

[or, if an individual]

Signed: \_\_\_\_\_

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

**EXHIBIT I TO THE FRANCHISE AGREEMENT**

**STANDARD FORM OF GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, (“**RELEASOR**”), in consideration of:

\_\_\_\_\_ the execution by SYNERGY HomeCare Franchising, LLC (“**RELEASEE**”) of a Successor Franchise Agreement or other documents extending the rights of RELEASOR to operate the franchise (“**Franchise**”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (“**Franchise Agreement**”) between RELEASOR and RELEASEE; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement.

and other good and valuable consideration, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders and employees (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the franchise relationship, or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. This General Release is not intended to nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law or any representation made in the Franchise Disclosure Document.

RELEASOR delivers this Release with the intent that RELEASEE rely upon the same. Should any condition, covenant, or clause herein be considered to be unenforceable, any tribunal of competent jurisdiction shall be permitted to amend the Release or to excise the offending clause, covenant, or condition so as to form an enforceable Release, which shall be binding upon the parties hereto to the fullest extent permissible.

This General Release cannot be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: \_\_\_\_\_  
(type/print name)

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

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

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

**EXHIBIT J TO THE FRANCHISE AGREEMENT**

**DIRECTORY LISTING AND DOMAIN NAME ASSIGNMENT AGREEMENT**

For value received, the undersigned (“Franchisee”) hereby irrevocably assigns the telephone listing, Yellow Pages or other directory listing, numbers and domain names stated below and any successor, changed or replacement number, numbers or domain names effective upon the date of termination of the agreement described below to SYNERGY HOMECARE FRANCHISING, LLC, an Arizona limited liability company (“Franchisor”), upon the following terms and conditions:

1. This assignment is made pursuant to the terms of the SYNERGY HOMECARE FRANCHISING, LLC Franchise Agreement of even date herewith (“**Agreement**”) between Franchisor and Franchisee, which in part pertains to the telephone listing, numbers and domain names used by the Franchisee in the operation of the SYNERGY HomeCare Business in the franchise territory covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listings, numbers, URLs, email addresses domain names and other business contact information solely for the transaction and advertising of the SYNERGY HomeCare Business while the Franchise Agreement between Franchisor and Franchisee remains in full force and effect, but upon termination or expiration of the Franchise Agreement for any reason, the limited right of use of the telephone listing, numbers, and domain names by the Franchisee will also terminate. In such event, Franchisee agrees to immediately discontinue use of said listings, numbers, and domain names and, at Franchisor’s request, immediately execute any documents, pay all monies, and take any other action as may be necessary to transfer said listings, numbers domain names to Franchisor.

3. Each and every telephone number, affiliated listing domain name, URL, email address, and contact information used by Franchisee in connection with the Franchised Business will be subject to this assignment. As such numbers, listings, email addresses, URL and domain names are activated or acquired, Franchisee will notify Franchisor and such numbers, listing and domain names will be added below. The failure to insert such numbers, listings or domain names will not automatically affect the enforceability of this assignment with respect to those or any other numbers or listings.

4. Each and every social media address and account including but not limited to, a Facebook® page or Twitter® account that contains any term or any mark confusingly similar to a trademark or other intellectual property owned or licensed by Franchisor.

5. Franchisee agrees to pay all amounts owed pertaining to the use of the telephone numbers, affiliated listings and domain names incurred by it. In the event of termination or expiration of the Franchise Agreement for any reason, Franchisee agrees to immediately pay all amounts owed in connection with said listings, telephone numbers and domain names, whether or not yet due, including all sums owed under existing contracts for telephone directory or other on-line advertising.

**SYNERGY HOMECARE FRANCHISING, LLC:**

**FRANCHISEE:**

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Gen 03-29-24

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Gen 04-14-23

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**EXHIBIT K TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUND TRANSFER AUTHORIZATION**

Depositor hereby authorizes and requests the bank named below (“**Depository**”) to initiate debit and credit entries to Depositor’s  checking account  savings account (*select one*) indicated below drawn by and payable to the order of Franchisor by Electronic Fund Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository’s rights with respect to each such charge will be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository will be under no liability whatsoever.

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until Franchisor and Depository have received at least 30 days’ written notification from Depositor of its termination, to afford Franchisor and Depository a responsible opportunity to act on such request.

**Depositor’s Name Printed:** \_\_\_\_\_

**Date Signed:** \_\_\_\_\_

**Signature(s) of Depositor:** \_\_\_\_\_

(as printed above)

(If requested, please attach a voided blank check, for purpose of setting up Bank and Transit Numbers)

**EXHIBIT L TO THE FRANCHISE AGREEMENT**  
**MULTI-STATE ADDENDA**

## ADDENDUM TO THE FRANCHISE AGREEMENT

### SYNERGY HOMECARE FRANCHISING, LLC

#### FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for SYNERGY HOMECARE FRANCHISING, LLC is amended as follows:

- The California Franchise Relations Act provides rights to Franchisee concerning termination or nonrenewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections ~~4.24.2~~ and ~~16.2+6.2~~.
- Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section ~~17.2+7.2~~ of the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- New Section ~~17+7.6~~ is inserted into the Franchise Agreement and states as follows:

If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have including attorneys' fees and costs.

- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.
- Section 23.7 of the Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Section 23.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and

Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

- This Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

**SYNERGY HOMECARE FRANCHISING, LLC:**

**Franchisee:** \_\_\_\_\_

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT**

**SYNERGY HOMECARE FRANCHISING, LLC**

**FOR THE STATE OF HAWAII**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E et seq., the Franchise Agreement for SYNERGY HOMECARE FRANCHISING, LLC is amended as follows:

- The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 4.2.12, 8.3 and 18.2.4 require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release will exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independent of this Addendum. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

**SYNERGY HOMECARE FRANCHISING, LLC:**

**Franchisee:** \_\_\_\_\_

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

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

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

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



**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**SYNERGY HOMECARE FRANCHISING, LLC**

**FOR THE STATE OF MARYLAND**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. §§14-201-14-233, the Franchise Agreement for SYNERGY HOMECARE FRANCHISING, LLC is amended as follows:

- Sections 4.2.12, 8.3 and 18.2.4 require Franchisee to sign a general release as a condition of renewal, termination and transfer of the franchise; such release will exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 23.1 of the Franchise Agreement requires that the franchise be governed by the laws of the State of Arizona; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland will prevail.
- Sections 23.2 and 23.7 of the Franchise Agreement requires litigation or arbitration to be conducted in the State of Arizona; the requirement will not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
- All representations requiring a prospective franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

**SYNERGY HOMECARE FRANCHISING, LLC:**

**Franchisee:** \_\_\_\_\_

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT**

**SYNERGY HOMECARE FRANCHISING, LLC**

**FOR THE STATE OF MINNESOTA**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4 and 16 is amended to add that with respect to franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law which requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.
- Sections 4.2.12, 8.3 and 18.2.4 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Section 6 is amended to add that as required by Minnesota Franchise Act, Franchisor will reimburse you for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Section 23.4 of the Franchise Agreement is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.
- Section 23.5 is deleted in its entirety.
- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Offering Circular or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.





**ADDENDUM TO THE FRANCHISE AGREEMENT**

**SYNERGY HOMECARE FRANCHISING, LLC**

**FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are hereby amended as follows:

- Sections 4.2.12, 8.3 and 18.2.4 of the Franchise Agreement are amended to provide that the North Dakota Securities Commissioner has held that any provision requiring a general release required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under North Dakota Law is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
- Sections 7.2, 7.4 and 17.2 of the Franchise Agreement is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- Section 22.4 of the Franchise Agreement is amended to provide that the North Dakota Securities Commissioner has held that any provision requiring a franchisee to pay all costs and expenses incurred by a franchisor is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
- Section 23.1 of the Franchise Agreement is amended to provide that the North Dakota Securities Commissioner has held that any provision designating any law other than North Dakota Law is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
- Sections 23.2 and 23.8 of the Franchise Agreement is amended to provide that the North Dakota Securities Commissioner has held that any provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
- Section 23.4 of the Franchise Agreement is amended to state that the statute of limitations under North Dakota Law will apply.
- Sections 23.5 of the Franchise Agreement is amended to provide that the North Dakota Securities Commissioner has held that any provision requiring franchisees to consent to a waiver of exemplary or punitive damages is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
- Sections 23.6 of the Franchise Agreement is amended to provide that the North Dakota Securities Commissioner has held that any provision requiring franchisees to consent to a



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

**FOR THE STATE OF WASHINGTON**

This Addendum to the Franchise Agreement, agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between SYNERGY HOMECARE FRANCHISING, LLC and \_\_\_\_\_, amends and revises said Franchise Agreement as follows:

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

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

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

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

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

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

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

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

**SYNERGY HOMECARE FRANCHISING, LLC:**                      **Franchisee:**\_\_\_\_\_

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

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



## **EXHIBIT D**

# **TABLE OF CONTENTS OF CONFIDENTIAL FRANCHISE OPERATIONS MANUAL**

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## **EXHIBIT E**

# **FINANCIAL STATEMENTS**



# **SYNERGY HomeCare Franchising, LLC**

**Financial Statements**  
As of and for the Years Ended  
December 31, 2022 and 2021

# **SYNERGY HomeCare Franchising, LLC**

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## **Financial Statements**

As of and for the Years Ended December 31, 2022 and 2021

# SYNERGY HomeCare Franchising, LLC

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2555 E. Camelback Road, Suite 750  
Phoenix, AZ 85016

## **Independent Auditor's Report**

Board of Managers  
SYNERGY HomeCare Franchising, LLC  
Gilbert, Arizona

### ***Opinion***

We have audited the financial statements of SYNERGY HomeCare Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, the Company has changed its method for accounting for leases in 2022 due to the adoption of Topic 842: Leases. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

*PDO USA, LLP*  
April 14, 2023  
Phoenix, Arizona

## Financial Statements

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# SYNERGY HomeCare Franchising, LLC

## Balance Sheets

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 5,304,040	\$ 8,188,260
Restricted cash held for national marketing fund	390,290	916,254
Franchise royalties and other fees receivable, net of allowance for doubtful accounts	1,457,137	943,656
Prepaid expenses and other current assets	866,111	477,268
<b>Total Current Assets</b>	<b>8,017,578</b>	<b>10,525,438</b>
<b>Property and Equipment, Net</b>	<b>392,204</b>	<b>429,780</b>
<b>Contract Assets</b>	<b>519,300</b>	<b>395,926</b>
<b>Goodwill, Net</b>	<b>13,919,125</b>	<b>16,570,388</b>
<b>Intangible Assets, Net</b>	<b>29,595,455</b>	<b>34,362,728</b>
<b>Other Assets</b>	<b>259,578</b>	<b>200,000</b>
<b>Total Assets</b>	<b>\$ 52,703,240</b>	<b>\$ 62,484,260</b>
<b>Liabilities and Member's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 72,793	\$ 235,355
Credit cards payable	156,971	253,935
National marketing fund	-	879,591
Accrued expenses and other current liabilities	625,335	636,425
Contract liabilities, current portion	1,381,811	1,126,554
Current portion of long-term debt	133,471	-
<b>Total Current Liabilities</b>	<b>2,370,381</b>	<b>3,131,860</b>
<b>Contract Liabilities, net of current portion</b>	<b>3,028,345</b>	<b>2,524,319</b>
<b>Long-Term Debt, net of current portion and deferred financing costs</b>	<b>25,989,533</b>	<b>30,793,634</b>
<b>Total Liabilities</b>	<b>31,388,259</b>	<b>36,449,813</b>
<b>Commitments and Contingencies</b>		
<b>Member's Equity</b>	<b>21,314,981</b>	<b>26,034,447</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 52,703,240</b>	<b>\$ 62,484,260</b>

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Operations

<i>Years ended December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
Royalty revenue	\$ 11,782,156	\$ 10,808,370
Marketing fund contributions	4,712,863	4,323,349
Initial franchise fees	1,489,673	1,196,768
Technology fees	782,617	668,507
Other	434,029	203,013
<b>Total Revenues</b>	<b>19,201,338</b>	<b>17,200,007</b>
<b>Cost of Revenues</b>		
Marketing fund expenses	4,649,153	4,223,349
Initial franchise contract costs	219,277	223,905
Technology costs	1,117,168	886,445
Other	-	11,000
<b>Total Cost of Revenues</b>	<b>5,985,598</b>	<b>5,344,699</b>
<b>General and Administrative Expenses</b>	<b>6,350,106</b>	<b>5,580,325</b>
<b>Depreciation and Amortization Expenses</b>	<b>7,602,610</b>	<b>7,470,224</b>
<b>Loss from Operations</b>	<b>(736,976)</b>	<b>(1,195,241)</b>
<b>Interest Expense</b>	<b>2,548,074</b>	<b>2,404,561</b>
<b>Net Loss</b>	<b>\$ (3,285,050)</b>	<b>\$ (3,599,802)</b>

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Member's Equity

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	Total Member's Equity
<b>Balance, December 31, 2020</b>	\$ 31,354,084
Member tax distributions	(1,924,474)
Unit-based compensation	204,639
Net loss	(3,599,802)
<b>Balance, December 31, 2021</b>	26,034,447
Member tax distributions	(1,567,515)
Other member distributions	(50,000)
Unit-based compensation	183,099
Net loss	(3,285,050)
<b>Balance, December 31, 2022</b>	\$ 21,314,981

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Cash Flows

<i>Years ended December 31,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (3,285,050)	\$ (3,599,802)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,628,638	7,506,513
Amortization of deferred financing costs	176,588	173,662
Unit-based compensation expense	183,099	204,639
Decrease (increase) in:		
Franchise royalties and other fees receivable	(513,481)	(350,449)
Prepaid expenses and other current assets	(300,857)	(24,381)
Contract assets	(123,374)	47,886
Increase (decrease) in:		
National marketing fund	(879,591)	(141,710)
Accounts payable	(162,562)	186,287
Credit cards payable	(96,964)	154,685
Accrued expenses	(58,654)	66,830
Contract liabilities	759,283	794,839
<b>Cash Flows Provided by Operating Activities</b>	<b>3,327,075</b>	<b>5,018,999</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(172,526)	(322,332)
Investment in notes receivable	(100,000)	(250,000)
<b>Cash Flows Used in Investing Activities</b>	<b>(272,526)</b>	<b>(572,332)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of financing costs	(347,218)	-
Repayment of long-term debt	(4,500,000)	(774,519)
Distributions to member	(1,617,515)	(1,924,474)
<b>Cash Flows Used in Investing Activities</b>	<b>(6,464,733)</b>	<b>(2,698,993)</b>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<b>(3,410,184)</b>	<b>1,747,674</b>
<b>Cash and Restricted Cash, beginning</b>	<b>9,104,514</b>	<b>7,356,840</b>
<b>Cash and Restricted Cash, ending</b>	<b>\$ 5,694,330</b>	<b>\$ 9,104,514</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	\$ 2,371,486	\$ 2,230,900
Cash paid for taxes	29,130	56,556
<b>Non-Cash Investing Activities</b>		
Property and equipment in accounts payable	\$ 11,123	\$ 128,050
Forgiveness of notes receivable	50,000	-
Lease liabilities arising from obtaining right-of-use assets	47,564	-

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### 1. Nature of Business

#### *Nature of Business*

SYNERGY HomeCare Franchising, LLC (the Company) was organized as an Arizona limited liability company on December 19, 2003, under the name AZHC Franchising, LLC for the purpose of franchising under the trade name “SYNERGY HomeCare.” The Company changed its name to SYNERGY HomeCare Franchising, LLC on December 16, 2004.

On April 2, 2018, the Company was acquired (the Acquisition) by Synergy Acquisition LLC, a Delaware limited liability company. Synergy Acquisition LLC is a wholly owned subsidiary of Synergy HomeCare Holdings, LLC, which is now the ultimate parent (the Parent) of the Company. The Acquisition was funded through a combination of equity contributed by Parent, issuance of equity to the seller and borrowings by the Company. The Parent has no significant operations, and its assets principally are comprised of its investment in the Company.

The Company’s franchises currently offer nonmedical in-home personal assistance, such as in-home personal care and companionship, childcare, meal preparation, medical reminders, medical and social appointment scheduling and management, organization and bill-paying assistance, housecleaning services and light home maintenance to seniors and others who need help with daily living activities. The Company sells its franchises throughout the United States of America. The franchising of nonmedical in-home personal assistance is regulated by the Federal Trade Commission and various state authorities.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which is based on the accrual method of accounting.

#### *Concentrations of Credit Risk*

The Company maintains bank accounts with a banking institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Such deposits regularly exceed the FDIC insured limit of \$250,000 for each account. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. As of December 31, 2022 and 2021, there were no losses incurred with respect to excess amounts over the FDIC insured limits.

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas that include significant estimates made by management include, but are not limited to, estimated useful lives and carrying value of long-lived and intangible assets (including goodwill); expected contractual term for contracts with

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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customers; and the assumptions used in determining the fair value of unit-based compensation. Actual results could differ from those estimates.

### ***Restricted Cash Held for National Marketing Fund***

Restricted cash is related to cash that franchisees contribute to the Company's national marketing fund. Cash contributed by franchisees to the national marketing fund is to be used in accordance with the Franchise Agreement for local, regional and national marketing and advertising of services offered by the franchisees and to increase brand awareness. As such, the restricted cash is required to be set aside and is not available for the Company's general business use.

<i>December 31,</i>		<b>2022</b>	<b>2021</b>
Cash	\$	5,304,040	\$ 8,188,260
Restricted cash		390,290	916,254
<b>Total Cash and Restricted Cash,</b> as shown in the statements of cash flows	\$	<b>5,694,330</b>	\$ <b>9,104,514</b>

### ***Franchise Royalties and Other Fees Receivable***

As a condition of the franchise, franchisees are required to make weekly payments for royalties generally representing 5% of a franchisee's gross sales, plus 2% of a franchisee's gross sales for marketing fund contributions, along with weekly technology fees. These receivables are carried at the original invoice amount less an estimate for doubtful accounts based on historical collection information and existing economic conditions. Management determined no allowance for doubtful accounts was necessary at December 31, 2022 or 2021.

A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Receivables are written off when deemed uncollectible after management performs an evaluation of the franchisee's credit and specific circumstances. The Company normally does not charge interest on its receivables.

### ***Contract Assets***

Contract assets represent commissions and fees that are direct and incremental to the sale of a franchise license. These costs are recognized as an expense in initial franchise contract costs in the accompanying statements of operations over the term of the related franchise agreement, which currently is five years.

### ***Property and Equipment***

Equipment and leasehold improvements are recorded at cost. Equipment is depreciated over the asset's estimated useful life using the straight-line method. Leasehold improvements are amortized over the estimated useful life of the asset or term of the lease, whichever is shorter, using the straight-line method.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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The estimated useful lives of the respective assets are as follows:

	Years
Leasehold improvements	5
Office furniture and equipment	3-5
Capitalized software	3

Maintenance and repairs are charged to expense as incurred. Renewals and improvements of a major nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in income.

### ***Goodwill***

The Company accounts for acquisitions under the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. Identifiable intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized over their estimated useful lives.

Goodwill represents the excess of cost over the net assets for an acquired business. The Company amortizes goodwill on a straight-line basis over a ten-year period. Also, the Company tests goodwill for impairment only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount. As of December 31, 2022 and 2021, the Company determined that there was no impairment of goodwill.

### ***Intangible Assets and Long-Lived Assets***

The Company's identifiable intangible assets consist of trade names, franchise agreements and developed technology. The identifiable intangible assets and other long-lived assets are reviewed for impairment whenever events and circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted operating cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. As of December 31, 2022 and 2021, the Company determined that there was no impairment of intangible assets.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### ***Contract Liabilities***

Amounts received prior to satisfying the revenue recognition criteria are recorded as contract liabilities in the accompanying balance sheets, except for marketing fund contributions received in excess of expenditures, which are presented separately as national marketing fund within current liabilities in the accompanying balance sheets. Amounts not expected to be recognized within the next 12 months are classified as non-current contract liabilities. During the year ended December 31, 2022, the Company recognized \$1,151,903 of revenue that was included in the contract liability balance as of January 1, 2022. During the year ended December 31, 2021, the Company recognized \$920,174 of revenue that was included in the contract liability balance as of January 1, 2021.

### ***Deferred Financing Costs***

The Company recorded debt issuance costs as a debt discount as it was associated with the issuance of long-term debt and a revolving line of credit. The Company amortizes these costs using the effective interest method over the term of the debt agreement.

### ***Revenue Recognition***

The Company follows a five-step model in determining the timing and recognition of revenue based on the following: (1) Company has entered into a binding agreement; (2) performance obligations have been identified; (3) transaction price to the customer has been determined; (4) transaction price has been allocated to the performance obligations in the contract; and (5) performance obligations have been satisfied.

The Company recognizes marketing fees under franchise agreements as marketing fund contributions. The Company's franchise agreement outlines the rights and responsibilities of the Company and its franchisees and requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee. The Company determined it has a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such, are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) marketing fees; and (d) technology fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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The Company recognizes the primary components of the transaction price as follows:

### *Initial Franchise Fees*

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term life of five years. In some instances, the Company will extend payment terms for a portion of the initial franchise fee, but in all cases the period of payment is less than a year. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff and ongoing operations support. The Company provides no significant financing component to franchisees and offers no guarantees on their behalf.

### *Royalties and Marketing Fund Contributions*

Royalties and franchisee contributions to the marketing fund are calculated as a percentage of franchisee sales (generally, 5% and 2%, respectively) over the term of the franchise agreement and recorded on a weekly basis. Royalties and marketing fund contributions represent sales-based fees that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee-level sales occur. Royalties are collected weekly, approximately 10 days after each sales period has ended, and are reflected in royalty revenue in the accompanying statements of operations. Marketing fees are reflected in marketing fund contributions in the accompanying statements of operations.

### *Technology fees*

Technology fees for use of software and information technology support, as outlined in the franchise agreement, are charged on a weekly basis to the franchisee and reflected in technology fees in the accompanying statements of operations.

### *Other*

Other revenues are comprised primarily of agreements with suppliers that entitle the Company to receive rebates for use of products by the Company's franchisees. Rebates are recognized as revenue when earned and are included in other in the accompanying statements of operations.

### *Advertising Costs*

The Company expenses the cost of advertising as incurred. Marketing fund expenses in the accompanying statements of operations includes \$3,678,676 and \$3,355,371 of advertising costs for the years ended December 31, 2022 and 2021, respectively.

### *Unit-Based Compensation*

On April 2, 2018, the Parent's limited liability agreement granted Class B-1 and Class B-2 profit interest units to certain individuals that provide services to the Company. The Parent utilizes a Monte-Carlo simulation-based approach option-pricing model to estimate the fair value of the unit-based compensation at the date of grant. The Company recognizes compensation expense based on the grant-date fair value of each award in accordance with the guidance contained in ASC 718, *Compensation—Stock Compensation*. The value of the portion of the award that is ultimately

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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expected to vest is recognized as expense over the requisite service period on a straight-line basis. Forfeitures are recorded as they occur. There were approximately \$4,710 and \$2,360 of forfeitures recorded in 2022 and 2021, respectively.

The option-pricing model requires the use of accounting judgment and financial estimates, including the current price of the underlying unit, the estimates of the expected term that unit holders will retain their vested units before exercising them, the estimated volatility of the Company's fair market price over the expected term, expected dividend yield (which is zero as no dividends are currently being paid on the Class B units), and the risk-free interest rate based on the U.S. Treasury yield curve, as inputs, to create multiple scenarios of possible outcomes. The unit's market price will then be discounted to reflect a lack of marketability for the Parent Company's units. The determination of an appropriate discount for lack of marketability is based on a review of studies on discounts on the sale of shares of privately held companies and a multi-period put-based quantitative method.

### *Income Taxes*

The Company is a limited liability company, and as such, the Company is not a tax-paying entity for U.S. federal income tax purposes. Accordingly, the Company's taxable income or loss is allocated to its member. Therefore, no provision or liability for U.S. federal income taxes has been included in the accompanying financial statements. Instead, the member is liable for individual federal income taxes on its share of the Company's taxable income.

The Company reviews its filing positions for uncertain tax positions for all open tax years in all U.S. federal and state jurisdictions where the Company is required to file. The Company recognizes a liability for each uncertain tax position at the amount estimated to be required to settle the issue. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefit as a component of income tax expense. The Company did not recognize any liability related to uncertain tax positions at December 31, 2022 and 2021.

The Company may be subject to potential examination by U.S. federal or U.S. states in the area of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal and U.S. state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next 12 months. The Company is not currently under examination in any jurisdiction.

Generally, the Company is no longer subject to income tax examinations by major taxing authorities for years before 2019.

### *Fair Value Measurements*

ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. The fair value hierarchy is as follows:

*Level 1* - This level consists of quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to assess as of the measurement date.

*Level 2* - This level consists of significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be derived from or corroborated by observable market data or by correlation or other means.

*Level 3* - This level consists of significant unobservable inputs that are supported by little or no market activity and reflect management's best estimate of fair value from the perspective of a market participant.

The estimated fair values of the Company's short-term financial instruments, including receivables, prepaids and other current assets, accounts payable and accrued liabilities, arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the line of credit approximates its carrying amount as fair value is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. For liabilities such as long-term debt, carrying value approximates fair value at December 31, 2022, based on the instrument's variable interest rate, which is updated on quarterly basis.

### 3. Recent Accounting Pronouncements

#### *Recently Adopted Accounting Pronouncements*

In March 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-03, *Accounting Alternative for Evaluating Triggering Events*, and related amendments. The ASU provides an accounting alternative expected to reduce the complexity for private companies and not-for-profit organizations when performing the goodwill triggering event evaluation. Specifically, the ASU allows private companies and not-for-profit organizations to perform a goodwill triggering event assessment, and any resulting test for goodwill impairment, as of the end of the reporting period. It eliminates the requirement for companies and organizations that elect this alternative to perform this assessment during the reporting period, limiting it to the reporting date only. The scope of the proposed alternative is limited to goodwill that is tested for

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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impairment in accordance with Subtopic 350-20, *Intangibles—Goodwill and Other—Goodwill*. The Company adopted this ASU on a prospective basis in 2021. The adoption of this ASU did not have an impact on the Company's financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The ASU simplifies the measurement of goodwill impairment by eliminating the requirement that an entity compute the implied fair value of goodwill based on the fair values of its assets and liabilities to measure impairment. Instead, goodwill impairment will be measured as the difference between the fair value and the carrying value of the reporting unit. The ASU also clarifies the treatment of the income tax effect of tax-deductible goodwill when measuring goodwill impairment loss. The Company adopted this ASU on January 1, 2022. The adoption of this ASU did not have an impact on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize on the balance sheet a liability to make lease payments and a corresponding right-of-use asset. The guidance also requires certain qualitative and quantitative disclosures about the amount, timing and uncertainty of cash flows arising from leases. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the income statement. The FASB also has issued several amendments that clarify certain provisions and make improvements. The Company adopted this ASU on January 1, 2022, using the alternative transition method permitted under Topic 842. The adoption of this ASU resulted in \$47,564 in right-of-use assets and \$47,564 in lease liabilities being recorded in its financial statements.

In October 2021, the FASB issued ASU 2021-07, *Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards*, to address the concerns from stakeholders about the cost and complexity of determining the fair value of equity-classified share-based awards for private companies. It specifically permits private companies to use 409A valuations prepared under US Treasury regulations to estimate the fair value of certain awards. The Company adopted this ASU on January 1, 2022. The adoption of this ASU did not have an impact on the Company's financial statements.

### ***Standards Issued but Not Yet Effective***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The FASB has issued several amendments to the original standard. The standard changes the impairment model for most financial instruments. Current guidance requires the recognition of credit losses based on an incurred loss impairment methodology that reflects losses once the losses are probable. Under the new standard, the Company will be required to use a current expected credit loss model (CECL) that will immediately recognize an estimate of credit losses that are expected to occur over the life of the financial instruments that are in the scope of this update, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The new guidance is effective for fiscal years beginning after December 15, 2022, which is January 1, 2023, for the Company. The Company is currently evaluating the impact that the adoption of this ASU will have on its financial statements.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

### 4. Property and Equipment, Net

Property and equipment, net consist of the following:

<i>December 31,</i>	<b>2022</b>	<b>2021</b>
Leasehold improvements	\$ 87,166	\$ 80,225
Office furniture and equipment	355,633	333,481
Capitalized software	447,807	304,374
	<b>890,606</b>	<b>718,080</b>
Less: accumulated depreciation and amortization	<b>(498,402)</b>	<b>(288,300)</b>
	<b>\$ 392,204</b>	<b>\$ 429,780</b>

Depreciation and amortization expense was \$210,102 and \$87,979 for the years ended December 31, 2022 and 2021, respectively, with \$184,075 and \$51,689 included in depreciation and amortization expenses and \$26,027 and \$36,290 included in the marketing fund expenses in the accompanying statements of operations, respectively.

### 5. National Marketing Fund

In addition to the 5% royalty fee on a franchisee's gross sales, the Company's franchisees also pay a marketing fee of 2% of their gross sales, which is used for local, regional and national marketing and advertising of services offered by the franchisees and to increase brand awareness. The Company maintains the marketing funds collected in a separate bank account, which is used for specified purposes. This account is shown as restricted cash held for national marketing fund in the accompanying balance sheets and totaled \$390,290 and \$916,254 as of December 31, 2022 and 2021, respectively.

The Company records marketing contributions received in excess of expenditures as a liability. As of December 31, 2022 and 2021, this liability totaled \$0 and \$879,591, respectively.

### 6. Goodwill, Net

The Company amortizes the acquisition value of goodwill on a straight-line basis over ten years.

#### *December 31, 2022*

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Goodwill, Net	\$ 26,512,622	\$ 12,593,497	\$ 13,919,125

#### *December 31, 2021*

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Goodwill, Net	\$ 26,512,622	\$ 9,942,234	\$ 16,570,388

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

The change in the carrying amount of goodwill for the years ended December 31, 2022 and 2021, relates to amortization expense of \$2,651,263 and \$2,651,262 for the years ended December 31, 2022 and 2021, respectively, which is reflected in depreciation and amortization expenses in the accompanying statements of operations.

Total estimated amortization of goodwill for future years is as follows:

<i>Year ending December 31,</i>	
2023	\$ 2,651,262
2024	2,651,262
2025	2,651,262
2026	2,651,262
2027	2,651,262
Thereafter	662,815
<b>Total</b>	<b>\$ 13,919,125</b>

### 7. Intangible Assets, Net

#### *December 31, 2022*

	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Subject to Amortization</b>				
Developed technology	6	\$ 240,000	\$ 190,000	\$ 50,000
Trade name	11	25,000,000	10,795,454	14,204,546
Franchise agreements	11	27,000,000	11,659,091	15,340,909
		<b>\$ 52,240,000</b>	<b>\$ 22,644,545</b>	<b>\$ 29,595,455</b>

#### *December 31, 2021*

	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Subject to Amortization</b>				
Developed technology	6	\$ 240,000	\$ 150,000	\$ 90,000
Trade name	11	25,000,000	8,522,727	16,477,273
Franchise agreements	11	27,000,000	9,204,545	17,795,455
		<b>\$ 52,240,000</b>	<b>\$ 17,877,272</b>	<b>\$ 34,362,728</b>

Total amortization expense was \$4,767,273 and \$4,767,272 for the years ended December 31, 2022 and 2021, respectively, and is reflected in depreciation and amortization expenses in the accompanying statements of operations.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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The aggregate amortization for the next five years ending December 31 and thereafter is as follows:

<i>Year ending December 31,</i>	
2023	4,767,273
2024	4,737,273
2025	4,727,273
2026	4,727,273
2027	4,727,273
Thereafter	5,909,090
<b>Total</b>	<b>\$ 29,595,455</b>

### 8. Long-Term Debt and Revolving Line of Credit

On April 2, 2018, the Company entered into a senior secured credit facility in an aggregate principal amount of \$38,000,000, comprising a \$33,000,000 term loan and a \$5,000,000 revolving credit facility, of which the Company borrowed \$33,000,000 from the term loan and \$500,000 from the revolving credit facility. The net proceeds from this credit facility were used on April 2, 2018, to partially fund the Acquisition (see Note 1). On August 18, 2022, the Company amended the senior secured credit facility to extend the maturity date from April 2, 2024 to April 2, 2026. In conjunction with this amendment, the Company also paid down \$4,500,000 of the outstanding principal on the term loan and incurred an additional \$347,218 in debt issuance fees. This amendment did not result in a substantial change to the terms of the credit facility and was, therefore, treated as a modification with additional fees paid to creditors recorded in debt issuance fees and amortized using the effective interest rate of the modified credit facility.

After the amendment to the credit facility, the interest rate on the revolving loan and term loan under the credit facility is based on the Secured Overnight Financing Rate (SOFR) plus 5.75% per annum, or base rate (prime rate) plus 4.75% per annum. The interest rate as of December 31, 2022 and 2021, was 9.45% and 6.75%, respectively. The facility has a term of eight years, maturing on April 2, 2026. The facility is secured by substantially all the assets of the Company, is guaranteed by the Company's Parent and Synergy Acquisition LLC and would be guaranteed by future domestic subsidiaries of the Company, if any. Amounts under the revolving credit loan can be borrowed, repaid and re-borrowed from time to time.

The revolving loan has a commitment fee of 0.5% on the unused portion of the revolving loan. The term loan amortizes on a quarterly basis, beginning June 30, 2018, at \$82,500 per quarter, and is subject to an annual excess cash flow prepayment of initially 50% of the excess cash flow as defined in the credit agreement, as well as other customary mandatory prepayment provisions. Voluntary prepayments of the term loan (other than from internally generated cash) are subject to a prepayment premium of 2% in year one, 1% in year two and 0% thereafter. The facility is not subject to any conversion feature. In connection with the facility, the Company has agreed to maintain, and was in compliance with, certain financial and nonfinancial covenants.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

The outstanding balance of the credit facility consisted of the following:

	2022	2021
Term loan	\$ 26,735,971	\$ 31,235,971
Line of credit	-	-
<b>Total Debt Outstanding</b>	<b>26,735,971</b>	<b>31,235,971</b>
Less: unamortized deferred financing costs	(612,967)	(442,337)
<b>Total Debt, Net</b>	<b>26,123,004</b>	<b>30,793,634</b>
Less: current maturities of long-term debt	(133,471)	-
<b>Long-Term Debt, net of current maturities and deferred financing costs</b>	<b>\$ 25,989,533</b>	<b>\$ 30,793,634</b>

At December 31, 2022, the future principal maturities of the term loan outstanding are as follows:

*Year ending December 31,*

2023	133,471
2024	330,000
2025	330,000
2026	25,942,500
Less: unamortized deferred financing costs	(612,967)
<b>Total</b>	<b>\$ 26,123,004</b>

In 2018, the Company incurred \$1,048,146 of debt issuance fees, of which \$325,708 was unamortized as of August 18, 2022. The Company incurred an additional \$347,218 of debt issuance fees in conjunction with the amended to the credit agreement completed in 2022, resulting in combined debt issuance costs of \$672,926. The total amount of debt discount that was amortized and recognized as interest expense in the accompanying statements of operations was \$176,588 and \$173,662 for the years ended December 31, 2022 and 2021, respectively. Unamortized debt issuance costs are recorded as a reduction to the carrying value of the related debt in the accompanying balance sheets.

## 9. Member's Equity

### *Member Units*

At December 31, 2022 and 2021, the Company had 100,000 member units issued and outstanding pursuant to the purchase agreement from the Acquisition described in Note 1. Member unit holders have the right to one vote for each member unit held by such member under the Company's limited liability agreement. Distributions and profits and losses are allocated ratably among the member unit holders based on the number of units outstanding.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### ***Profit Interest Units***

The Parent issued 6,520 units to individuals that provide services to the Company. Class B unit holders shall have no right to vote and the terms and conditions may differ from grant to grant, as determined by the Parent's Board of Managers set forth in the Unit Award Agreement. The Parent's limited liability agreement provides for the grant of profit interest units whereby 6,520 and 6,520 Class B-1 and Class B-2 units have been reserved and 6,520 and 6,411 Class B-1 and Class B-2 units were issued and outstanding as of December 31, 2022 and 2021, respectively. There were 462 and 109 units canceled during the years ended December 31, 2022 and 2021, respectively.

For Class B-1 units (time-based units), these will vest over time based on a schedule included in the Unit Award Agreement as approved by the Board of Managers, and in the event of a qualified "change-of-control" transaction, all unvested units vest immediately.

For Class B-2 units (performance/market condition-based units), these will vest based on the terms of the Unit Award Agreement as approved by the Parent's Board of Managers, in the event of a qualified "change-of-control" transaction or if the following restriction has lapsed. If the Parent's ultimate Parent has received proceeds: (A) of at least 2.0 to 3.0 times the sponsor equity investment at such time and (B) that result in an annually compounded internal rate of return on the sponsor equity investment at such time of at least 15% to 25% per annum, the restriction shall lapse with respect to 33.3%, 66.3% and 100% of the Class B-2 units, as described in the Restricted Unit Award Agreement.

The Parent used the Monte Carlo-based option pricing model to determine the fair value of the Class B-1 and Class B-2 units. During the years ended December 31, 2022 and 2021, the Company recognized \$183,099 and \$204,639, respectively, in general and administrative expenses in the accompanying statements of operations.

The key assumptions used in applying the Monte Carlo option valuation model for units granted in 2022 were as follows:

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Strike price	\$1,000 - \$1,981
Expected life of Class B-1	3
Expected volatility rate	45%
Risk-free interest rate	2.89%

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In the future, management may elect to use different assumptions under the option-pricing model or a different valuation model, which could result in a significantly different impact on earnings.

### ***Time-Based Units***

The Class B-1 units shall vest over five years, using the straight-line method ratably over each month based on the grant date. All unvested Class B-1 units shall immediately vest (i) upon the consummation of a change of control, (ii) in the event that the Company terminates the relationship with the unit holder, or (iii) in the event that the participant terminates the relationship with the unit holder, as defined in the agreement. These Class B-1 units are classified as an equity instrument.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

A summary of changes in the Company’s nonvested time-based units is as follows:

	Class B-1 Units	Weighted Average Grant Date Fair Value
<b>Nonvested, December 31, 2020</b>	2,527	\$ 338.30
Granted	-	-
Vested	(489)	251.41
Forfeited	(55)	434.42
<b>Nonvested, December 31, 2021</b>	1,983	357.09
Granted	34	474.52
Vested	(845)	362.68
Forfeited	(177)	231.11
<b>Nonvested, December 31, 2022</b>	1,301	\$ 401.21

The remaining unrecognized compensation expense of approximately \$412,548 will be recorded over 2.84 years.

### ***Performance/Market Condition Units***

A percentage of Class B-2 units shall immediately vest if the Parent meets certain thresholds as defined in the agreement. These Class B-2 units are classified as an equity instrument.

A summary of changes in the Company’s non-vested performance/market condition units is as follows:

	Class B-2 Units	Weighted Average Grant Date Fair Value
<b>Nonvested, December 31, 2020</b>	3,260	\$ 192.39
Granted	-	-
Vested	-	-
Forfeited	(54)	324.49
<b>Nonvested, December 31, 2021</b>	3,206	190.15
Granted	340	323.21
Vested	-	-
Forfeited	(285)	198.43
<b>Nonvested, December 31, 2022</b>	3,261	\$ 203.28

The unrecognized compensation expense of approximately \$662,706 will be recognized upon a qualified “change-in-control” transaction for which the appropriate vesting thresholds have been attained.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### 10. Related-Party Transactions

Related-party transactions, except for the related-party lease described in Note 11, consist of the following items.

On April 2, 2018, the Company and the Parent entered into a management services agreement with NexPhase Capital, LP (NexPhase), which is related to the Parent's majority unit holder. The management services agreement provides that NexPhase will provide transaction advisory, financial advisory, management consulting and strategic planning services in exchange for an annual fee of \$150,000 payable in equal quarterly installments in advance on the first day of January, April, July and October of each year during the term. As described in the management services agreement, the Company recognized an expense of \$150,000 for each of the years ended December 31, 2022 and 2021, respectively, which is included in general and administrative expenses in the accompanying statements of operations.

On April 2, 2018, the Company and the Parent entered into a consulting agreement with a third party, who holds Class B-1 and Class B-2 units (see Note 9). The consulting agreement provides that the third party provides services to the Company in exchange for an annual fee of \$100,000 paid in equal installments on the first of every month. The Company recognized an expense of \$100,000 for each of the years ended December 31, 2022 and 2021, which is included in general and administrative expenses in the accompanying statements of operations.

### 11. Commitments and Contingencies

The Company is obligated under an operating lease for the rental of office space from a related party. This lease expires in April 2023 and provides for monthly rent of \$3,200. The lease agreement requires the Company to pay for common area maintenance.

In addition, prior to December 31, 2022, the Company entered into a new operating lease for rental of office space with a commencement date of March 1, 2023. The lease expires in June 2028 and provides for monthly rent of \$8,092 during the first year, with annual increases of 3% each year thereafter. The new lease also provides for abatement of monthly rent for the first four months of the lease.

Future rental commitments under the lease agreements are as follows:

*Years ending December 31,*

2023	\$	58,152
2024		99,532
2025		102,518
2026		105,593
2027		108,761
2028		55,739
<b>Total</b>	<b>\$</b>	<b>530,295</b>

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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Rent expense was \$38,400 for each of the years ended December 31, 2022 and 2021, and is included in general and administrative expenses in the accompanying statements of operations. As of December 31, 2022, the Company recorded right-of-use assets of \$9,578 related to its existing operating lease, which is included within other assets, long-term in the accompanying balance sheet. The Company also recorded corresponding lease liabilities of \$9,578 as of December 31, 2022, which is included within accrued expenses and other current liabilities in the accompanying balance sheet.

The Company is subject to certain proceedings and claims arising in the ordinary course of business. The Company records a liability and an expense in its financial statements for such matters when it is probable that a loss has been incurred and the amount can be reasonably estimated in accordance with the recognition criteria of ASC 450, *Contingencies*. Estimating liabilities and expenses associated with these matters requires the application of significant judgment and assessments based upon the professional knowledge and experience of management and its legal counsel. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

### 12. 401(k) Plan

The Company sponsors a 401(k) plan (the Plan) for the benefit of certain of its employees. The Plan covers substantially all full-time employees and provides for matching contributions made to the Plan by the Company under a safe harbor election. The Company made matching contributions of \$94,082 and \$67,202 to the Plan for the years ended December 31, 2022 and 2021, respectively, which are included in general and administrative expenses in the accompanying statements of operations.

### 13. Summary of Franchise Outlets

Following is a summary of changes in the number of franchise outlets:

#### *Franchised Outlets*

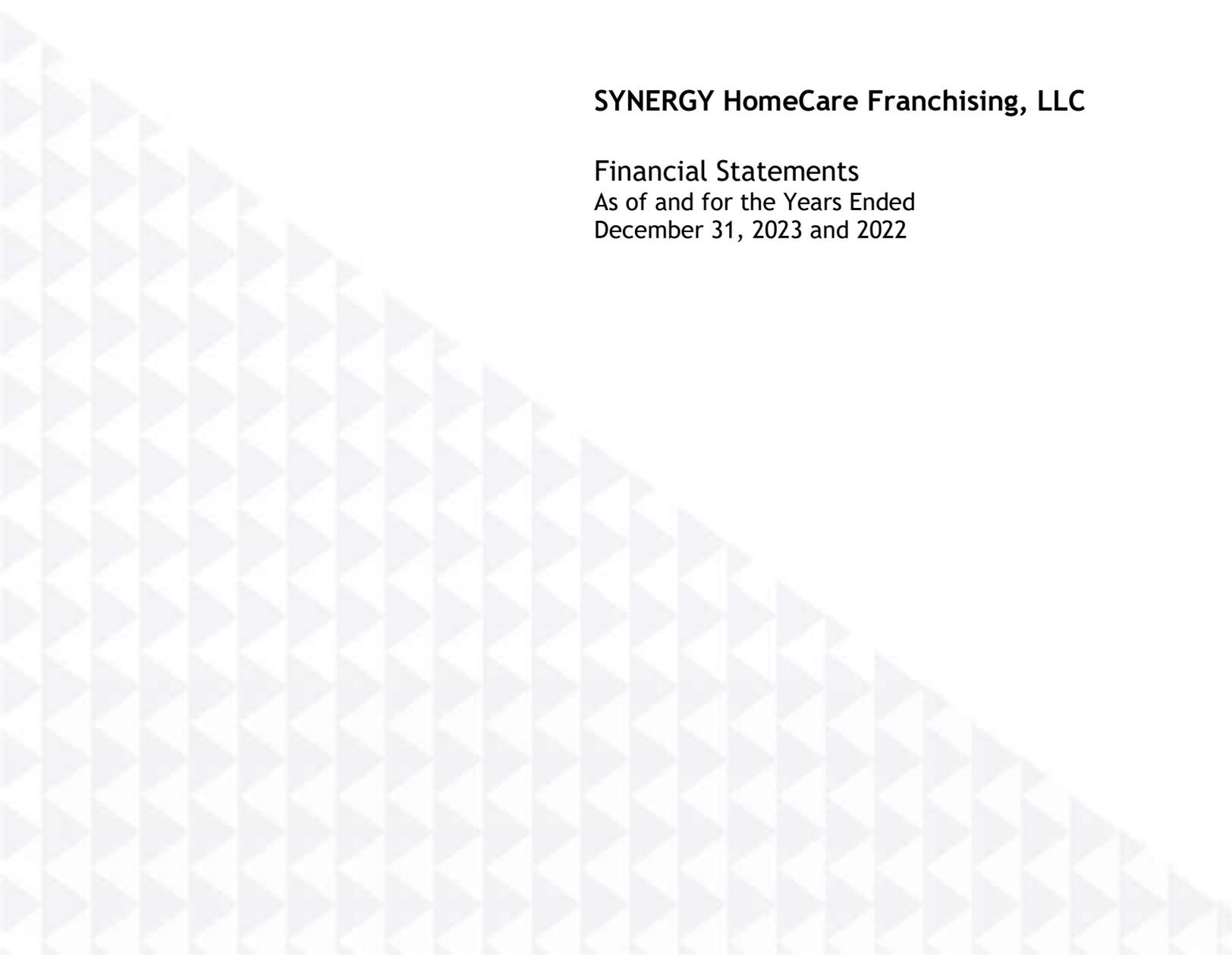
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Franchises in Operation, December 31, 2020	364
Opened during the year	52
Closed during the year	(10)
Franchises in Operation, December 31, 2021	406
Opened during the year	57
Closed during the year	(9)
Franchises in Operation, December 31, 2022	454

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### 14. Subsequent Events

The Company evaluated subsequent events through April 14, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.



# **SYNERGY HomeCare Franchising, LLC**

**Financial Statements**  
As of and for the Years Ended  
December 31, 2023 and 2022

# **SYNERGY HomeCare Franchising, LLC**

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## **Financial Statements**

As of and for the Years Ended December 31, 2023 and 2022

# SYNERGY HomeCare Franchising, LLC

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2555 E. Camelback Road, Suite 750  
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## **Independent Auditor's Report**

Board of Managers  
SYNERGY HomeCare Franchising, LLC  
Gilbert, Arizona

### ***Opinion***

We have audited the financial statements of SYNERGY HomeCare Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 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 USA, P.C.

March 29, 2024  
Phoenix, Arizona

## Financial Statements

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# SYNERGY HomeCare Franchising, LLC

## Balance Sheets

<i>December 31,</i>	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 7,478,008	\$ 5,304,040
Restricted cash held for national marketing fund	563,089	390,290
Franchise royalties and other fees receivable, net of allowance for credit losses	2,021,292	1,457,137
Prepaid expenses and other current assets	1,430,856	866,111
<b>Total Current Assets</b>	<b>11,493,245</b>	<b>8,017,578</b>
Property and Equipment, Net	755,254	392,204
Contract Assets	558,000	519,300
Goodwill, Net	11,267,864	13,919,125
Intangible Assets, Net	24,828,182	29,595,455
Right of Use Asset	395,138	-
Other Assets	161,868	259,578
<b>Total Assets</b>	<b>\$ 49,459,551</b>	<b>\$ 52,703,240</b>
<b>Liabilities and Member's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 130,989	\$ 72,793
Credit cards payable	2,330	156,971
Accrued expenses and other current liabilities	897,848	625,335
Contract liabilities, current portion	1,651,151	1,381,811
Current portion of long-term debt	-	133,471
Current portion of lease liability	82,859	-
<b>Total Current Liabilities</b>	<b>2,682,318</b>	<b>2,370,381</b>
Contract Liabilities, net of current portion	3,518,430	3,028,345
Lease Liability	345,085	-
Long-Term Debt, net of current portion and deferred financing costs	26,295,919	25,989,533
<b>Total Liabilities</b>	<b>32,924,611</b>	<b>31,388,259</b>
<b>Commitments and Contingencies</b>		
<b>Member's Equity</b>	<b>16,534,940</b>	<b>21,314,981</b>
<b>Total Liabilities and Member's Equity</b>	<b>\$ 49,459,551</b>	<b>\$ 52,703,240</b>

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Operations

<i>Years ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Royalty revenue	\$ 13,835,730	\$ 11,782,156
Marketing fund contributions	5,536,553	4,712,863
Initial franchise fees	1,833,060	1,489,673
Technology fees	913,655	782,617
Other	445,676	434,029
<b>Total Revenues</b>	<b>22,564,674</b>	<b>19,201,338</b>
<b>Cost of Revenues</b>		
Marketing fund expenses	5,323,568	4,649,153
Initial franchise contract costs	219,066	219,277
Technology costs	1,258,834	1,117,168
<b>Total Cost of Revenues</b>	<b>6,801,468</b>	<b>5,985,598</b>
<b>General and Administrative Expenses</b>	<b>7,804,140</b>	<b>6,350,106</b>
<b>Depreciation and Amortization Expenses</b>	<b>7,726,078</b>	<b>7,602,610</b>
<b>Income (Loss) from Operations</b>	<b>232,988</b>	<b>(736,976)</b>
<b>Interest Expense</b>	<b>3,194,412</b>	<b>2,548,074</b>
<b>Net Loss</b>	<b>\$ (2,961,424)</b>	<b>\$ (3,285,050)</b>

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Member's Equity

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	Total Member's Equity
<b>Balance, December 31, 2021</b>	\$ 26,034,447
Member tax distributions	(1,567,515)
Other member distributions	(50,000)
Unit-based compensation	183,099
Net loss	(3,285,050)
<b>Balance, December 31, 2022</b>	21,314,981
Member tax distributions	(2,002,211)
Unit-based compensation	183,594
Net loss	(2,961,424)
<b>Balance, December 31, 2023</b>	\$ 16,534,940

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Statements of Cash Flows

<i>Years ended December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (2,961,424)	\$ (3,285,050)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,726,078	7,628,638
Amortization of deferred financing costs	172,915	176,588
Unit-based compensation expense	183,594	183,099
Non-cash rent expense	88,090	-
Decrease (increase) in:		
Franchise royalties and other fees receivable	(564,155)	(513,481)
Prepaid expenses and other current assets	(476,613)	(300,857)
Contract assets	(38,700)	(123,374)
Increase (decrease) in:		
National marketing fund	-	(879,591)
Accounts payable	58,196	(162,562)
Credit cards payable	(154,641)	(96,964)
Accrued expenses	282,091	(58,654)
Lease liability	(55,284)	-
Contract liabilities	759,425	759,283
<b>Cash Flows Provided by Operating Activities</b>	<b>5,019,572</b>	<b>3,327,075</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(670,594)	(172,526)
Investment in notes receivable	-	(100,000)
<b>Cash Flows Used in Investing Activities</b>	<b>(670,594)</b>	<b>(272,526)</b>
<b>Cash Flows from Financing Activities</b>		
Payment of financing costs	-	(347,218)
Repayment of long-term debt	-	(4,500,000)
Distributions to member	(2,002,211)	(1,617,515)
<b>Cash Flows Used in Investing Activities</b>	<b>(2,002,211)</b>	<b>(6,464,733)</b>
<b>Net Increase (Decrease) in Cash and Restricted Cash</b>	<b>2,346,767</b>	<b>(3,410,184)</b>
<b>Cash and Restricted Cash, beginning</b>	<b>5,694,330</b>	<b>9,104,514</b>
<b>Cash and Restricted Cash, ending</b>	<b>\$ 8,041,097</b>	<b>\$ 5,694,330</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest	\$ 3,029,359	\$ 2,371,486
Cash paid for taxes	78,592	29,130
<b>Non-Cash Investing Activities</b>		
Property and equipment in accounts payable	\$ 8,053	\$ 11,123
Forgiveness of notes receivable	50,000	50,000
Lease liabilities arising from obtaining right-of-use assets	460,400	47,564

*See accompanying notes to financial statements.*

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### 1. Nature of Business

#### *Nature of Business*

SYNERGY HomeCare Franchising, LLC (the Company) was organized as an Arizona limited liability company on December 19, 2003, under the name AZHC Franchising, LLC for the purpose of franchising under the trade name “SYNERGY HomeCare.” The Company changed its name to SYNERGY HomeCare Franchising, LLC on December 16, 2004.

On April 2, 2018, the Company was acquired (the Acquisition) by Synergy Acquisition LLC, a Delaware limited liability company. Synergy Acquisition LLC is a wholly owned subsidiary of Synergy HomeCare Holdings, LLC, which is now the ultimate parent (the Parent) of the Company. The Acquisition was funded through a combination of equity contributed by Parent, issuance of equity to the seller and borrowings by the Company. The Parent has no significant operations, and its assets principally are comprised of its investment in the Company.

The Company’s franchises currently offer nonmedical in-home personal assistance, such as in-home personal care and companionship, childcare, meal preparation, medical reminders, medical and social appointment scheduling and management, organization and bill-paying assistance, housecleaning services and light home maintenance to seniors and others who need help with daily living activities. The Company sells its franchises throughout the United States of America. The franchising of nonmedical in-home personal assistance is regulated by the Federal Trade Commission and various state authorities.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which is based on the accrual method of accounting.

#### *Concentrations of Credit Risk*

The Company maintains bank accounts with a banking institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Such deposits regularly exceed the FDIC insured limit of \$250,000 for each account. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. As of December 31, 2023 and 2022, there were no losses incurred with respect to excess amounts over the FDIC insured limits.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas that include significant estimates made by management include, but are not limited to, estimated useful lives and carrying value of long-lived and intangible assets (including goodwill); expected contractual term for contracts with customers; and the assumptions used in determining the fair value of unit-based compensation. Actual results could differ from those estimates.

### *Restricted Cash Held for National Marketing Fund*

Restricted cash is related to cash that franchisees contribute to the Company's national marketing fund. Cash contributed by franchisees to the national marketing fund is to be used in accordance with the Franchise Agreement for local, regional and national marketing and advertising of services offered by the franchisees and to increase brand awareness. As such, the restricted cash is required to be set aside and is not available for the Company's general business use.

<i>December 31,</i>		<b>2023</b>		<b>2022</b>
Cash	\$	<b>7,478,008</b>	\$	5,304,040
Restricted cash		<b>563,089</b>		390,290
<b>Total Cash and Restricted Cash,</b> as shown in the statements of cash flows	\$	<b>8,041,097</b>	\$	<b>5,694,330</b>

### *Franchise Royalties and Other Fees Receivable*

As a condition of the franchise, franchisees are required to make weekly payments for royalties generally representing 5% of a franchisee's gross sales, plus 2% of a franchisee's gross sales for marketing fund contributions, along with weekly technology fees. These receivables are carried at the original invoice amount less an estimate for credit losses, which is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The Company determined no allowance for credit losses was necessary at December 31, 2023 or 2022.

A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Receivables are written off when deemed uncollectible after management performs an evaluation of the franchisee's credit and specific circumstances. The Company normally does not charge interest on its receivables.

### *Contract Assets*

Contract assets represent commissions and fees that are direct and incremental to the sale of a franchise license. These costs are recognized as an expense in initial franchise contract costs in the accompanying statements of operations over the term of the related franchise agreement, which currently is five years.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### ***Property and Equipment***

Equipment and leasehold improvements are recorded at cost. Equipment is depreciated over the asset's estimated useful life using the straight-line method. Leasehold improvements are amortized over the estimated useful life of the asset or term of the lease, whichever is shorter, using the straight-line method.

The estimated useful lives of the respective assets are as follows:

	Years
Leasehold improvements	5
Office furniture and equipment	3-5
Capitalized software	3

Maintenance and repairs are charged to expense as incurred. Renewals and improvements of a major nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in income.

### ***Goodwill***

The Company accounts for acquisitions under the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) 805, *Business Combinations*. Identifiable intangible assets that are separable from goodwill and have determinable useful lives are valued separately and amortized over their estimated useful lives.

Goodwill represents the excess of cost over the net assets for an acquired business. The Company amortizes goodwill on a straight-line basis over a ten-year period. Also, the Company tests goodwill for impairment only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount. As of December 31, 2023 and 2022, the Company determined that there was no indicators of impairment of goodwill.

### ***Intangible Assets and Long-Lived Assets***

The Company's identifiable intangible assets consist of trade names, franchise agreements and developed technology. The identifiable intangible assets and other long-lived assets are reviewed for impairment whenever events and circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted operating cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. As of December 31, 2023 and 2022, the Company determined that there was no indicators of impairment of intangible assets.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### ***Contract Liabilities***

Amounts received prior to satisfying the revenue recognition criteria are recorded as contract liabilities in the accompanying balance sheets, except for marketing fund contributions received in excess of expenditures, which are presented separately as national marketing fund within current liabilities in the accompanying balance sheets. Amounts not expected to be recognized within the next 12 months are classified as non-current contract liabilities. During the year ended December 31, 2023, the Company recognized \$1,668,861 of revenue that was included in the contract liability balance as of January 1, 2023. During the year ended December 31, 2022, the Company recognized \$1,151,903 of revenue that was included in the contract liability balance as of January 1, 2022.

### ***Deferred Financing Costs***

The Company recorded debt issuance costs as a debt discount as it was associated with the issuance of long-term debt and a revolving line of credit. The Company amortizes these costs using the effective interest method over the term of the debt agreement.

### ***Revenue Recognition***

The Company follows a five-step model in determining the timing and recognition of revenue based on the following: (1) Company has entered into a binding agreement; (2) performance obligations have been identified; (3) transaction price to the customer has been determined; (4) transaction price has been allocated to the performance obligations in the contract; and (5) performance obligations have been satisfied.

The Company recognizes marketing fees under franchise agreements as marketing fund contributions. The Company's franchise agreement outlines the rights and responsibilities of the Company and its franchisees and requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee. The Company determined it has a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such, are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) marketing fees; and (d) technology fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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The Company recognizes the primary components of the transaction price as follows:

### *Initial Franchise Fees*

The Company generally requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term life of five years. In some instances, the Company will extend payment terms for a portion of the initial franchise fee, but in all cases the period of payment is less than a year. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff and ongoing operations support. The Company provides no significant financing component to franchisees and offers no guarantees on their behalf.

### *Royalties and Marketing Fund Contributions*

Royalties and franchisee contributions to the marketing fund are calculated as a percentage of franchisee sales (generally, 5% and 2%, respectively) over the term of the franchise agreement and recorded on a weekly basis. Royalties and marketing fund contributions represent sales-based fees that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee-level sales occur. Royalties are collected weekly, approximately 10 days after each sales period has ended, and are reflected in royalty revenue in the accompanying statements of operations. Marketing fees are reflected in marketing fund contributions in the accompanying statements of operations.

### *Technology fees*

Technology fees for use of software and information technology support, as outlined in the franchise agreement, are charged on a weekly basis to the franchisee and reflected in technology fees in the accompanying statements of operations.

### *Other*

Other revenues are comprised primarily of agreements with suppliers that entitle the Company to receive rebates for use of products by the Company's franchisees. Rebates are recognized as revenue when earned and are included in other in the accompanying statements of operations.

### *Advertising Costs*

The Company expenses the cost of advertising as incurred. Marketing fund expenses in the accompanying statements of operations includes \$2,960,706 and \$3,678,676 of advertising costs for the years ended December 31, 2023 and 2022, respectively.

### *Unit-Based Compensation*

On April 2, 2018, the Parent's limited liability agreement granted Class B-1 and Class B-2 profit interest units to certain individuals that provide services to the Company. The Parent utilizes a Monte-Carlo simulation-based approach option-pricing model to estimate the fair value of the unit-based compensation at the date of grant. The Company recognizes compensation expense based on the grant-date fair value of each award in accordance with the guidance contained in ASC 718, *Compensation—Stock Compensation*. The value of the portion of the award that is ultimately

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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expected to vest is recognized as expense over the requisite service period on a straight-line basis. Forfeitures are recorded as they occur. There were approximately \$0 and \$4,710 of forfeitures recorded in 2023 and 2022, respectively.

The option-pricing model requires the use of accounting judgment and financial estimates, including the current price of the underlying unit, the estimates of the expected term that unit holders will retain their vested units before exercising them, the estimated volatility of the Company's fair market price over the expected term, expected dividend yield (which is zero as no dividends are currently being paid on the Class B units), and the risk-free interest rate based on the U.S. Treasury yield curve, as inputs, to create multiple scenarios of possible outcomes. The unit's market price will then be discounted to reflect a lack of marketability for the Parent Company's units. The determination of an appropriate discount for lack of marketability is based on a review of studies on discounts on the sale of shares of privately held companies and a multi-period put-based quantitative method.

### *Income Taxes*

The Company is a limited liability company, and as such, the Company is not a tax-paying entity for U.S. federal income tax purposes. Accordingly, the Company's taxable income or loss is allocated to its member. Therefore, no provision or liability for U.S. federal income taxes has been included in the accompanying financial statements. Instead, the member is liable for individual federal income taxes on its share of the Company's taxable income.

The Company reviews its filing positions for uncertain tax positions for all open tax years in all U.S. federal and state jurisdictions where the Company is required to file. The Company recognizes a liability for each uncertain tax position at the amount estimated to be required to settle the issue. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefit as a component of income tax expense. The Company did not recognize any liability related to uncertain tax positions at December 31, 2023 and 2022.

The Company may be subject to potential examination by U.S. federal or U.S. states in the area of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal and U.S. state tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next 12 months. The Company is not currently under examination in any jurisdiction.

Generally, the Company is no longer subject to income tax examinations by major taxing authorities for years before 2020.

### *Fair Value Measurements*

ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. The fair value hierarchy is as follows:

*Level 1* - This level consists of quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company has the ability to assess as of the measurement date.

*Level 2* - This level consists of significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be derived from or corroborated by observable market data or by correlation or other means.

*Level 3* - This level consists of significant unobservable inputs that are supported by little or no market activity and reflect management's best estimate of fair value from the perspective of a market participant.

The estimated fair values of the Company's short-term financial instruments, including receivables, prepaids and other current assets, accounts payable and accrued liabilities, arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization. The fair value of the line of credit approximates its carrying amount as fair value is estimated based on current rates offered to the Company for similar debt of the same remaining maturities. For liabilities such as long-term debt, carrying value approximates fair value at December 31, 2023, based on the instrument's variable interest rate, which is updated on quarterly basis.

### ***Recently Adopted Accounting Pronouncements***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The FASB has issued several amendments to the original standard. The standard changes the impairment model for most financial instruments. Current guidance requires the recognition of credit losses based on an incurred loss impairment methodology that reflects losses once the losses are probable. Under the new standard, the Company will be required to use a current expected credit loss model (CECL) that will immediately recognize an estimate of credit losses that are expected to occur over the life of the financial instruments that are in the scope of this update, including trade receivables. The CECL model uses a broader range of reasonable and supportable information in the development of credit loss estimates. The new guidance is effective for fiscal years beginning after December 15, 2022, which is January 1, 2023, for the Company. The

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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Company adopted this ASU on January 1, 2023. The adoption of this ASU did not have a material impact on the Company's financial statements.

### 3. Property and Equipment, Net

Property and equipment, net consist of the following:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
Leasehold improvements	\$ 105,336	\$ 87,166
Office furniture and equipment	450,176	355,633
Capitalized software	857,738	447,807
	<b>1,413,250</b>	<b>890,606</b>
Less: accumulated depreciation and amortization	<b>(657,996)</b>	<b>(498,402)</b>
	<b>\$ 755,254</b>	<b>\$ 392,204</b>

Depreciation and amortization expense was \$312,432 and \$210,102 for the years ended December 31, 2023 and 2022, respectively, with \$307,544 and \$184,075 included in depreciation and amortization expenses and \$4,888 and \$26,027 included in the marketing fund expenses in the accompanying statements of operations, respectively.

### 4. National Marketing Fund

In addition to the 5% royalty fee on a franchisee's gross sales, the Company's franchisees also pay a marketing fee of 2% of their gross sales, which is used for local, regional and national marketing and advertising of services offered by the franchisees and to increase brand awareness. The Company maintains the marketing funds collected in a separate bank account, which is used for specified purposes. This account is shown as restricted cash held for national marketing fund in the accompanying balance sheets and totaled \$563,089 and \$390,290 as of December 31, 2023 and 2022, respectively.

The Company records marketing contributions received in excess of expenditures as a liability. As of December 31, 2023 and 2022, this liability totaled \$0 and \$0, respectively.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

### 5. Goodwill, Net

The Company amortizes the acquisition value of goodwill on a straight-line basis over ten years.

#### *December 31, 2023*

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Goodwill, Net	\$ 26,512,622	\$ 15,244,758	\$ 11,267,864

#### *December 31, 2022*

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Goodwill, Net	\$ 26,512,622	\$ 12,593,497	\$ 13,919,125

The change in the carrying amount of goodwill for the years ended December 31, 2023 and 2022, relates to amortization expense of \$2,651,263 and \$2,651,262 for the years ended December 31, 2023 and 2022, respectively, which is reflected in depreciation and amortization expenses in the accompanying statements of operations.

Total estimated amortization of goodwill for future years is as follows:

#### *Year ending December 31,*

2024	2,651,262
2025	2,651,262
2026	2,651,262
2027	2,651,262
Thereafter	662,816
<b>Total</b>	<b>\$ 11,267,864</b>

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

### 6. Intangible Assets, Net

*December 31, 2023*

	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Subject to Amortization</b>				
Developed technology	6	\$ 240,000	\$ 230,000	\$ 10,000
Trade name	11	25,000,000	13,068,182	11,931,818
Franchise agreements	11	27,000,000	14,113,636	12,886,364
		\$ 52,240,000	\$ 27,411,818	\$ 24,828,182

*December 31, 2022*

	Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
<b>Subject to Amortization</b>				
Developed technology	6	\$ 240,000	\$ 190,000	\$ 50,000
Trade name	11	25,000,000	10,795,454	14,204,546
Franchise agreements	11	27,000,000	11,659,091	15,340,909
		\$ 52,240,000	\$ 22,644,545	\$ 29,595,455

Total amortization expense was \$4,767,273 and \$4,767,273 for the years ended December 31, 2023 and 2022, respectively, and is reflected in depreciation and amortization expenses in the accompanying statements of operations.

The aggregate amortization for the next five years ending December 31 and thereafter is as follows:

*Year ending December 31,*

2024	4,737,273
2025	4,727,273
2026	4,727,273
2027	4,727,273
Thereafter	5,909,090
<b>Total</b>	<b>\$ 24,828,182</b>

### 7. Long-Term Debt and Revolving Line of Credit

On April 2, 2018, the Company entered into a senior secured credit facility in an aggregate principal amount of \$38,000,000, comprising a \$33,000,000 term loan and a \$5,000,000 revolving credit facility, of which the Company borrowed \$33,000,000 from the term loan and \$500,000 from the revolving credit facility. The net proceeds from this credit facility were used on April 2, 2018, to partially fund the Acquisition (see Note 1). On August 18, 2022, the Company amended the senior secured credit facility to extend the maturity date from April 2, 2024 to April 2, 2026. In conjunction with this amendment, the Company also paid down \$4,500,000 of the outstanding principal on the

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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term loan and incurred an additional \$347,218 in debt issuance fees. This amendment did not result in a substantial change to the terms of the credit facility and was, therefore, treated as a modification with additional fees paid to creditors recorded in debt issuance fees and amortized using the effective interest rate of the modified credit facility.

After the amendment to the credit facility, the interest rate on the revolving loan and term loan under the credit facility is based on the Secured Overnight Financing Rate (SOFR) plus 5.75% per annum, or base rate (prime rate) plus 4.75% per annum. The interest rate as of December 31, 2023 and 2022, was 11.29% and 9.45%, respectively. The facility has a term of eight years, maturing on April 2, 2026. The facility is secured by substantially all the assets of the Company, is guaranteed by the Company's Parent and Synergy Acquisition LLC and would be guaranteed by future domestic subsidiaries of the Company, if any. Amounts under the revolving credit loan can be borrowed, repaid and re-borrowed from time to time.

The revolving loan has a commitment fee of 0.5% on the unused portion of the revolving loan. The term loan amortizes on a quarterly basis, beginning June 30, 2018, at \$82,500 per quarter, and is subject to an annual excess cash flow prepayment of initially 50% of the excess cash flow as defined in the credit agreement, as well as other customary mandatory prepayment provisions. Voluntary prepayments of the term loan (other than from internally generated cash) are subject to a prepayment premium of 2% in year one, 1% in year two and 0% thereafter. The facility is not subject to any conversion feature. In connection with the facility, the Company has agreed to maintain, and was in compliance with, certain financial and nonfinancial covenants.

The outstanding balance of the credit facility consisted of the following:

	2023	2022
Term loan	\$ 26,735,971	\$ 26,735,971
Line of credit	-	-
<b>Total Debt Outstanding</b>	<b>26,735,971</b>	<b>26,735,971</b>
Less: unamortized deferred financing costs	(440,052)	(612,967)
<b>Total Debt, Net</b>	<b>26,295,919</b>	<b>26,123,004</b>
Less: current maturities of long-term debt	-	(133,471)
<b>Long-Term Debt, net of current maturities and deferred financing costs</b>	<b>\$ 26,295,919</b>	<b>\$ 25,989,533</b>

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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At December 31, 2023, the future principal maturities of the term loan outstanding are as follows:

*Year ending December 31,*

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2024	-
2025	-
2026	26,735,971
Less: unamortized deferred financing costs	(440,052)
<b>Total</b>	<b>\$ 26,295,919</b>

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In 2018, the Company incurred \$1,048,146 of debt issuance fees, of which \$325,708 was unamortized as of August 18, 2022. The Company incurred an additional \$347,218 of debt issuance fees in conjunction with the amended to the credit agreement completed in 2022, resulting in combined debt issuance costs of \$672,926. The total amount of debt discount that was amortized and recognized as interest expense in the accompanying statements of operations was \$172,915 and \$176,588 for the years ended December 31, 2023 and 2022, respectively. Unamortized debt issuance costs are recorded as a reduction to the carrying value of the related debt in the accompanying balance sheets.

### 8. Member's Equity

#### *Member Units*

At December 31, 2023 and 2022, the Company had 100,000 member units issued and outstanding pursuant to the purchase agreement from the Acquisition described in Note 1. Member unit holders have the right to one vote for each member unit held by such member under the Company's limited liability agreement. Distributions and profits and losses are allocated ratably among the member unit holders based on the number of units outstanding.

#### *Profit Interest Units*

The Parent issued 6,520 units to individuals that provide services to the Company. Class B unit holders shall have no right to vote and the terms and conditions may differ from grant to grant, as determined by the Parent's Board of Managers set forth in the Unit Award Agreement. The Parent's limited liability agreement provides for the grant of profit interest units whereby 6,520 and 6,520 Class B-1 and Class B-2 units have been reserved and 6,520 and 6,411 Class B-1 and Class B-2 units were issued and outstanding as of December 31, 2023 and 2022, respectively. There were 0 and 462 units canceled during the years ended December 31, 2023 and 2022, respectively.

For Class B-1 units (time-based units), these will vest over time based on a schedule included in the Unit Award Agreement as approved by the Board of Managers, and in the event of a qualified "change-of-control" transaction, all unvested units vest immediately.

For Class B-2 units (performance/market condition-based units), these will vest based on the terms of the Unit Award Agreement as approved by the Parent's Board of Managers, in the event of a qualified "change-of-control" transaction or if the following restriction has lapsed. If the Parent's ultimate Parent has received proceeds: (A) of at least 2.0 to 3.0 times the sponsor equity investment at such time and (B) that result in an annually compounded internal rate of return on the sponsor

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

equity investment at such time of at least 15% per annum, the restriction shall lapse with respect to 33.3%, 66.3% and 100% of the Class B-2 units, as described in the Restricted Unit Award Agreement.

The Parent used the Monte Carlo-based option pricing model to determine the fair value of the Class B-1 and Class B-2 units. During the years ended December 31, 2023 and 2022, the Company recognized \$183,594 and \$183,099, respectively, in general and administrative expenses in the accompanying statements of operations.

The key assumptions used in applying the Monte Carlo option valuation model for units granted in 2022 were as follows:

Strike price	\$1,000 - \$1,981
Expected life of Class B-1	3
Expected volatility rate	45%
Risk-free interest rate	2.89%

As there were no new units issued in 2023, there was no new valuation completed in 2023.

In the future, management may elect to use different assumptions under the option-pricing model or a different valuation model, which could result in a significantly different impact on earnings.

### *Time-Based Units*

The Class B-1 units shall vest over five years, using the straight-line method ratably over each month based on the grant date. All unvested Class B-1 units shall immediately vest (i) upon the consummation of a change of control, (ii) in the event that the Company terminates the relationship with the unit holder, or (iii) in the event that the participant terminates the relationship with the unit holder, as defined in the agreement. These Class B-1 units are classified as an equity instrument.

A summary of changes in the Company's nonvested time-based units is as follows:

	Class B-1 Units	Weighted Average Grant Date Fair Value
<b>Nonvested, December 31, 2021</b>	1,983	\$ 357.09
Granted	340	474.52
Vested	(845)	362.68
Forfeited	(177)	231.11
<b>Nonvested, December 31, 2022</b>	1,301	401.21
Granted	-	-
Vested	475	359.21
Forfeited	-	-
<b>Nonvested, December 31, 2023</b>	826	\$ 425.38

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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The remaining unrecognized compensation expense of approximately \$228,954 will be recorded over 1.94 years.

### *Performance/Market Condition Units*

A percentage of Class B-2 units shall immediately vest if the Parent meets certain thresholds as defined in the agreement. These Class B-2 units are classified as an equity instrument.

A summary of changes in the Company's non-vested performance/market condition units is as follows:

	Class B-2 Units	Weighted Average Grant Date Fair Value
<b>Nonvested, December 31, 2021</b>	3,206	\$ 190.15
Granted	340	323.21
Vested	-	-
Forfeited	(285)	198.43
<b>Nonvested, December 31, 2022</b>	3,261	203.28
Granted	-	-
Vested	-	-
Forfeited	-	-
<b>Nonvested, December 31, 2023</b>	3,261	\$ 203.28

The unrecognized compensation expense of approximately \$662,706 will be recognized upon a qualified "change-in-control" transaction for which the appropriate vesting thresholds have been attained.

## 9. Related-Party Transactions

Related-party transactions, except for the related-party lease described in Note 11, consist of the following items.

On April 2, 2018, the Company and the Parent entered into a management services agreement with NexPhase Capital, LP (NexPhase), which is related to the Parent's majority unit holder. The management services agreement provides that NexPhase will provide transaction advisory, financial advisory, management consulting and strategic planning services in exchange for an annual fee of \$150,000 payable in equal quarterly installments in advance on the first day of January, April, July and October of each year during the term. As described in the management services agreement, the Company recognized an expense of \$150,000 for each of the years ended December 31, 2023 and 2022, respectively, which is included in general and administrative expenses in the accompanying statements of operations.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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On April 2, 2018, the Company and the Parent entered into a consulting agreement with a third party, who holds Class B-1 and Class B-2 units (see Note 9). The consulting agreement provides that the third party provides services to the Company in exchange for an annual fee of \$100,000 paid in equal installments on the first of every month. The Company recognized an expense of \$100,000 for each of the years ended December 31, 2023 and 2022, which is included in general and administrative expenses in the accompanying statements of operations.

### 10. Leases

The Company adopted ASC 842, Leases on January 1, 2022, using the modified retrospective transition method and used the effective date as the date of initial application. The adoption did not result in any cumulative-effect adjustment to the opening balance of accumulated deficit.

The Company determines if a contract contains a lease at inception of the arrangement based on whether it has the right to obtain substantially all economic benefits from the use of an identified asset and whether it has the right to direct the use of an identified asset in exchange for consideration, which relates to an asset which the Company does not own. Right of use (ROU) assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate (IBR), because the interest rate implicit in most of the Company's leases is not readily determinable. The IBR is a hypothetical rate based on the Company's understanding of what its credit rating would be to borrow and resulting interest the Company would pay to borrow an amount equal to the lease payments in a similar economic environment over the lease term on a collateralized basis. Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the Company's lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

The Company's leases primarily include corporate offices. The lease terms for the current lease is 5 years. Leases may include one or more renewal or termination options. These options are not included in our determination of the lease term at commencement unless it is reasonably certain the Company will exercise the option.

Operating leases are included in ROU Asset - operating and Lease liabilities operating (current and long-term) on the Company's balance sheet. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term.

During 2023, the Company was obligated under an operating lease for the rental of office space from a related party. This lease expired in April 2023 and provided for monthly rent of \$3,200. The lease agreement required the Company to pay for common area maintenance.

In addition, prior to December 31, 2022, the Company entered into a new operating lease for rental of office space with a commencement date of March 1, 2023. The lease expires in June 2028 and provides for monthly rent of \$8,092 during the first year, with annual increases of 3% each year

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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thereafter. The new lease also provides for abatement of monthly rent for the first four months of the lease.

The components of lease expense were as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Lease cost</b>		
Operating lease cost	92,075	38,400
<b>Total lease cost</b>	<b>\$ 92,075</b>	<b>\$ 38,400</b>

Supplemental cash flow information related to leases was as follows:

<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Other information</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	58,152	38,400
ROU Assets obtained in exchange for lease obligations:		
Lease liabilities - Operating	460,400	47,564
<i>December 31,</i>	<b>2023</b>	<b>2022</b>
<b>Other information</b>		
Weighted-average remaining lease term:		
Operating leases	5 years	5 years
Weighted-average discount rate:		
Operating leases	4.27%	1.37%

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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Future maturities of operating and financing lease liabilities are as follows:

	Operating Leases
2024	\$ 99,532
2025	102,518
2026	105,593
2027	108,761
2028	55,739
Thereafter	-
Total undiscounted lease payments	472,143
Less: imputed interest	(44,199)
<b>Total Lease liabilities</b>	<b>\$ 427,944</b>
Long-term Lease liabilities	\$ 345,085
Short-term Lease liabilities	82,859

### 11. Commitments and Contingencies

The Company is subject to certain proceedings and claims arising in the ordinary course of business. The Company records a liability and an expense in its financial statements for such matters when it is probable that a loss has been incurred and the amount can be reasonably estimated in accordance with the recognition criteria of ASC 450, *Contingencies*. Estimating liabilities and expenses associated with these matters requires the application of significant judgment and assessments based upon the professional knowledge and experience of management and its legal counsel. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

### 12. 401(k) Plan

The Company sponsors a 401(k) plan (the Plan) for the benefit of certain of its employees. The Plan covers substantially all full-time employees and provides for matching contributions made to the Plan by the Company under a safe harbor election. The Company made matching contributions of \$120,057 and \$94,082 to the Plan for the years ended December 31, 2023 and 2022, respectively, which are included in general and administrative expenses in the accompanying statements of operations.

# SYNERGY HomeCare Franchising, LLC

## Notes to Financial Statements

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### 13. Summary of Franchise Outlets

Following is a summary of changes in the number of franchise outlets:

#### *Franchised Outlets*

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<b>Franchises in Operation, December 31, 2021</b>	406
Opened during the year	57
Closed during the year	(9)
<hr/>	
<b>Franchises in Operation, December 31, 2022</b>	454
Opened during the year	65
Closed during the year	(20)
<hr/>	
<b>Franchises in Operation, December 31, 2023</b>	499

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### 14. Subsequent Events

The Company evaluated subsequent events through March 29, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.



## **EXHIBIT F**

# **LIST OF FORMER FRANCHISEES**

## EXHIBIT F TO THE DISCLOSURE DOCUMENT

### LIST OF FORMER AND TRANSFERRED FRANCHISEES

Except for the following, there are no franchisees who have had a unit terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, who have not communicated with us within 10 weeks of the application date, or who have transferred their business.

Full Name	City, State	Contact Information
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#### **California**

<a href="#">Jon Noceda</a>	<a href="#">3200 4th Avenue, Suite 205, San Diego, CA 92103</a>	<a href="#">951-473-4856</a>
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[\(2 units transferred\)](#)

<a href="#">Ravi &amp; Sonia Sandhu</a>	<a href="#">2595 E Perrin Ave, Suite 103, Fresno, CA 93720</a>	<a href="#">559-351-3415</a>
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[\(1 unit transferred\)](#)

<del>Amos Young</del>	<del>9200 Milliken Ave., #12318, Rancho Cucamonga, CA 91730</del>	<del>909-312-2401</del>
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~~(1 unit terminated)~~

#### **Florida**

<a href="#">Kathryn Segura</a>	<a href="#">4360 Northlake Blvd, Ste 213,</a>	<a href="#">404-769-4130</a>
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<a href="#">&amp; Eric Markowitz</a>	<a href="#">Palm Beach Gardens, FL 33410</a>	
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[\(1 unit transferred\)](#)

<a href="#">Kimberly Aybar</a>	<a href="#">1200 N Central Ave, Suite 211, Kissimmee, FL 34741</a>	<a href="#">305-801-5785</a>
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[\(1 unit terminated\)](#)

#### **Illinois**

<a href="#">Nick Preys</a>	<a href="#">1515 N Harlem Ave, Suite #307-2, Oak Park, IL 60302</a>	<a href="#">630-926-9614</a>
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[\(1 unit transferred\)](#)

<a href="#">Frank Shannon</a>	<a href="#">1802 W Berteau Ave, Suite 202, Chicago, IL 60613</a>	<a href="#">630-802-7556</a>
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[\(2 units transferred\)](#)

<del>Kevin Little</del>	<del>15127 South 73<sup>rd</sup> Ave., Suite H2, Orland Park, IL 60462</del>	<del>708-247-9056</del>
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~~(1 unit ceased operations)~~

<del>Kishor &amp; Lalaine Thope</del>	<del>501 Trefoil, Savoy, IL 61874</del>	<del>217-419-3747</del>
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~~(1 unit transferred)~~

#### **Indiana**

<a href="#">Mark Piegza &amp; Bob Risk</a>	<a href="#">Carmel, IN</a>	<a href="#">317-989-2419</a>
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[\(2 unit ceased operations – Mr. Piegza & Mr. Risk instead chose to open in Tennessee\)](#)

#### **Missouri**

<del>Matt Kraus</del>	<del>7324 N. University Ave., Peoria, IL 61614</del>	<del>309-222-8656</del>
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~~(4 units transferred)~~

#### **Maryland**

<a href="#">Edward Nwaze</a>	<a href="#">5850 Waterloo Road, Suite 184, Columbia, MD 21045</a>	<a href="#">240-775-4706</a>
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[\(2 units terminated\)](#)

<a href="#">Samson Wakjira</a>	<a href="#">Clarksville, MD</a>	<a href="#">240-355-3005</a>
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[\(1 unit terminated\)](#)

<del>Francis McAndrews</del>	<del>420 Chinquapin Round Rd., Ste. I, Annapolis, MD 21401</del>	<del>410-263-4050</del>
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~~(1 unit transferred)~~

~~Massachusetts~~Michigan

Nicole Greer 213 Marshall Street, Jackson, MI 49202 517-795-6923

~~(1 unit ceased operations)~~

~~Benson Mwaura~~ 853 Main St. Ste. 204, Tewksbury, MA 01876 978-482-7798

~~(1 unit terminated)~~

~~Peter Sakellariou~~ 257 Washington St., Ste. 2 Westwood, MA 02090 781-762-1114

~~(1 unit transferred)~~

~~Nebraska~~New Hampshire

Matt Kopser 2 Wellman Avenue, Suite 110, Nashua, NH 03064 603-341-3480

~~(2 units cased operations)~~

~~Bill Lindsey~~ 10002 S. 148<sup>th</sup> St., Ste. D, Omaha, NE 68138 402-575-5558

~~(1 unit transferred)~~

~~New York~~Ohio

Rodger Miller 8180 Corporate Park Drive, Suite 130, Cincinnati, OH 45242 513-368-8400

~~(4 units terminated)~~

~~Frank DeCicco~~ Nassau County, NY 754-266-5600

~~(1 unit ceased operations - Mr. DeCicco instead chose to open in Florida)~~

~~North Carolina~~Pennsylvania

Mike & Tami Luchovick 5500 Steubenville Pike, Suite 3B, McKees Rocks, PA 15136 412-527-7441

~~(1 unit terminated)~~

Jude Arijaje 350 Montgomery Avenue, Merion Station, PA 19066 215-680-0573

~~(1 unit terminatenon-renewedd)~~

Lisa DiMeo 525 S 4<sup>th</sup> Street, Suite 245, Philadelphia, PA 19147 215-370-3710

~~(1 unit transferred)~~

~~Parminder Kaur~~ 133 Keybridge Dr., Ste. E, Morrisville, NC 27560 919-766-6353

~~(1 unit ceased operations)~~

**Tennessee**

Bappa Mukherji 216 Centerview Drive, Suite 120, Brentwood, TN 37027 615-308-8800

& Chris Morris

~~(2 units transferred)~~

~~Quentin Whitwell~~ 216 Centerview Dr., Ste. 120, Brentwood, TN 37027 615-278-9812

~~(2 units transferred)~~

**Texas**

Julie Tyger 7500 Rialto Boulevard, Bldg 1, Suite 250, Austin, TX 78735 949-525-8200

~~(1 unit terminated) Hari Prasad~~ 8402 Sterling St., Irving, TX 75063 972-

~~514-1208~~

~~(2 units terminated)~~

~~Mike Willett~~ 10000 Emmett F. Lowry Expy, Ste. 4000, Texas City, TX 77591 409-974-4935

~~(1 unit ceased operations)~~

~~David Laurenzo~~ 401 Pitchfork Tr., Ste. 705, Willow Park, TX 76087 817-927-1925

~~(2 units transferred)~~

~~Virginia~~ Vermont

Madigan 145 Pine Haven Shores Rd, Suite 2151, Shelburne, VT 05482 802-310-5003

& Andrew Rollins

(1 unit transferred)

~~Simon Yi & Edith Huang~~ ~~10347 Democracy Lane, Ste. 200, Fairfax, VA 22030~~ ~~703-261-6122~~

~~(1 unit ceased operations)~~

~~Wyoming~~ Washington

Leo Satriawan 702-704 Broadway, Suite 207, Tacoma, WA 98402 206-850-1622

(2 units terminated)

Sheriff Sambou 7601 Evergreen Way, #B005A, Everett, WA 98203 425-236-5570

(2 units terminated)

~~Jeff Pederson~~ ~~2400 Dunn Ave., Ste. A, Cheyenne, WY 82001~~ ~~307-426-4177~~

~~(1 unit transferred)~~

~~Jeff Pederson~~ ~~841 Broadway St., Ste. 208, Sheridan, WY 82801~~ ~~307-274-3177~~

~~(1 unit transferred)~~



## **EXHIBIT G**

# **MULTI-STATE ADDENDA**

**ADDENDUM TO THE  
SYNERGY HOMECARE FRANCHISING, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT**

**FOR THE STATE OF CALIFORNIA**

1. The State Cover Page is amended to add the following statement:
  - THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
  
1. Item 1 of the Disclosure Document is amended to add the following:

Pursuant to the Home Care Services Consumer Protection Act of 2013, (the “Act”), you must comply with the licensure and certification requirements of the Home Care Services Bureau (HCSB) effective January 1, 2016. The Act will apply to California agencies that provide home care services to consumers. Home care services as related to this Act include nonmedical services and assistance provided by a registered home care aide to a client who, perhaps because of advanced age or physical or mental disability, cannot perform these services. These services enable the client to remain in his or her residence and include, but are not limited to, assistance with the following: bathing, dressing, shopping, feeding, exercising, and personal hygiene and grooming. For further information about the Home Care Services Consumer Protection Act, please visit the following website: <http://www.cclld.ca.gov/PG3654.htm>
  
3. Item 3 of the Disclosure Document is amended to add the following:
  - Neither we nor any person listed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in that association or exchange.
  
4. Item 17 of the Disclosure Document is amended to add the following:
  - The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
  - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
  - The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California Law.
  - The Franchise Agreement’s California addendum contains a liquidated damages clause. Under California Law, certain liquidated damages clauses are unenforceable.

- The Franchise Agreement requires litigation to be conducted in a court located in the State of Arizona. This provision might not be enforceable for any cause of action arising under California Law.
  - The Franchise Agreement requires application of the laws of the State of Arizona. This provision might not be enforceable under California Law.
  - The Franchise Agreement requires binding arbitration. The arbitration will occur at the forum indicated in Item 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.
  - The highest interest rate allowed by law in California is 10% annually.
  - The following URL address is for the franchisor's website: [www.synergyhomecare.com](http://www.synergyhomecare.com) and [www.synergyhomecarefranchise.com](http://www.synergyhomecarefranchise.com)
5. Item 19 of the Disclosure Document is amended to add the following:
- The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

7. You must sign a general release if you renew or transfer your franchise. California Corporation Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.gov](http://www.dbo.gov).

## **FOR THE STATE OF HAWAII**

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

- This registration is currently effective in the following states: None
- This proposed registration is on file with or will shortly be on file with the following States: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
- There are no states which have refused, by order or otherwise, to register these franchises.
- There are no states that have revoked or suspended the right to offer these franchises.
- There are no states in which the proposed registration has been withdrawn.

2. The Franchise Agreement has been amended as follows:

- The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2, 16 and 18 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 4.2.12, 8.3 and 18.2.3 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. The Receipt Pages are amended to add the following:

- THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.
- THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR,

WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

## FOR THE STATE OF ILLINOIS

- **Illinois law** shall apply to and govern the Franchise Agreement(s).
- 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 the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- Franchisee's 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.
- 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).

## **FOR THE STATE OF MARYLAND**

The Disclosure Document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
- Any litigation between franchisee and franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

**FOR THE STATE OF MINNESOTA:**

1. Item 13 of the Disclosure Document is amended as follows:
  - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
  
2. Item 17 of the Disclosure Document is amended as follows:
  - With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.
  - Item 17 does not provide for a prospective general release of claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
  - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of franchisee's 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.

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

## **FOR THE STATE OF NEW YORK**

1. All references made in this Franchise Disclosure Document to a “Disclosure Document” shall be replaced with the term “Offering Prospectus” as used under New York Law.

2. Item 3 is amended by the addition of the following language:

- Other than as disclosed in Item 3, neither franchisor nor any person identified in Item 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them 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. In addition, neither franchisor nor any person identified in Item 2 has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- Other than as disclosed in Item 3, neither franchisor nor any affiliate or person identified in Item 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency.
- Other than as disclosed in Item 3, neither franchisor nor any person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

3. Item 4 is amended to state that:

- Other than as disclosed in Item 4, neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, 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; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5 of the Disclosure Document is amended to add the following:

- The Franchise Fee will be used to defray our costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Business for business.

5. Item 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.
- Item 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.
- Item 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of franchisor, is able to assume our obligations under the Agreement.
- Item 17(w) is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.

6. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

## **FOR THE STATE OF NORTH DAKOTA**

1. Item 17 of the Disclosure Document is amended to add the following:
  - The North Dakota Securities Commissioner has held that any provision requiring a general release required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under North Dakota Law unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law
  - In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
  - North Dakota Securities Commissioner has held that a provision requiring you to consent to a limitation of claims other than the statute of limitations under the North Dakota Franchise Investment Law is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
  - Items 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
  - Items 17(i) and Section 17.7 of the Franchise Agreement require you to consent to liquidated damages and/or termination penalties. The North Dakota Securities Commissioner has held that these provisions are unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
  - Item 17(v) is amended to state that the North Dakota Securities Commissioner has held that a provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
  - Item 17(w) is amended to state North Dakota Securities Commissioner has held that a provision designating any law other than North Dakota Law is unfair, unjust or inequitable to North Dakota franchisees and may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
  - North Dakota Securities Commissioner has held that a provision requiring you to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.
  - North Dakota Securities Commissioner has held that a provision requiring you to consent to a waiver of a trial by jury is unfair, unjust or inequitable to North Dakota franchisees under Section 51-19-09 of the North Dakota Franchise Investment Law.

**FOR THE STATE OF RHODE ISLAND**

Item 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-1 through 34 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

**FOR THE STATE OF VIRGINIA**

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

Additional Disclosure. The following statement is added to Item 8 under the title “Insurance”

We may specify a fidelity/crime coverage amount that is greater than \$25,000 if applicable law requires it or if we determine a higher amount should be obtained to provide adequate coverage under the circumstances.

The following statements are added to Item 17.h.

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

## **FOR THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

## STATE EFFECTIVE DATES

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the disclosure document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date	State	Effective Date
California	<del>April 14, 2023</del> <del>(exemption)</del> <u>Pending</u>	New York	<del>April 14, 2023</del> <del>(exemption)</del> <u>Pending</u>
Hawaii	<del>Pending</del> <u>Pending</u>	North Dakota	<del>April 17, 2023</del> <del>(exemption)</del> <u>Pending</u>
Illinois	<del>April 14, 2023</del> <del>(exemption)</del> <u>Pending</u>	Rhode Island	<del>April 19, 2023</del> <del>(exemption)</del> <u>Pending</u>
Indiana	<del>April 14, 2023</del> <del>(exemption)</del> <u>Pending</u>	South Dakota	<del>April 14, 2023</del> <u>Pending</u>
Maryland	<del>May 24, 2023</del> <del>(exemption)</del> <u>Pending</u>	Virginia	<del>April 30, 2023</del> <del>(exemption)</del> <u>Pending</u>
Michigan	<del>May 25, 2023</del> <u>Pending</u>	Washington	<del>June 2, 2023</del> <u>Pending</u>
Minnesota	<del>May 11, 2023</del> <u>Pending</u>	Wisconsin	<del>April 14, 2023</del> <del>(exemption)</del> <u>Pending</u>

Other states may require registration, filing or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



## **EXHIBIT I**

## **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 SYNERGY HomeCare Franchising, LLC offers you a franchise, SYNERGY HomeCare Franchising, LLC must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, SYNERGY HomeCare Franchising, LLC or its affiliate in connection with the proposed franchise sale. Iowa, New York and Rhode Island require that SYNERGY HomeCare Franchising, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that SYNERGY HomeCare Franchising, LLC gives 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 SYNERGY HomeCare Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate respective agents identified on **Exhibit A**.

The franchisor is SYNERGY HomeCare Franchising, LLC, located 960 W. Elliot Road, Suite 101, Tempe, AZ 85284. Its telephone number is (480) 659-7771.

Issuance Date: ~~April 14, 2023~~ March 29, 2024

The name, principal business address and telephone number of each franchise seller for this offering is Michael Steed, 960 W. Elliot Road, Suite 101, Tempe, AZ 85284, (480) 659-7771.

SYNERGY HomeCare Franchising, LLC authorizes the respective agents identified on Exhibit A to receive service of process for us in the particular state.

I received a disclosure document dated ~~April 14, 2023~~ March 29, 2024 that included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS
- B. LIST OF FRANCHISEES
- C. FRANCHISE AGREEMENT
- D. TABLE OF CONTENTS OF OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. LIST OF FORMER FRANCHISEES
- G. MULTI-STATE ADDENDA
- H. RECEIPT

Date	Signature	Printed Name
Date	Signature	Printed Name

**Please retain this copy for your records.**

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- H. RECEIPT

Date	Signature	Printed Name

Date	Signature	Printed Name

**You may return the signed receipt either by signing, dating, and mailing it to SYNERGY HomeCare Franchising, LLC at 960 W. Elliot Road, Suite 101, Tempe, AZ 85284 or by faxing a copy of the signed and dated receipt to SYNERGY HomeCare Franchising, LLC at (480) 659-7713 or by scanning a signed and dated copy and email to [receipts@synergyhomecare.com](mailto:receipts@synergyhomecare.com).**